

CAN/AM BORDER TRADE ALLIANCE
MAY 2 - 4, 2010 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 U.S.**

Future Can/Am BTA Conferences Calgary, AB (with PNWER) July 16-20, 2010
Washington, D.C. Sept. 19-21, 2010
NEW LOCATION Washington Court Hotel
Corridors, Gateways & Economies Port Huron, Michigan Oct. 17-19, 2010
Ottawa, Ontario May 1-3, 2011

Highlights of the Conference included:

Excellent speakers provided current insights and areas of concern with planned present & future actions;

Reception held at the U.S. Ambassador’s Residence

Hosted by Ambassador David Jacobson

Speakers acknowledged CAN/AM BTA’s leadership role

Hon. Vic Toews P.C., M.P., Minister of Public Safety

“Can/Am BTA is a trusted partner. Can/Am BTA’s insights are very important. I look forward to working with you over the coming months.”

Kristine Burr, Assistant Deputy Minister for Policy Transport Canada

“Can/Am BTA is a long time key leader.
Can/Am BTA is the most respected organization on the Canada/US Border.”

Stephen Rigby, President Canada Border Services Agency

“I have an ongoing dialogue with Jim Phillips who understands the reality of the Border and is committed to its improvement.”

Ambassador David Jacobson

“Leaders from our 2 Countries come together in Can/Am Border Trade Alliance.”

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

“It’s great to interact with Can/Am BTA determining what’s working & what’s not.”

Senator Janis Johnson, Co-Chair Canada-U.S. Inter-Parliamentary Group

“We value the relationship we have.”

David Bradley, President Canadian Trucking Alliance

“Can/Am BTA does great work.”

Gerald Keddy M.P., Parliamentary Secretary to Minister of International Trade

“Can/Am BTA is a very important group.”

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CONFERENCE SPEAKERS AND THEIR MESSAGE

Greg Dandewich, VP Economic Dev. Winnipeg, Can/Am BTA Exec. Board

Welcome to the CAN/AM BTA 2010 Ottawa Conference!

The Times Square incident reminds us that we live in a different world since 9/11. However, we must work diligently to insure our bi-national economic and cultural relationship. Organizations such as ours play an essential role enhancing open and productive bi-national lines of communication between Industry and Government to maintain and grow a strong Canada/US relationship.

The Global economic meltdown over the past 24 months was unprecedented and resulted in some jurisdictions taking actions toward protectionism of their jobs and investments. The long standing Canada/US relationship has enabled positive efforts to take place to address such issues displaying the willingness for collaboration.

There continues to be large complex issues we will need to collectively tackle.

I am reminded of former US Ambassador Gordon Giffin's comment

"We cannot let the tyranny of small differences side track our efforts to grow our bi-national trade and investment relationship."

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

CANADA/U.S. COOPERATION ON A SMART BORDER

Hon. Vic Toews P.C., M.P., Minister of Public Safety

Provided an excellent insight about "where I see things going with our Border and some of the ways we can and are working to improve the ways we manage it."

We need a Border that works that is secure against threats yet open to legitimate movement of goods, services and people. We are working closely with the U.S.

Summarized the recent meeting with Secretary Napolitano discussing: aviation security; radicalization; border operations and law enforcement during the Olympics; IBETS; Shiprider and the future of our shared Border - how we can work together to accelerate the movement of legitimate cross-border Trade and Travel while maintaining security. Planning to pursue a vision for the future with the Secretary that also includes operational improvements at Ports of Entry.

"Working with the US I am stressing that threats be identified and intercepted before they depart or reach our shores rather than at the 49th parallel (our internal shared Border). Pushing out the Border will play a major part in accelerating traffic across the Canada/US Border." (Gave specific examples that follow the steps laid out in Can/Am BTA's Coordinated Clearance – Point of Departure Determination Proposal).

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“We need to: expand Trusted Traveler and Shipper Programs; shared infrastructure and facilities; cross-accreditation of Customs and Immigration personnel where possible; expand pre-clearance; concentrate on risk based programs and the use of biometrics to enhance traveler processing.

Reiterated that this year’s budget eliminated Tariffs on more than 1500 items, simplified the Tariff structure and eliminated the administrative burden related to Rules of Origin and Drawback regulations on imports under these Tariffs.

VIEW FROM THE BRIDGES

Lew Holloway, General Manager, Niagara Falls Bridge Commission

Stan Korosec, Vice President Operations, Blue Water Bridge

Ron Rienas, General Manager, Peace Bridge

Rik Saaltink, General Manager, Seaway Bridge

The Bridge Operators Panel presented an exceptional view, literally with pictures of each, of the investments, operations and problem issues, related to the major Tunnel and Bridge Crossings they operate, carry a majority of the vehicles traversing between Canada and the U.S. The specifics of investments (recently made, in progress or needed) was detailed for each Bridge. Schematics of planned Inspection lanes were shown indicating where bi-level booths (dual use Primary Booth that can process either truck or passenger car) will be installed allowing flexibility for use at peak periods for needs as they arise. Cited Infrastructure concerns that Canada has not provided CBSA with Vicinity RFID reader technology in its regular PIL’s and the U.S. has made no financial commitment at the 4 largest Ports (Detroit, Port Huron, Buffalo or Lewiston). New Infrastructure constructed needs to be staffed (this is not the case in Canada). Other operational concerns were: elimination of student program; staff shortages; shift supervision and insufficient NEXUS services (hours of operation, marketing and TDC card problems). A riveting slide show from security cameras showed the actual conditions of the Seaway International Bridge closing in summer 2009.

DETROIT RIVER INTERNATIONAL CROSSING (DRIC)

Ray Mantha, Executive Director, Ministry of Transportation Ontario

Fausto Natarelli, Director, Windsor Border Group, Ontario MOT

Sean O’Dell, Exec. Director, Windsor Gateway Proj, Transport Canada

This is the 5th year that the status and progress has been reported to Can/Am BTA. Super video visualizations of both the DRIC approach Windsor-Essex Parkway, Bridge Plaza and Bridge were presented of this selected reasonable alternative to provide assured service. Key priorities, economic significance, Environmental Assessment purpose, goals, objectives, milestones, Governance-Ownership and the Five Infrastructure Elements of the End to End Border Solution were very effectively presented in detail.

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CANADA/US INTER-PARLIAMENTARY GROUP

Senator Janis Johnson, Co-Chair Canada-U.S. Inter-parliamentary Group
Gord Brown, M.P., Co-Chair Canada-U.S. Inter-parliamentary Group

Shared in-depth meaningful activities and the focus of the Inter-parliamentary Group in its 51st year of operation. Very pleased to interact with Can/Am BTA on Transportation, Border and Government cooperation. Reviewed their activities with Federal and State Legislators and Governors at numerous National and Regional meetings and events. Highlighted their Congressional visit in Washington with 15 Senators and 35 House members discussing : “Buy American”, BSE, Country of Origin, Energy and the Environment.

Detailed the focus of the 3 Inter-Parliamentary Group Committees:

Committee 1: Importance of Canada/US Trade; Shared Border Focus; Trade Irritants and Legislation Needs.

Committee 2: US/Canada International Cooperation – Afghanistan - Human Rights - Cross Border Supply Chains.

Committee 3: Energy Supply, Environment and North American Energy Strategy. Concluded by reminding all that the US and Canada are “In it together.”

THE AMERICAN PERSPECTIVE

Ambassador David Jacobson, United States Embassy

Provided a very clear and effective overview of the Canada/U.S. relationship: that shares so much in common; the importance of Trade and the Border. Highlighted President Obama’s priority of seriously expanding exports. Reiterated that the Border needs to work as it is supposed to. The Border is a “key event” in our lives. The Border is a meeting place of true friends. 2001 resulted in a National Security upgrade to the U.S. People in the World are trying to hurt us. Border efficiency is benefitting from new technology (Vicinity RFID) and increased US/Canada information sharing (with privacy protection). The Border is the last line of defense not the first line. Intelligence at the source is essential. “Security or Efficiency is a false choice, we must have both.” More smart and less dumb things being done. The Border must become a place of possibilities !

VIEW FROM TRUCKING

David Bradley, President, Canadian Trucking Alliance

Presented comprehensive insight into the trucking role in Canada/US Trade and Border crossing activities. Trucks haul 65% of Canada/U.S. Trade value and 80% of U.S. exports to Canada. The 3+ year decline in trucking, bottomed in 3rd Q 2009. The severe volume decline masks operating problems at the U.S./Canada Border. Since 2002 the promised facilitation benefits of complying with new

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programs and requirements has not happened. FAST is good. Risk Management is also good when it works. ACE is working better.

The impact of the Border on both countries economies and supply chains is a large negative today. We need predictability and reliability. We can deal with problems but “unknowns” cause serious increase in costs. CBSA’s new Commitment to Service is applauded. The ACI consultations are very positive. Mutual recognition of PIP/C-TPAT is also very positive. Vicinity RFID in every PIL would offset loss of students. Officer training is “key”. FAST and TWIC cards should be interchangeable. FAST and C-TPAT carrier drivers should be allowed to reposition foreign trailers. Promised Green Lane for fully complying shipments should become a reality !

eMANIFEST ACI - VIEW FROM TRADE

(Highway) Michelle Bunbury, Sr. Manager Trade Management UPS-SCS
(Rail) Allan Schepens, Manager Border Strat., Canadian Pacific Railway
(AIR) Renate Jalbert, Managing Director Reg. Aff., FEDEX Canada

This highly experienced panel provided an excellent understanding of the reality and importance of eManifest ACI, in each of the land based modes. ACI Phase III eManifest for Highway and Rail detailed electronic data inputs, CBSA steps were presented with the working assumptions for CBSA for highway. Stakeholder involvement Committees were described. The next steps 12 to 18 months out, after the 2010 implementation was reviewed.

The view from Rail was discussed: past experience; implementation approach; additional opportunities; moving forward and current issues threatening Border fluidity, CP Rail handles 800,000 transborder shipments annually. CBSA’s approach to-date has been constructive with regular dialogue. Border fluidity is currently or about to be, with proposed changes, very negatively impacted by: The Lacey Act amendments; wood packaging exemption moving between U.S. and Canada proposed termination and the residue empty car ruling.

An excellent detail of eManifest End State Bullet Points was presented. Specific steps to achieve successful utilization in the Air mode, were detailed. Internal review was undertaken of top error categories to insure compliance. Once operational the top CBSA error response message categories were shared. Modifications to company software and new internal policies introduced to insure operational success were reviewed. Outstanding issues needing implementation by CBSA: exception reporting without penalty; Flying Truck Model must accommodate Air split-shipment processing; rigid advance Trade Data Rules need to be modified; contingency plan for Air is needed with potential to reopen Air to align with Multi modal manifest concept.

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BORDER ISSUES BRIEFING

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

Provided comprehensive briefing on Trade Facilitation discussion meeting held by CBP Commissioner Alan Bersin who is committed to Trade Facilitation. Currently Can/Am BTA has separate Task Forces working with both CBP and CBSA on identifying and proposing solutions to Dwell Time, Wait Time and Delays occurring in Border crossing of Commercial and Passenger processing.

In publishing the Coordinated Clearance – Point of Departure Determination Strategy (CC-PDD) in 2007, Can/Am BTA suggested to CBP (in implementing WHTI documents) "To avoid the frustrating experience during the start up of FAST, where unprepared trucks were in a line in front of FAST trucks (eliminating any delay time reduction benefit), that some primary lanes at the major crossings should be designated/marked/signed Vicinity RFID Only (PASS CARD, Enhanced Drivers Licenses)." Streaming vehicles for Vicinity RFID processing so that the longer processing time of Passports "does not increase" the wait time of those with Vicinity RFID complying documents. Streaming will insure benefits of Vicinity RFID documents is visually apparent to users. CBP installation of variable message signs to direct traffic to primary lanes is to begin at selected Ports into the U.S.

Canada's participation in Vicinity RFID capability is essential as a majority of cross Northern Border trips are made by Canadians (15% by NEXUS and 85+% by Passport). Discussed new technology card process for Canadians that protects privacy by preventing tracking of even non-personal system generated numbers. This is especially critical to CBSA to avoid large delays coming with limitations on staff growth. This new technology would open the door for Canada to "maximize issuance" of Enhanced Drivers Licenses or initiate a companion Vicinity RFID card with their passport for expedited Land Border crossing. CBSA should install Vicinity RFID readers capability in selected lanes at selected Land POE's to stream cars with EDL's, PASS Cards and NEXUS cards (if a dedicated lane for NEXUS is not present) (cost of equipment is about \$175,000 per lane. This would allow up to a tripling of cars processed per lane per Officer with all documents on the screen for the Officer in the PIL thereby enhancing public security.

We have suggested to both US and Canadian decision makers that the US and Canada agree to develop a system that results in the CBSA entry into Canada, (at land border Ports from the US), be transmitted to CBP to result in that data becoming the US exit data for the mandated USVISIT entry exit match to identify overstays as ordered by Congress. This allows exit at speed from the U.S. as it is today, avoids construction and staffing of exit booths in the U.S. and most critically avoids absolute gridlock at the US/Canada Border. We have further suggested that since the US would avoid a billion + dollars of costs related to massive new exit booths, that the U.S. could pay for the Vicinity RFID readers to be installed in all CBSA PIL's and the IT system development and installation to electronically share the data in a very controlled manner.

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FOREIGN AFFAIRS and INTERNATIONAL TRADE

**Gerald Keddy M.P., Parliamentary Secretary
to the Minister of International Trade**

Provided an excellent description of the Canada/U.S. Trade Partnership (the largest in the world) citing its foundation on relationships, friendship and family and community ties. "We are integral parts of each others' supply chains, with products crisscrossing the Border many times during production." A coordinated approach is essential. The "Buy American" provisions has a worked out solution that lays the groundwork for our 2 countries to pursue a more comprehensive bi-lateral procurement agreement helping both countries. In fact 8 million U.S. jobs are dependent on Trade with Canada. Pursuing important bi-lateral agreements enhances a coordinated approach. In recent years, we have made a lot of progress towards a stronger Canada-U.S. partnership that benefits all. Minister Van Loan recently announced that twice-yearly Trade Summit Meetings will be held with U.S. Trade Representative Ron Kirk. We need to tackle non-tariff Trade barriers. Free and open approach to Trade is the foundation for success. Canada is committed to building a Border that works.

TRANSPORTATION

Kristine Burr, Assistant Deputy Minister Policy, Transport Canada

A meaningful and comprehensive description of the Strategic Direction in Canada's transportation Policy was articulated. Specific segments covered: Canada-U.S. economic relationship; Global Supply Chains; Role of Transport Canada; Gateways, Trade Corridors and Policies; Infrastructure; Intelligent Transportation Systems; Partnerships and Looking Ahead were elements described. More complex Trading patterns from increased Globalization require solutions that emphasize competitiveness and efficiency. Reviewed the 3 Strategic Gateway initiatives. Provided an overview of the Rail and Marine policy initiatives. Supply Chain reliability and performance fluidity indicator and total logistics cost index are being developed. Reviewed stakeholder concerns on Border efficiency. Presented recent Gateways Infrastructure Projects. Looking ahead involves consideration of: future Trade Patterns; efficiency of Gateways, Corridors and Borders; Innovative Technologies and Partnerships.

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CANADA BORDER SERVICES AGENCY

Stephen Rigby, President, Canada Border Services Agency

Provided an excellent discourse on CBSA sharing perspectives, issues, priorities, directions and focus. CBSA is on a voyage. It is underway transcending legacies and implementing The Change Agenda.

Spent the 1st year focused on Ottawa and management of CBSA. "Now embarking on how we manage front line operations in the field as the next step." How to best bring common interests together at the Border. "Trade is in business. CBSA wants to do business at the Border." Listening and seeing what can be done. Olympics was a successful security experience. We are facing increasingly complex threats / risks. Look forward to working with CBP Commissioner Bersin. Priority is to deliver core mandates and reduce business costs at the Border. Deploy assets "biggest bang for the buck." CBSA needs to enhance decision making and management at all levels. Described the re-organization concept of "Pre-Border, At the Border and Post Border." Need resource mobility to meet needs as they change. Establish clear priorities and local issues response. Must have a predictable and consistent Border with clear contacts within CBSA. Described the Border Management Action Plan (mid to long term end state). Push the Border out, risk assess offshore. Very important opportunity. Discussing with CBP. Integrated approach. Make sound business cases. "Where do I put the next dollar." Client based service standards put in place with measurement and reporting tools. Forming a Recourse Directorate. Fundamental change / value proposition / 80/20 Rule (7 Airports and 13 Land Ports) carry facilitative impact for Canada. Manage what we have. Seaway Bridge closure was brought up and answered that dialogue was underway for an opportunity for U.S./Canada cooperation to locate a Joint Facility on the U.S. Side and is not a closed option.

EDITORIAL NOTE: Can/Am BTA strongly recommends that at the next Minister Toews - Secretary Napolitano meeting the U.S. and Canada discuss Agreement to Expand Pre-Clearance at the Airports to include corporate aircraft and to expand pre-clearance to result in a joint CBSA/CBP Land Border Facility located at the U.S. end on the Seaway Bridge. This initiative could also lead to pre-clearance at Vancouver Rail Station in the sterile area to eliminate trains to Seattle stopping to be boarded by CBP at the Border.

Quebec/New York Relations: Economic Impact, Corridor Status

Garry Douglas, President and CEO, Plattsburgh/No. Country Chamber

Provided insightful understanding of the effective, productive and dynamic relationship developed between Quebec and New York, focused on the Montreal/Plattsburgh connection. Overview: of the region; the economic impact and the Quebec-New York Corridor. Detailed the accomplishments in transportation, the new Champlain Port facility, tourism, technology and education.

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Highlighted the work underway on the Green Corridor initiative. Described the personal role of “Premier Charest as a key leader” in the bi-national initiatives. Reminded all that “fast and consistent beats slow and steady.” While the Border marks the sovereignty edge, it no longer defines economic activity. Key is State, Province and local government focusing and developing the Business/Government Agenda at that level. Described concerns of dysfunction at the Border and urged a Management Model and Service Standards be specified and monitored.

SUMMARY REMARKS

Bruce Agnew, Director, Cascadia Project, Discovery Institute
Can/Am BTA Executive Board

“Being from Seattle, Washington, I can’t miss the opportunity to say how proud we were of the success of the Vancouver Winter Olympics.” We are working on “Greening the Border, promoting high speed rail, Greening Interstate 5 / Highway 99 and doing substantial work on alternative fuel and electrification automobile and truck stop initiatives. Our Western FAST lanes are woefully underutilized. Urge regional empowerment to develop effective “new ideas and approaches” from the ground up.

Can/Am BTA is an effective Think Tank ground in the reality of private sector experience. We thank our Sponsors whose financial support make it all happen. We thank all the participants whose presence and dialogue added so greatly. Thank you to the Speakers for another excellent Can/Am BTA Conference. See you all in Washington, D.C. September 19-21 at the new location.

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