

**CAN/AM BORDER TRADE ALLIANCE
APRIL 27 - 29, 2008 OTTAWA CONFERENCE SUMMARY
HIGHLIGHTS**

CAN/AM BTA is an organization with a 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 United States.

<u>Future Can/Am BTA Conferences</u>	Vancouver, BC (with PNWER) July 20-24, 2008
	Washington, D.C. Sept. 14-16, 2008
Corridors, Gateways & Economies	Buffalo, New York Oct. 28-30, 2008
	Ottawa, Ontario May 3-5, 2009

The "Highlight Event" of the Conference, the Reception held at the US Ambassador's Residence, especially the hospitality of David Wilkins and his gracious wife Susan.

Speakers excerpts acknowledging CAN/AM BTA's leadership role

(Hon. Stockwell Day P.C., M.P., Minister for Public Safety)
"Can/Am BTA must continue its effective work."

(Ambassador David Wilkins, United States Embassy)
"Thanked Can/Am Border Trade Alliance for its consistent leadership. Can/Am BTA does more to foster the U.S./Canada relationship. Nobody does it better."

(Alain Jolicoeur, President Canada Border Services Agency)
"Can/Am BTA is the most influential advocate on the Border."

(Marie-Lucie Morin, Deputy Minister for International Trade)
"I want to recognize the effective work of the Can/Am Border Trade Alliance."

(Kristine Burr, Asst. Deputy Minister Transport, Infrastructure, Communities)
"The Can/Am Border Trade Alliance is a key organization.
I acknowledge the valuable contributions of Can/Am BTA to Transport Canada."

(Greg Goatbe, Vice President Admissibility, Canada Border Services Agency)
"The Canada Border Services Agency is committed to its partnership with the Canadian/American Border Trade Alliance."

(Sukumar Periwal, Director Int. Relations, Intergov. Affairs, British Columbia)
"I recognize the great work and leadership of Can/am BTA on the Border File."

(Scott Newark, Vice-Chair Operations, National Security Group)
"Continue Can/Am BTA's effective direct access to Political and Government decision makers."

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CONFERENCE SPEAKERS AND THEIR MESSAGE

Mathew Parrott, District Manager Border, Can/Am BTA Executive Board

Welcomed attendees on behalf of CAN/AM BTA. Now, more than ever before it is contingent upon groups such as ours to discuss mutual problems and communicate solutions to our elected officials. Can/Am BTA was founded over 15 years ago and has consistently worked behind the scenes to improve Canadian – U.S. Border Management, Trade, Travel and Relations. The facts are that NAFTA has been a great success for all three involved nations. While there are some issues and problems that can be improved, we need to insure our elected officials do not play politics with NAFTA as it is critical for North America to compete with Europe, Asia and South America. Thanked all for attending. Your attendance is a strong commitment to improving our process.

CANADA/US COOPERATION ON SMART BORDER AND SECURITY

Hon. Stockwell Day P.C., M.P., Minister for Public Security

Provided meaningful insight and understanding of progress made: since he met with us last year; updated the North American Competitive Council (NACC) and status of activity and cooperation with Washington. It is action that is key and the annual budget is a measure of what is moving forward (\$430 million in technology, \$396 million “eManifest” over 5 years, expanding NEXUS, adding 294 Officers, 25 work alone stations manned up, arming of Officers in progress). Pleased with current status of WHTI and the adjustments made. Particularly the Enhanced Drivers License in which British Columbia is leading the way. Budget provided \$6 million to Provinces to support EDL. He found the New Orleans NACC meeting positive receiving the NACC report and work plan for a very complex but effective process. Cited completion of the Cross Border Protocols for the IBET teams to pursue across boundaries, harmonizing of regulations, vehicle safety manufacturing this year, food safety duplication elimination, business resumption plan and the Detroit/Windsor crossing are all priorities. Commented on his just completed Washington meetings with NSA, CIA, FBI and DHS. Concerned with the increasing regulatory activity at the U.S./Canada Border. **Challenge is insuring borders are open for legal activity and closed to the “bad guys.”**

OVERVIEW OF CANADIAN MANAGEMENT OF THE BORDER

Alain Jolicoeur, President, Canada Border Services Agency

Provided an excellent view of the activity and thinking of CBSA Border management. Balancing Security and Facilitation of low-risk is key. CBSA has been in existence for 5 years. We are now planning for the next 5 years. Consultation is very beneficial using BCCC and CBSAC to welcome comments and influence CBSA’s activity. CBSA handles 97 Million crossings, collects \$25 Billion and operates in 40 Countries. 2

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It is essential to identify and risk manage cargo and people “before” they reach the Border. CBSA priorities are: eManifest; PIP/C-TPAT mutual recognition; WCO recognition; NEXUS among others. U.S./Canada land Border thickening is a concern. **Resources are the key to future Canada Border management.** They are essential to keep up in order to insure fluidity. CBSA and CBP cooperate in a number of joint approaches. 100% x-ray screening of containers is counter to risk management and a huge challenge. NEXUS AIR is completed and CBSA is opening several additional NEXUS land Border sites. Stated he personally is listening to adjust how CBSA connects program decisions to consultations with the Trade since eManifest is the “Bread and Butter” of the future. Discussed the Border Vision 2017 being developed noted that the Coordinated Clearance-Point of Departure Determination type approach enhances the 49th Internal Border involving deployment overseas and phase 2 of CSI pushing the borders out to achieve effective secure streamlining of our shared U.S./Canada Border.

TECHNOLOGY AT WORK ON THE BORDER – CASES IN POINT

Ron Rienas, General Manager, Peace Bridge

Tom Garlock, General Manager, Niagara Falls Bridge Commission

Provided detailed view of the use of technology by Bridge facility operators. Reviewed the array of facility stakeholders with vital interests. Outlined the numerous vulnerability assessments made by various government and security experts. Detailed the “All Hazards Approach” implemented to deter, detect, delay, report and respond. Demonstrated camera systems, intrusion detection system (utilizing an artificial intelligence approach that isolates and detects only human intrusion) plus the video network alarm system that views under/over deck, span and piers. Demonstrated the proprietary automated toll enrollment Kiosk system at the dedicated “NEXUS Only” Whirlpool Bridge. System enables off-site operators to activate the card readers, open the toll enrollment kiosk and the security gates. Allows the users NEXUS card to set up, deposit funds and subtract tolls (upon each use) in an individuals account. The very accurate system of determining and verifying wait times at the bridge was also reviewed. In Summary “much has been done with more to do.”

TRANSPORTATION

STRATEGIC DIRECTION OF CANADIAN INFRASTRUCTURE INVESTMENT

Kristine Burr, Asst. Deputy Minister Transport,Infrastructure,Communities

The Building Canadian Infrastructure Plan, \$33 Billion over 7 years, with planned leveraged funds will approximate \$50 Billion. It will make a difference in support of Canadian Economic and Environmental goals. Provided excellent insight into the Building Canada, Gateways and Corridors and Public-Private-Partnerships initiatives to support Trade and Productivity.

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In 2005 exports accounted for (1 in 3) Canadian jobs but continues to need innovative policies/investment to be connected to and competitive in the Global Economy. In the process of developing smarter regulations for seamless transportation. Provided overview of the Ontario/Quebec, Asia Pacific, Atlantic and Continental Gateway initiatives. Programs are merit based and intended to “pinpoint bottle necks/choke points.” Highlighted: National Freight Forecasting Model; the Detroit River International Crossing; the International Bridge and Tunnel Act; Bill C23 for Ports; the increase in Rail locomotive write off as well as the improvement in the Open Skies agreement. Transport Canada is actively investing, taking effective action and focusing on enhancing the economy.

CANADA/US INTER-PARLIAMENTARY GROUP

Canada/U.S. Relations and Cooperation Activities

Senator Jerry Grafstein

Rob Merrifield, M.P.

Co-chairs Canada/U.S. Inter-Parliamentary Group

Excellent In-depth and far reaching insight into the critical importance of Canada/U.S. relations. **The U.S. is Canada’s key relationship.** Numerous meetings held with U.S. Senators and House Members to communicate the big difference between the U.S. Northern and Southern Borders. Highlighted that 36 States have Canada as their number one Trade Partner while 3 States have Mexico as their number one. The U.S. has lost 2.2 million mfg. jobs (13.6%) and Canada has lost 7% of their mfg. jobs while overall 7.1 million U.S. jobs are created by exporting. Last week met with 30 U.S. Senators and House Members to hold frank discussions on: Canada/U.S. Border - Speaker Pelosi asked for a plan by summer; Energy; NAFTA that provides dedicated assured energy supply to the U.S. Found mis-perceptions and disconnect between facts and priorities. Cited the Chamber Border Report of some short term opportunities. **Highlighted need to begin to do the Border Management offshore** (Coordinated Clearance – Point of Departure Determination approach) **to take the costly pressure off of the 49th Internal Shared Border**; build consensus and “do the right thing.” Very concerned to find that the anti-NAFTA rhetoric is taking on life.

THE AMERICAN PERSPECTIVE

Ambassador David Wilkins, United States Embassy

Provided a very clear and effective Summary of the general state of relations between our two great Countries. Urged we continue to “talk up” the relationship. Reminded us that getting things done define U.S./Canada relationship. Acknowledged the political talk about NAFTA citing grave concern with talk of withdrawing. NAFTA has created jobs, enhanced North America’s competitiveness, NAFTA 3 Country Trade has tripled. We must not turn back the clock. President Bush clearly stated support not to walk away from NAFTA.

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President Bush and Prime Minister Harper have an excellent relationship. President Bush has been very good for Canada. He has been under appreciated for his strength on NAFTA, Free Trade, building democracy, assisting people in getting out of poverty, efforts to eradicate AIDS in Africa, desire to open the Border for beef after BSE, urging smart Border approaches, keeping the Homeland safe. **Canada is U.S. best friend and ally. U.S. listens to Canada. Security does not trump Trade and Travel. We must have both.** Described as humbling his recent trip to Afghanistan with General Hillyer and Minister MacKay. Went to say Thank You to Canadian troops including walking the guard posts at midnight for 2 hours. Found morale high. Reminded us to be thankful for what the troops do. Reminisced this was his third year with Can/Am BTA and his last as Ambassador.

GENERAL MOTORS Material Off Shore Sourcing Initiatives

Gil Duhn, Manager Customs, GM, Executive Board, Can/Am BTA
Michael Comerford, Project Manager, Global Commerce Systems
Patsy Schierlmann, Partner, Global Commerce Systems

Provided an insightful detailed description of this very important initiative, the elements, specific issues, detailed approaches and metrics of outcomes expected. The MOSS project for Ocean Freight meets all data requirements for the World Customs Organization, the U.S. and Canada. Highlighted the evolution of N.A. auto manufacture from raw materials, equipment, parts, imported vehicles, parts for after market to the current state of building entire plants overseas (in U.S. or Canada for foreign vehicle companies and in other parts of the world for U.S. or Canadian vehicle companies). This project covers facilities, transport, inventory plus the critical information driver. Involves 216 First Tier OEM's. Found 15% of shipment transactions currently were delayed for inaccurate or missing data. The initial pilot increased compliance form 82% to 99% plus reduced elapsed time average from 60 days to 19 days.

CANADA BORDER SERVICES AGENCY

Greg Goatbe, Vice President Admissibility, CBSA

Provided meaningful understanding of the critical initiatives underway at CBSA. Specifically discussed: eManifest; Customs Self Assessment (CSA); Other Government Departments (OGD) single window; AMPS, Business Simplification Mandate (CBSA must reduce mandates by 20% or 1600); Commercial Vision 2017 involving defining end state-detailing current and planned developments and then identifying the gaps from now to then; NEXUS currently at 191,000 up 51% in past year, \$6 million budgeted to support Enhanced Drivers License undertakings by Provinces (British Columbia implemented, Manitoba Fall of '09, Quebec 12/08, Ontario late '08, Saskatchewan coming in 2011) plus electronic airport passenger processing Kiosks by fall of '08. Pace of change is significant. Can/Am BTA congratulated Greg on his retirement mid-May and wished him continued success.

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ALTERNATE FUELS AND PLUG-IN ELECTRIC HYBRIDS

Bruce Agnew, Director, Cascadia Center, Exec.BoardCan/Am BTA
Steve Marshall, Senior Fellow, Cascadia Center

Presented a riveting in-depth and informed briefing by James Woolsey, past CIA Director, on DVD entitled "Jump Start to a Secure, Clean Energy Future." Commenced with the fact that today 97% of transportation is oil based. Noted the "sea change" underway in both technology and public policy. Stated the end game is to insure a secure, clean, affordable energy supply. Detailed specifics of the threats: attacks on wells and pipelines; change of regime in Saudi Arabia, status in Iran, Venezuela and Russia; war; reminded of the past when development of an alternate fuel was about to gain commercial status OPEC opened the spigots driving oil price into the cellar, bankrupting the alternative effort.

Bruce and Steve presented an excellent status noting: battery improvement on the verge of 9 kwh; running on electric 35 miles results in 125 miles to the gallon for plug-in; add cellulosic ethanol from wood not corn (3 times more carbon reduction) gets to 500 mpg and use of carbon composite to make vehicle (material Boeing uses in the Dreamliner then gets to 1000 mpg. The U.S, has 1143 cars per 1000 drivers. China currently has 9 cars per 1000 drivers. Burning a gallon of gas generates 25# of Co2 (a pound a mile for a small car). Plug-in's are misperceived as being slow (gave example of the current Tesla Roadster 0 to 60 in 4 seconds, the sales price \$100,000, it is sold out well into future production). Key is to recharge at night to balance electrical load. In fact It reduces the cost of electricity on the U.S./Canada electric grid currently generating \$1.2 trillion. If 10 to 20% could be saved would equal \$200 billion. Standards are needed for the electric grid. Car manufacturers will sell numerous electric plug in vehicles in 2009/2010.

CANADA/U.S. TRADE – RELATIONS

Mrs. Marie-Lucie Morin, Deputy Minister for International Trade

Provided meaningful in-depth insight into the benefits of Trade. The Department for International Trade's primary focus is North America helping activity there to continue to grow and prosper. Travel extensively throughout the U.S. to meet with business leaders, decision makers and academics to communicate on the interdependence, integration and North America's need for a strategy to compete in the Global Market. Related that 30% of Canada/U.S. Trade is intra-firm and another 20% by "wire and pipe." Stated concerns are: 1) The Border we must achieve free flow of low-risk while maintaining security; 2) Rising Protectionism in the U.S. NAFTA has become scapegoat for anxieties and politics i.e. a lightning rod that must be countered with facts. The real threat is changes in China, India and Brazil. Reality is the benefits of NAFTA are immense although only well known by business people. Cited as an example of fact that Ohio exports \$21.5 Billion to Canada resulting in 275,000 jobs in Ohio.

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The stable and predictable relationship between Canada and the U.S. is “KEY” resulting in an integrated continental marketplace. Regulatory cooperation and harmonization is another “KEY.” We must undertake sectoral initiatives to eliminate non tariff barriers. We must nurture, defend and grow the Trade relationship. Fierce Global Competition is arising. North America must be stronger.

BRITISH COLUMBIA ENHANCED DRIVERS LICENSES

Sukumar Periwal, Director Internat. Relations, Intergov. Affairs

Provided an excellent insight into how Enhanced Drivers License (EDL) became a reality in British Columbia plus a leading edge initiative for other Provinces. Gave credit to DHS Secretary Chertoff and Public Safety Minister Day for making EDL’s possible. EDL is a “**good news story**” that is a **best practice reality**. Further work and development will lead to continuing improvement. EDL’s assists vision of a “slimmer Border” by turning a challenge into an opportunity. Greg Goatbe had cited the British Columbia EDL business plan as a “trail blazing template for others to follow.” The process, involved multiple Agencies, multiple stakeholders in politically sensitive difficult issues. It was inclusive and transparent, cemented by the personal involvement and commitment of the B.C. Premier and the Washington State Governor as a team. Foundational documents are critical i.e Birth Certificates for citizenship and those establishing identity. EDL’s need to be convenient, a citizens choice, what people want and will apply for and readily accessible to cover spontaneous cross-border activity. The inclusion of the Vicinity RFID chip insures facilitation and major reduction in current wait-times at the Border. The need to solve this situation in planning for the 2010 Olympics was paramount.

The Canada-U.S. Northern Border University Research Consortium (CanAmBURC)

Jim Phillips, President & CEO, Canadian/American Border Trade Alliance

Presented an overview status of the CanAmBURC on behalf of Bob Frazier and Don Alper of Western Washington University. **Canada and the United States have the largest bilateral trading relationship in the world.** The Northern Border is the Gateway through which massive commercial flows must pass. National economic competitiveness and domestic security are heavily impacted by the border. Vibrant north-south cross-border economic regions are a key feature of North American integration. Yet, no comprehensive research capability exists to examine how the border is functioning, whether border management policies have been successful in facilitating cross-border trade, transport and travel while enhancing security. The Consortium consists of 6 Universities, one in each major trans-boundary region along the Canada – U.S. Border. In order to account for the regional diversity of border-related issues they are: The Border Policy Research Institute (BPRI), at Western Washington University;

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The O'Connor Center for the Rocky Mountain West, at the University of Montana; University of North Dakota; Michigan State University; The Regional Institute, at the University at Buffalo – SUNY and University of Maine. Each will engage partner Universities from Canada and in their regions. Initial funding has been requested through a U.S. Congressional appropriation. This was one of Bob Frazier's (Can/Am BTA Board Chair) visions when Can/Am BTA was formed. The CanAmBURC will be associated as the Can/Am BTA research arm.

What Does 2008/2009 Hold for the Canada Side of the Border?

Scott Newark, Vice Chair- Operations, National Security Group

Provided meaningful thought provoking ideas and insights. Post 9/11 Security imperative was the necessary view of the Border. **However, the objective is and must be to keep legitimate Trade and Travel flowing.** More security is not necessarily better. We have the opportunity to find joint-solutions and be proactive rather than reactive. When positive changes are being made by decision makers we must avoid "why didn't you do this before" attitude by some. We have the opportunity to "change key priorities" i.e. find a way for pre-clearance to protect a bridge/tunnel before crossing occurs. Credentialing is "key" for critical facilities protection by insuring low-risk determination. Face recognition biometric photo technology is perfected, available and should be "fully engaged" (criminal deportees pilot cited). We must find reasons for people "to want to do things needed to be done." Intelligent security Border Management can facilitate open-Border for known low-risk simultaneously. Our "Quality of Life" and prosperity depend on it. Bottom line **"Targeted Enforcement Works."** Identifying low-risk and querying unknowns shrinks the hay stack. Implementing a biometric based look out system for known threats shines the light on the needle effectively.

Stated: CSI identify cargo offshore; use face recognition when issuing Visas; **push the Border out to expand the prevention of inadmissible people physically getting to our soil**; form should follow function; boots on the ground is key; recent Canadian Courts decision on sniffer dogs in Border area has defined a lower expectation of privacy reality; we must measure specifics of an action and ask "why can't it be adjusted" by offering an alternative solution. An often used negative response to an idea is "It does not solve everything needed" answer should be "the key purpose is to solve this specific need."

View of things to come: Increased marine surveillance on the Great Lakes; US/Canada joint force Border Patrol; OPP will operate helicopters; Face Recognition "bad guy lookout" pilot; Border pre-clearance will be resolved; Canadian Marine Port Security will be enhanced by restoring Ports Police in some form.

SUMMARY REMARKS

**Greg Dandewich, Director Economic Dev., Destination Winnipeg
Can/Am BTA Executive Board**

Presented an excellent synopsis of the proceedings.
Can/Am Border Trade Alliance has an effective Agenda that makes a difference!
The Can/Am Border Trade Alliance Board of Directors Thanks All Of Our
Participants, Speakers and Sponsors for making this Conference such a great
success! Your participation and support is critical.

The superior speakers participating in our 14th Annual Ottawa Conference shared
valuable information and insights on a variety of Key Themes:
Consultation; Communication; Harmonization; Border Investments; need for an
Effective Border “Not a Thicker Border”; Insight into U.S./Canada Political
Interaction and bringing forward New Issues for Explanation, Discussion and
Action. **We must actively insure that Effective Progress continues to be
achieved!!!**

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