

**CAN/AM BORDER TRADE ALLIANCE
MAY 6-8, 2001 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 Canada and the United States. The world's Largest Trading Partners

CAN/AM BTA 2001 OTTAWA CONFERENCE HIGHLIGHTS

Conference was held at the beautiful Chateau Laurier (positive responses)
Next years Ottawa Conference ----- May 4-6 2002...at the Chateau
Upcoming Conference Wash. D.C. Sept. 23-25 2001.

Conference Speakers acknowledged CAN/AM BTA's very positive impact

(US. Embassy Deputy Chief of Mission Stephen Kelly)

"cited CAN/AM BTA represented "Blaine to Maine including Alaska" and is the recognized constructive voice of change of the U.S./Canada Border"

(Joan Atkinson, Ass't. Deputy Minister, Citizenship&Immigration Canada)

"Can/Am BTA continually provides input to improve Border Management"

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

"cited what is unique about CAN/AM BTA is the constructive discussion it provides and most importantly Can/Am BTA has solutions"

(Mike Cronin, Assistant Commissioner, U.S. Immigration&Naturalization Service)

"elected officials need to be "talked to" about resources - CAN/AM BTA is the voice doing so and the needs are being effectively expressed"

(Honourable David Collenette, Minister of Transport)

"Technological innovations such as the modeling tool that Regal Decision Systems presented (yesterday) at this Conference could allow planners to better configure border facilities... These are the kinds of tools we will be using in the future to help us plan our borders.."

(Kevin O'Shea, Director U.S. Relations Div., Dept. Foreign Affairs&Int. Trade)

"Can/Am BTA and its leadership are admired. Its involvement and results oriented solution approaches are welcomed"

CONFERENCE SPEAKERS AND THEIR MESSAGE

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

Welcomed attendees on behalf of CAN/AM BTA with its U.S./Canada transcontinental and bi-national focus and activities. Extended greetings from the Western U.S. and highlighted views of U.S./Canadian Border. Described the advertising campaign "I am Canadian" indicating its positive impact and how it increases the publics awareness. He urged border stakeholders to increase their awareness of Canadian/U.S. issues. Positive pressures need to be exerted on both Governments to provide the resources needed for continued successful outcomes with the actions necessary to facilitate "legal low risk" activity while also continuing to interdict "illegal" activity at US/Canada Border.

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PRIVATE SECTOR PRACTITIONER PANELS - PRESENTING SPECIFIC
IMPEDEMENT/ DELAY ISSUES IN CONDUCTING CROSS BORDER BUSINESS

CUSTOMS BROKERS/LOGISTICS PROVIDERS

Mike Dahm, District Manager, A.N. Deringer, Inc.
Tom Ruth, Vice President No. America, Livingston International, Inc.
Jim Wiser, Executive Vice President, PBB Global Logistics

Described the evolution of trading lanes, from Indian trails to the current crossing points at or near capacity. --Logistics providers process commercial transactions with the ultimate objective to decrease time spent at the Border. **Companies build supply chains around domestic needs to avoid increased costs and decreased satisfaction.** -- Three elements cross the Border: humans, goods and information. --A data review of moving goods cross-border (in which delays occur) reflect causes such as Illegible documents (45%), Missing Documents (30%) and Certificates of Origin missing (70%.) -- In addition, processes are not used universally by Shippers (EDI). --Releases from Other Government Departments (OGD's) are difficult. --Electronic Signature Protocols are needed. --- Governments need to **IMPLEMENT THE SHARED BORDER ACCORD AS ENVISIONED**, increase facilities, provide adequate staffing levels and deploy technology capability. --Brokers, carriers, providers and suppliers need to be brought together by the producer and creator of the supply chain to meet and review the internal supply chain processes to improve the quality/availability of necessary data and work together with Government Agencies.

TRANSPORTATION PROVIDERS

Gloria Combe, Director U.S. Gov't. Relations, Canadian National
Murray Ross, Manager Border Services, Canadian Pacific Railroad
Laura Myers, Administrator, Trade Compliance, CNF-Con-way Canada Express
Sandra Scott, Customs Advocate, Roadway Express

One million rail cars a year cross the U.S./Canada Border and the intermodal segment is growing rapidly. Rail EDI system with central database cuts delays an average of 48 hours. **HUNDREDS OF THOUSANDS OF JOBS ON BOTH SIDES OF THE BORDER ARE THREATENED BY CROSS BORDER CONGESTION.** Heavy investment in intermodal infrastructure is being made. Double stack container cars holding up to 15 containers per car are in use. Rail yard age (early 1900's) many with grade crossings and no contiguous room to expand make Customs requested switching of 8000-ft trains and train "dwell time" difficult. To switch-out cars affects the total train, all of the containers on a car along with the one wanted (delays at minimum can be 48 hrs to 2 wks) and costs thousands of dollars per occurrence. If such inspection practices do not change, then rail will become a less attractive alternative to an already congested border highway system. To better understand the need to inspect high-risk traffic, we need to make rail and intermodal inspections at the beginning or end of the ship/rail interface. **ENFORCEMENT AT THE PERIMETER, COMPLIANCE IN THE INTERIOR.**

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Customs Clearance Delays, Problems and Solutions

Trade delays include---- Carriers not utilizing pre-arrival processing;--
--**drivers/carriers not prepared prior to truck arrival--missing documents;**
--Broker offices not staffed during peak hours or (24/7) at some ports--
--U.S. Customs delays include- - Inspection at shift changes (budget issue).
--**U.S. Customs relies on paper processes** --Canada Customs system shut-downs-- non-uniformity of policies/procedures-- lack of or incomplete communication between U.S. and Canada Customs and Other Government Departments on program design and operations.

Solutions: Automated processes Canada CSA (Trust the Trade)

- Carrier Re-engineering (EDI required);
- **U.S. ACE (automation); - ITDS (front-end for OGD's);**
- Customs Automated Forms Entry System (CAFES) (Port Huron pilot)
- UNIFORMITY: POLICIES MUST BE CLEAR- CURRENT- COMPLETE- CONSISTENT AND COMPATIBLE .
- Data Collection- - U.S. Customs hosted Out-Reach to Trade Identified 118 specific opportunities for improvement.
- Canada Customs is working through CTACC to address uniformity issues.

PRODUCERS/MANUFACTURERS

Gary MacNew, Vice Pres. Customer Service/Logistics, Rich Products
Gil Duhn, Manager Customs General Motors
John Bailie, Director Gov't. Affairs, Kodak Canada

- Entry practices are “not” consistent border-wide
- The FDA keeps business hours only and is a serious cause of delay. Need 24/7 FDA operations at one Buffalo and one Detroit crossing.
- CANPASS is a major improvement. U.S. entry for approved participants should be added ASAP.
- Harmonize and Integrate (Broker night clerks have to choose from “9 labels”).
- Enforcement practices/ procedures need to be removed from the primary line.
- ACE is critically needed with controls built in but must be consistent,
- Pre-approved trucks and those fully compliant must be given access to the truck customs primary lanes without having to queue behind non-prepared.
- U.S. Customs needs to identify “low risk” entities and simplify admissibility.
- Manufacturing is changing to smaller lot sizes with JIT inventory needs thus the number of shipments passing through the Border is increasing further straining the infrastructure and Agency resource/ needs.
- Point to point TRAVEL TIME is key.
- Experiencing trouble with Immigration authorities on getting critical repairs services and temporary employees (within a company) to perform repairs, attend training or short-term special assignments. THIS SITUATION IS WORSENING AND MUST BE DEALT WITH.

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IMPORTERS AND EXPORTERS

John Bescec, Dir. Int. Trade, Canadian Association of Importers and Exporters
Jayson Myers, Chief Economist, Canadian Manufacturers & Exporters

What is implemented are not always what Importers and Exporters want or need. Sometimes it is like forcing a square peg into a round hole with a sledgehammer. Government agencies need to remember who the customer is and conduct business as "Business does Business".

Must work with business to develop reasonable/achievable results while eliminating current congestion/ costs related to infrastructure and lack of resources for Customs and Immigration.
Standardize processes of U.S./Canadian Agencies "HARMONIZE& INTEGRATE".
Reduce data elements collected. It is a strategic problem to decide where to invest

A recent study found (45%) of companies believed current Border Management Issues were a SERIOUS IMPEDEMENT. Movement of business/ people is far worse since "NAFTA " was enacted between the U.S. and Canada.

A WIN / WIN AT THE U.S. / CANADA BORDER IS NEEDED. WE MUST ELEVATE BORDER ISSUES TO THE NECESSARY POLITICAL LEVEL OF ATTENTION THEY DESERVE SINCE IT IS "CRITICAL PRIORITY" FOR THE ECONOMY AND JOBS OF BOTH THE U.S. AND CANADA. THE WORLDS TWO "LARGEST TRADING PARTNERS " .

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"3D SIMULATION MODEL " DEMONSTRATION OF TECHNICAL INOVATIONS/BORDER CROSSING MANAGEMENT WITH SPECIFIC OPTION RESULTS DEPICTED (CONGESTION/DELAY) SOLUTIONS QUANTIFIED.

Randy Rippin, Executive Vice President, Regal Decision Systems
Brian O'Toole, Senior Partner, ITSPATIAL
Art VanNostrand, GIS Project Coord., NAFTA Intermodal Transportation Institute
Jim Phillips, President & CEO, Can/Am Border Trade Alliance

The techniques and capabilities of the recently completed 3D Border Analysis Management Model (BAMM) were fully demonstrated. This is a Regal Decision Systems model technology with ITSPATIAL 3D technology added. Can/Am BTA provided the Border knowledge / insight with parameters for "what if scenarios" . This is the most exciting tool/technique which should be utilized for the entire U.S./Canada and U.S./Mexico Borders. The actual Peace Bridge traffic data was utilized and modeled to determine the base case, scenarios changing the truck toll collection location, moving the U.S. Customs Primary Truck Booths to Canada (Accord Processing Zone), and introducing NEXUS (Low Risk Traveler System)

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pre-approved U.S. and Canadian citizen participants using dedicated lanes to enter the U.S. and Canada currently being piloted at the Blue Water Bridge) at (20%) and (30%) enrollment levels . Visual 2D and 3D animation is created for each case along with specific data on time saved, gallons of truck and car fuel saved, vehicle transit time as well as cost saved for both truck and car and environmental discharge reductions for truck/ car for HC, CO and NOX. A number of additional variables and scenarios can be selected with impacts of each determined. The model results reflect the benefits of good new ideas and changes and equally the negatives of changes envisioned which should not be made. The model is impartial and objective.

THE AMERICAN PERSPECTIVE

Deputy Chief of Mission Stephen Kelly, U.S. Embassy to Canada

Trade between our two countries is now **U.S. \$1 million a minute**. While figuratively we live inches apart we must guard against those who act as if we were worlds apart. Canada is the U.S.'s largest supplier of oil. "The Can/Am Border Trade Alliance has effectively focused both governments on making the U.S./Canada Border work and must continue to do so". The Border is broken and overrun in some places. Among the points discussed : The Airport Pre-clearance Canadian Legislation has been proclaimed; U.S. is opening a post in Winnipeg in August; cross border law enforcement cooperation is the highest ever and increasing; a real problem is the \$50 billion a year boiler room operations located in Montreal fleecing American elderly citizens; we are working to reduce low level ozone (smog) which affects half of our populations; **OUR CHALLENGE IS TO ASSIST THE NEW ADMINISTRATION BY PROVIDING PRACTICAL SOLUTIONS.** "Can/Am BTA has a very respected track record of convincing both Governments to focus on Border Management improvements. Can/Am BTA was pivotal in convincing Congress to replace Section 110 and now urging data exchange between U.S. and Canadian Agencies".

SHARED BORDER ACCORD / BORDER VISION / BORDER MANAGEMENT NEXUS PILOT – Crossing Operators Overview

Dan Elash, General Manager, Blue Water Bridge Authority

NEXUS meaning "to connect or link" is an integrated Low Risk Traveler System for pre-approved U.S. and Canadian citizens to enter either the U.S. or Canada utilizing dedicated lanes. The jointly planned pilot of the system at the Blue Water Bridge began in November 2000 and is running very successfully. Statistics and achievements discussion included four major outcomes 1) Promoting International Trade and Tourism, 2) Facilitating the Movement of People, 3) Enhancing Border Protection and 4) Reducing the Cost for Governments and Users.

SHARED BORDER ACCORD/BORDER VISION.

Dialogue including impediment / delay problems presented by the morning panels.
Can/AM BTA 2001 Action Plan Priorities

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 & Northern Border Coord., U.S. Customs
Earle Warren, Director General Major Projects Canada Customs & Rev. Agency
Allan Cocksedge, Executive Board, Can/Am Border Trade Alliance

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Of those crossing the Border into Canada, (56%) are visitors, (44%) are residents with (87%) entering by highway . There is a need to work on identifying the small minority who are not compliant while facilitating the vast majority who are compliant. Canadian Immigration Legislation is being processed to provide the framework for the next 20 years.

The Border Vision is working. THERE IS NOW THE HIGHEST LEVEL OF COOPERATION AND INTERACTION WITH U.S./ INS AND CIC. Work is continuing on finding solutions to Immigration control problems (at the source offshore). More transparency and consistent enforcement for business/ people is a priority and must be achieved. The Panel commented on the morning presentations striking a resonate chord and concurred that the importance of advance information is critical to successful border crossings.

Dedicated lane operations dramatically increase through-put while maintaining or enhancing enforcement . The users like it! Agencies are looking at “ what” and “how” we should manage the Border. In the U.S., resources will only come from convincing elected officials of the dire “need and consequences” if resources are “ not” provided.

The morning presentations were very important. It was very beneficial listening to clients point of view. U.S. Customs is aware of consistency and uniformity problems. ACE funding has started and the contract let. It is a \$1.3 billion project overall and critical to Border Management improvements for the Agencies and Trade. Though one small step in the overall Border process “ NEXUS “ IS A GIANT LEAP IN INTEGRATED COOPERATION BY THE U.S. AND CANADIAN BORDER AGENCIES.

Canada Customs Action Plan is in place and designed to deal with a number of the problems articulated by the morning panels. Advance information is an essential key to future improvements. Discussed recent systems outages and advised of probability of experiencing downtime for changes every weekend until December. CSA and AMPS will commence in October as required Legislation is in progress.

Can/Am BTA has published a specific Shared Border Accord Action Plan for 2001 and beyond. WE BELIEVE FACTS RELATING TO EFFECTIVE MANAGEMENT OF THE U.S./CANADA BORDER ARE:

- 1) A MAJOR INTEGRATED APPROACH is needed.
- 2) To date there is “NO PUBLIC OUTCRY” thus “NO POLITICAL PRESSURE” to act.
- WE MUST “RAISE HELL” IN ECONOMIC, JOB RELATED BUSINESS TERMS.-
- 3) We must take BORDER REFORM to a higher plain.
- 4) We must re-conceptualize BORDER MANAGEMENT not just tinker with it.
- 5) We must pass CANADIAN PRE-CLEARANCE LEGISLATION at . Land Border.
- 6) Implement an integrated appropriate LOW RISK TRAVELER SYSTSEM Border-wide.
- 7) DEAL with PROBLEMS “BEFORE” they get to our physical Border at the SOURCE.
- 8) Develop evolutionary PERIMETER CONTROLLED movement & first point of arrival. review.
- 9) Determine what our COMMON THREATS are, where they originate and DEVELOP JOINT PLAN FOR USE OF STRATEGIC RESOURCES .
- 10) Government to Government work as one SHARING DATA & INTELLIGENCE

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**ALBERTA'S STRONG U.S. RELATIONSHIP:
AN EXAMPLE OF INNOVATIVE CROSS-BORDER RELATIONS**

Hon. Jim Edwards P.C., President & CEO, Economic Development Edmonton

Alberta continues to enjoy the highest economic growth in Canada (5.5%) and has the highest per capita GDP. Alberta's exports reached a record \$55 billion last year and is now the third largest provincial economy in Canada. Since the FTA, Alberta's exports have quadrupled and today \$49 billion or 85% goes to the U.S.

Alberta's vast energy resources and extensive pipeline system is a key energy supplier for many parts of the U.S. from Boston to California. Alberta is the world's 2nd largest exporter of natural gas. Its crude oil exports to the U.S. are comparable to Venezuela's. The province's massive oil sands reserves, containing 1.7 trillion barrels of oil, (5 x's that of Saudia Arabia), by themselves could meet current Global oil demand for the next 70 yrs.

There is a tremendous opportunity for further U.S. investment in Alberta's oil industry. Alberta is very active in developing strong cross border relationships and is willing to engage in discussions with the U.S. and participate in regional economic planning. It has established numerous relations with Montana and is doing so with Idaho, Alaska, California and Washington State. Alberta is extensively involved in Border Crossing and Transportation and Trade Corridors

Alberta is twinning its north-south highway system at a cost of almost \$1 billion. Extensive cross-border cooperation is in place in the Agriculture Sector and cattle feeder projects. Alberta believes we need to better manage the Canada-U.S. Border to better facilitate Trade while providing the necessary security measures. Alberta has a strong and vibrant relationship with the U.S. .It isn't the result of good fortune, Albertans work hard to reach across the Border and establish good partnerships with Americans.

TRANSPORTATION ISSUES

Honourable David Collenette, Minister of Transport

This is a very important Conference addressing Border crossing and the smooth flow of goods-issues vital to Canada's economic success. Daily truck crossings reached 36,000 in 1999, double 1991 levels and are growing (8%) a year. (80%) of traffic goes through 5 very busy Gateways.

Highlighted what is being done to strengthen transportation through corridors and Gateways: work together with the U.S. as stated in the October 2000 Memorandum of Cooperation strengthening our collaboration on surface transportation and harmonizing our efforts to establish priorities for border projects; map freight flows and identify intermodal pressure points; reorienting policy directions (cited the Washington International Mobility and Trade Corridor Project and the Southeast Michigan/Southwest Ontario SEMCOG project and opined that new ones could arise for the Niagara region of New York, Quebec/New York and Atlantic Canada/New England).

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Cited the Canada/ U.S. study of future needs in the Detroit/Windsor area, the borrowing amendment to the Blue Water Bridge Authority Act and amendments to the Motor Vehicle Transport Act leading to mutual recognition with the U.S. of safety performance assessments. Summarized the \$600 million Strategic Highway Infrastructure Program and the \$63 million of it for road, rail and other improvements at/ or near the border advancing national objectives.

For the first time Canada is taking a national perspective on Border infrastructure and introduction of ITS and other technologies in collaboration with Canada Customs and other stakeholders in response to the U.S. funding for Border projects under TEA-21. Border crossing pressures are complex and need vision using coordinated work groups. A new Transportation Blueprint is being developed for the next decade and beyond. Transport Canada is committed to ensure, from a transportation perspective, that our Borders can support the growing demand placed on them.

CANADA/UNITED STATES PARTNERSHIP

Kevin O’Shea, Director U.S. Relations Division, Dept. Foreign Affairs&Int. Trade

Highlighted elements of his focus – Strategic Overview of Canada/U.S. Relationship Cited importance of maintaining momentum of the critical importance of U.S./Canada border management to the new U.S. Administration. Reviewed the CUSP process and report and the plans to continue pushing Border management through continuing the dialogue at CUSP 3 in September. Highlighted the priority areas of the U.S./Canada relationship: TRADE, DEFENSE,MANAGEMENT OF THE BORDER, TRADE and TOURISM promotion activities and stewardship of the environment. Specific to Border management: investment and innovation not up to 21st century needs; U.S./Canada must jointly streamline; harmonize; collaborate and move boldly. Described contacts with Secretary Powell and discussions on the U.S./Canada Border.

INDUSTRY ISSUES “E Commerce effect on the Border and Infrastructure”

Richard Simpson, Director General, Electronic Commerce Branch, Industry Canada

Defined E-Commerce, its role, how it is changing the ground rules of Business, Government (affecting national boundaries/jurisdictions) and the evolution of borderless business and markets. E-Commerce is global knowledge based. Transactions and communication are 720 times faster/355 times cheaper, / transforms B2B relations / creates virtual firms / shifts power from the buyer to the seller and creates new business models for seamless integration and collaborative planning.

Cited a recent U.S. study of active B2B players that showed (45%)offer products and (66%) buy on E-markets. E-commerce has fueled productivity gains resulting in a doubling of the rate of improvement versus historical levels achieved. Outlined five 2001 priorities to take Canada to the next level.

**POWER POINT VIEW OF CAN/AM BTA WEB SITE - and CLOSING REMARKS
Jerry Nagel, CAN/AM BTA Executive Board Member**

Presented the Can/Am BTA WEBSITE, advised 2 new sections to be added: LINKS to Useful Information sites and LINKS to Members (to include their Logo with a 4 or 5 sentence descriptive paragraph). Trade creates a fistful of \$. Just a relatively few \$ could make the Border work yet such resources are not being committed /appropriated . The Border is going from GOOD TO BAD, IT'LL GO TO UGLY IF WE DON'T DEAL WITH IT PROPERLY. The East has infrastructure/ congestion problems, the West levels of service problems. Action at the local/regional levels have a real impact and drive change. Currently there is a disconnect between Border users and elected officials. Lack of data / mis-information must be dealt with. Cited the tremendous real growth of the Northern Great Plains economy increasing 7 x's from '92 to '97 , described the rural economies of the West growing their manufacturing sectors. **BOTTOM LINE – NEED TO WORK TOGETHER-THINK OUTSIDE THE BOX- PROVIDE SOLUTIONS.** Thanked the Speakers and Participants for CAN/AM'S SUCCESSFUL CONFERENCE **CAN/AM BTA APPRECIATES THE EFFORT OF JERRY NAGEL AND STAFF FOR CREATING AND MAINTAINING OUR VERY IMPACTIVE WEBSITE.**

CAN/AM BORDER TRADE ALLIANCE ACKNOWLEDGES AND APPRECIATES

THE OTTAWA 2001 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 2001 IS SEPT. 23-25,
FULL DAY with Monday Evening Reception, Canadian Embassy
Full DAY Tuesday Meetings held in Congressional facilities**

Jim Phillips, President & CEO

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