

CAN/AM BORDER TRADE ALLIANCE

SEPTEMBER 12-14, 1999 WASHINGTON CONFERENCE SUMMARY

Highlights

The reception hosted by the Canadian Embassy honoring the CAN/AM BTA made the 1999 Conference truly memorable. The view of the Capitol Building and the Washington monument from the Amassador's terrace is breathtaking. CAN/AM BTA this great honor.

Conference Speakers recognized:

"CAN/AM BTA's call to action re-energized implementation of the Canada/US Accord on Our Shared Border." - (Doug Waddell, Deputy Head of Mission, Canadian Embassy to the US)

"INS collaboration with the CAN/AM BTA is exceptionally productive and has achieve great improvements" - (Dorris Meissner, Commissioner, Immigration and Naturalization Service)

"CAN/AM BTA plays a pivotal role educating Congress on the reality and needs of the US/Canadian Border." (Dorris Meissner, Commissioner, Immigration and Naturalization Service)

"...wish to thank CAN/AM BTA for its effective activity and support." (Senator Spencer Abraham, [R] Michigan)

"CAN/AM BTA was first to bring Section 110 to the attention of Congress and galvanized action for repeal.: (Congressman John LaFalce, [D] New York)

"CAN/AM BTA is an essential organization. It serves and emphasizes the positives and deals with the negatives. You are doing great work. Keep it up." (Congressman John LaFalce, [D] New York)

Conference Speakers and Their Messages:

An impressive array of senior U. S. Government and Canadian Officials and private sector executives updated members on Transportation, Trade and Border Management activities and initiatives.

Jim Horsman, CAN/AM BTA Executive Board Member - opened Conference

Welcomed attendees to the Conference. Highlighted CAN/AM BTA's growing influence and expanding agenda. Noted the high priority of: Trade Corridors and Gateways connecting US an Canada; the Shared Border Accord - one of the most forward looking agreements ever embarked upon - which CAN/AM BTA is committed to see reach full implementation; repealing Section 110 at the Land Borders; urging Canadian Federal and Provincial officials to implementing a National Highway Transportation Policy; and, finally, assisting in achieving the issues that will help continue to strengthen the US/Canada relationship.

Jill Hochman, Director Intermodal and Statewide Programs, US DOT Reviewed initiatives to identify what the future looks like and how to link DOT's vision. The preferred future is defined by year 2020 as crash free, seamless intermodal freight movement, market driven, extensive education and training, strong use of simulators, smart technology, effective public/private partnerships single set of rules and regulations for Federal, all states and bi-national resulting

in a truly level playing field. Government's role less adversarial and more partnership with US DOT organized for surface transportation in a single intermodal department. Key strategic issues are: technology coordination; integration and dissemination of data and research as a clearing house; facilitation versus regulation; identify "drivers" which will cause change to occur (it is projected by year 2020 the US population demographics will be primarily over 65 and teenagers); intermodal; congestion, safety and terrorism/crime. Transportation system must insure freight moves easily at lowest cost with 5 goals: Safety, Productivity, Mobility, Environment and National Security. With regard to Corridors and Gateways, reviewed the 1999 award of \$123 million and projected that the year 2000 awards would be in the range of \$95 million to \$130 million with GSA receiving its allotted \$10 million a year. The goal is to improve economic growth from Trade through Borders and Corridors. Advises that Border Activity seminars are being planned in Chicago, Baltimore, Phoenix, Atlanta and Seattle. Conference participants quickly voiced that such seminars should be held at Border locations where key layers and users are situated rather than where DOT personnel are located. She closed with "the future is not what is used to be."

Trucking's role in US/Canada Trade:

Martin Rojas, Director Int'l Affairs, American Trucking Association,
Sandra Scott, Int. Trade & Customs Advocate, Roadway Express,
Laura Myers, Administrator Trade Compliance, CNF Transportation

US/Canada Trade in 1993 \$211 billion growing to \$360 billion in 1998.
US/Mexico Trade in 1993 \$81 billion growing to \$173 billion in 1998.

Trucks carry 74% of the US/Canada Trade and 83% of the US/Mexico Trade. In 1993, 4.4 million trucks crossed US/Canada Border and 1.5 million trucks crossed US/Mexico Border. In 1997, the number of trucks that crossed US/Canada Border had grown to 5.8 million and 2.2 million on US/Mexico Border. Three elements of focus are: reduced congestion, increase productivity maximizing impact and the environment. The incredible growth in Trade requires infrastructure that works and automated commercial clearance at the Border. US Customs requires ACE to replace ACS. Treasury is working on ITDS and NATAP and Revenue Canada has developed the Blueprint. It should be noted that a number of carriers are not positioned for automated processing.

Roadway Express associated with Reimer LTL operates 27 Canadian terminals directly serving 95% of the Canadian population. Roadway operates its 2-way US/Canada Trade activity through 7 Gateways: Sarnia/Port Huron, Windsor/Detroit, Lacolle/Champlain, Lewiston/Queenston, Pacific Highway/Blaine, Coultts/Sweetgrass and Pembina/Emerson. The overall average clearance time using EDI links is 3 minutes per truck. 93% of Canada transit time is 1 day (down from 3 days). Roadway utilizes the Pre-Arrival Processing System (PAPS) at the Buffalo Port and advises that it is extremely effective and should be expanded to other crossings.

CNF Transportation operates Emery, Con-way Express and Menlo Logistics. Con-way currently operates 15 Canadian Service Centers with next and second day international service. CNF is adding facilities at Cambridge/Kitchner in 1999 and expanding to Montreal in 2000. Canadian employees are projected to triple by year 2004. CNF utilizes PARS, ACROSS and PAPS to streamline and automate the crossing process as much as possible. CNF's goals are: reduce waiting times (driver and rig); increase productivity; decrease double handling; achieve line haul control; improve equipment utilization and improve customer service. The key is to implement approach to achieve high Canada and US Customs informed compliance.

THE CANADIAN PERSPECTIVE

Doug Waddell, Deputy Head of Mission, Canadian Embassy to the US

Cited the special and dynamic relationship and friendship between US and Canada. Cautioned all involved not to take this relationship for granted. Bilateral Trade is thriving. This success comes with challenges and needs bold thinking. We are experiencing fewer disputes. Trade is about people, jobs, consumers, tourists and communities. **How we manage the Border is absolutely key.** Currently there is unprecedented volume demands place on Border agencies. 45% of Trade utilizes Michigan crossings and 35% utilizes New York crossings. We need to identify what works and what does not. We all know problems at the Border exists, but have not specifically decided what to do about them. Revenue Canada, utilizing bold thinking, is redeploying its focus to high risk crossings and developing, as seamless as possible, processes to clear low risk people and cargo. Revenue Canada is introducing Custom Self Assessment with monthly consolidated reporting versus transaction by transaction utilizing post audits versus at Border inspections. This procedure is expected to be introduced January 1, 2001. It is hoped that it will be reciprocated by US Customs. CANPASS for low risk travelers has been expanded to high volume crossings in Michigan and at the Peace Bridge in New York. An agreement has been reached for a pilot program under CANPASS to enter the US. Extensive progress has been made in information sharing, Visa harmonization and overseas interdiction. In closing, complimented CAN/AM BTA for its Accord Call to Action and its efforts to repeal Section 110. Urged CAN/AM BTA to remain active and stay in the game. The Canadian Embassy looks forward to continuing our close working relationships. All Conference participants were invited to a Canadian Embassy reception attended by many Washington officials as well.

US CUSTOMS SERVICE

Bob Trotter, Ass't Commissioner for Strategic Trade/Northern Border Operations

Bob McNamara, Field Operations, US Customs

US/Canada Trade is projected to double again by 2005. Customs is committed to move cargo efficiently with compliance record dictating the number of examinations for each shipper. The Customs Mod. Act transferred classification of goods responsibility to the importer. Described how Customs does business, how what Customs does affects communities and business. Customs' intent is to help business increase productivity. Discussed where US and Canada's initiatives are merging and where they are not. Reviewed: applied technology; video; information technology and Customs' commitment to pursue electronic advance information; account based approach and compliance assessments; described remote location filing; in-transit highway system; admissibility of cargo; MOU on CANPASS; and expansion of ENCAP. Discussed shared facilities and need for Accord Processing Zones at the Border to enforce Customs' laws of both countries. Funding for ACE is a critical need. Cited the formation of the US Customs Northern Border Leadership Group which is active in uniforming applications of regulations, work load levels and resource deployment. Decried the excessive competition on the Northern Border between entities and between states. Warned that we must work together in a unified manner to ensure the necessary results. Cited CAN/AM BTA's meaningful work with Congress on articulating Northern Border needs.

IMMIGRATION AND NATURALIZATION SERVICE

Doris Meissner, Commissioner, Immigration and Naturalization Service

Welcomed CAN/AM BTA's effective activities and stated, as in the name of CAN/AM BTA's Conference, that a unified focus is the key. INS is forging partnerships among interested parties on both sides of the Border. Stated INS collaboration with CAN/AM BTA has achieved great improvements and INS intends to continue to build on that foundation. Committed to manage the scope and complexity of Borders that work. Committed to the Accord on Our Shared Border with Canada and a high level of cooperation and coordination. A Border Vision Agreement was signed between Canadian and US Immigration Services in July 1999 involving a long term approach for travelers and smuggling. One size does not fit all for the different Borders. INS is equally committed to develop effective systems for the Northern Border. Discussed remote video, Outlying Area Reporting and the eight pre-inspection airline passenger sites in Canada which processed 10.5 million individuals and the intent to expand and develop reciprocal entry into Canada. Thanked CAN/AM BTA for its pivotal role in educating Congress on the realities and needs of the Northern Border and especially in its involvement in convincing Congress to delay the implementation of Section 110 and the inclusion that Trade and Travel are not to be impeded or delayed. Further CAN/AM BTA continues its commitment for repeal of Section of 110 at the land Borders. Discussed the current INS Restructuring legislation and the agreement on fundamental reform. Reiterated the critical need to retain INS as a single agency with two internal but separate chains of command for Enforcement and Immigration Services. This is a must to avoid fragmentation. Thanked CAN/AM BTA for its invaluable contributions.

SHARED BORDER ACCORD ACTION STATUS

Mike Cronin, Ass't Commissioner, INS for the Accord Coordinating Committee

Discussed the June Halifax meeting on the CANPASS pilot and the agreement to harmonize using single system and technology for where we are going on the Land Border processes between Canada and the US. Reported Remote Ports of Entry initiative well on schedule (11 in full operation and the projection to complete the 22 pairs by year end 2000), private boat initiative in operation, joint facilities in process, but full implementation requires land Border pre-clearance legislation in Canada. Discussed NAFTA processing inconsistencies location by location, the importance of cross Border mobility between Canada and US and the information sharing agreement between Citizenship & Immigration Canada and INS. Described the hard work and cooperative results being achieved as well as the frustrating path remaining to achieve Accord implementation as originally envisioned.

TRADE POLICIES

Juliet Bender, Director Office of NAFTA, US Department of Commerce

The US/Canada Trade relationship is the largest and strongest in the world. The NAFTA Office is responsible for the agreement with emphasis on market access and compliance. Reported on the announced objective to achieve a Free Trade Area of the Americas from Canada to Chile by 2004. Cited the 95% plus dispute-free Trade between Canada and the US. Described the recently resolved split run magazine, salmon and lumber British Columbia stumpage fees issues. Discussed the yet to be resolved disputes: dairy, pharmaceutical patents, sports fishing and tourism in Minnesota and the need for a mechanism for the resolution of further disputes. Stated that the scope and depth of US/Canada cooperation is truly amazing citing Open Skies, Shared Border Accord and the October 8 meeting of the President and Prime Minister in Canada. The Canada/US Trade relationship has resulted in more jobs and greater economic growth in both countries. Stated Canada has done an excellent job of chairing the Hemispheric Free Trade Initiative and identifying the

Trade facilitation measures needing to be focused on. Cited the need to defeat (repeal) Section 110 at the Land Borders as well as increase the resources for US Customs and INS to effectively carry out their facilitation duties at the Border.

ELECTED OFFICIALS PRESENTATION

Senator Spencer Abraham, [R] Michigan

Section 110 does not and cannot identify or stop terrorists trying to enter the United States. Described the status of the multifaceted legislative efforts to repeal Section 110 at the Land Borders. Great success has been achieved in the Senate and the Senate has taken the right actions. Currently the repeal has been specified in the Commerce Justice Appropriation bill and the State Department authorization bill. Both passed in the Senate and are awaiting conference action with the House. The ultimate outcome will turn on the action of the House conferees. Congressman Hal Rogers of Kentucky lead Republican for Commerce and Justice and Congressman Gilman lead Republican for Foreign Affairs along with the needed support of House Majority Leader Hastert of Illinois. Thanked the Can/AM BTA for its productive activity and support and stated his intent to continue to work closely with the Can/AM BTA.

Senator Abraham received a standing ovation in recognition of his critical leadership in repealing Section 110 and Immigration issues.

Senator Daniel Patrick Moynihan {D} New York

Senator Moynihan asked Senator Abraham to be recognized and then said that he wished to go on record that Senator Abraham is not importing terrorists (as postured by those misunderstanding the need to repeal Section 110 at the Land Borders).

Stated that Trade is a difficult issue in politics as society always has elements opposed to Trade. Commented on Border arrangements and the history of when high tariffs were legislated, imports dropped as expected, but so did exports to an equal or larger extent. From 1989 to 1998, US/Canada Trade doubled with large benefits to economic activity manifest. But the number of Customs' inspectors on the Northern Border were cut and there has been no initiative from the Executive Branch on resources for Border agencies - the Office of Management and Budget are not and have not stated the need to improve Border operations. Just In Time Inventory practices have achieved remarkable efficiencies, but Border clogging is a severe and real threat. US Customs in the current Treasury scheme is not seen as important, but should be. Customs is key to Trade facilitation and should not be overly focused on enforcement. Advised that the FY 2000 Customs Appropriations bill for resources would be in conference in about three weeks. He will follow the results closely.

Senator Moynihan received a standing ovation in recognition of his contribution to US/Canada Border Trade facilitation and for his leadership in the Senate and valuable service to his country.

CANADA-UNITED STATES INTER-PARLIMAMENTARY GROUP

Joe Comuzzi, M.P. - Canadian Co-Chair

Senator Jerehmiel Grafstein - Canadian Co-Chair

Senator Frank Murkowski, Alaska - United States Co-Chair

Introduced 3 additional Members of Parliament, Roger Gallaway, Val Meredith and Susan Whelan, attending the Conference. Summarized the objectives and agenda of the Group stating that they work on the "bread and butter" issues of day to day problems affecting the US and Canada. This Group is long-standing and has extremely open and cooperative relations and takes its role seriously. The process contains open dialogue, airing of differences and concerns, educating participants and achieves understanding among the group. Cited the projection that US/Canada Trade will double 1998 levels by 2005 resulting in a quadrupling of Trade (1989-2005). Canada is the United States' most important bi-lateral relationship and needs and deserves appropriate "care and feeding".

- ε Neither country is doing enough at the Border points to handle the current and growing Trade volumes.
- ε Concerned that the US Secretary of State and the Canadian Minister of External Affairs have not yet met since their April meeting was postponed due to the Kosovo situation.
- ε Concerned that the priority of dealing with US/Canada Border issues is not viewed in parallel importance to issues in the global arena.
- ε US/Canada must continue to improve Trade relationships.
- ε Expressed concern that US/Canada Border management and procedures are "over-governed and under led".

Thanked the CAN/AM BTA for the agenda and issue discourse which transpired at this Conference stating it highlighted the specifics of US/Canada joint work needed.

Senator Murkowski made a detailed presentation using visual aids to describe the need for a railroad connection between Alaska and the lower 48 states connecting through Canada. This would result in an Alaska/Yukon/Northern British Columbia transcontinental Rail connection. Rail capability is absolutely critical to realize achievement of resource potential. Alaska has authorized the construction of the last 300 miles of track to connect to the Canadian Border. Asked the CAN/AM BTA to assist in the objective examination of a public/private alliance and feasibility study. CAN/AM BTA accepted. Discussions with our Cascadia corridor representatives and our railroad members commenced.

Congressman John LaFalce, [D] New York

Canada is the most important relationship for the United States due to proximity and interaction. Relatively few problems are experienced, but we must never take the relationship for granted. Delighted that CAN/AM BTA exists. CAN/AM BTA serves and emphasizes the positive and deals with the negatives. Reiterated CAN/AM BTA was first to bring Section 110 to the attention of Congress in December 1996 and galvanized efforts to repeal. The passage of an appropriation bill via the conference route is the approach to achieve repeal at the Land Borders. Sincerely hoped that Senator Stevens of Alaska, Chairman of the Senate Appropriations Committee, would "dig in his heels" so that no bill in the Senate will be passed out of conference without Section 110 repealed at the Land Borders. Reiterated the critical importance of House Majority Leader Hastert [R] Illinois supporting the repeal. Urged the Northern Border and Southern Border business communities to redouble voicing their concerns on Section 110 to House members demanding repeal. Governor George W. Bush has stated his opposition to Section 110 and should be urged to get involved in the repeal effort. Reiterated that the Administration has said all the right things and has taken all the right positions, but has failed to undertake strong dedicated action to repeal Section 110. Stated he believed that ultimately repeal of Section 110 is likely to be included in an Omnibus bill in mid-to late October after continuing resolutions are passed on September 30. Urged that repeal of Section 110 and high profile support for the Canada/US Accord on Our Shared

Border be included by Canadian and US officials in the issue briefings for the President and Prime Minister meeting on October 8. It is essential that both leaders become involved in supporting repeal of Section 110 at the Land Borders and re-energizing the implementation of the Shared Border Accord. Stated CAN/AM BTA is an essential organization doing great work. Keep it up!

OVERVIEW OF SPECIFIC ISSUES

Jim Phillips, Executive Director, CAN/AM BTA

Highlighted the following specifics:

- ε Reviewed the excellent progress by Citizenship & Immigration Canada and INS on the joint Border Vision Initiative
- ε Discussed the agreement of a pilot project for entry into the US under the CANPASS program
- ε Discussed the October 8 meeting of the President and Prime Minister in Canada
- ε Cited the status of the various legislative efforts to repeal Section 110 at the Land Borders
- ε Highlighted the critical importance of appropriation of resources to US Customs for ACE to replace ACS
- ε Cited the status of construction funds for Customs' joint facilities and
- ε Emphasized the critical need for appropriation increases of Customs' resources for FY 2000
- ε Reviewed the CAN/AM BTA Accord Action Plan
- ε Discussed the need for resources for Revenue Canada at the Land Borders
- ε Discussed the need for legislation and funding for a Canadian National Highway Transportation Policy
- ε Described the Revenue Canada blueprint for self assessment for commercial transactions
- ε Discussed the intent of CAN/AM BTA to interact with US Customs and Revenue Canada to result in making a joint approach work so that the needs of both are met

SUMMARY REMARKS

Allan Cocksedge, CAN/AM BTA Executive Board Member

Stated the last two days contained informative and productive dialogue.

- ε US DOT provided direction and outlook of TEA 21 and their priorities
- ε Issues affecting trucking were presented
- ε Heard the Canadian view of where we have come from and where we are headed with much to be done
- ε US Customs reviewed initiatives, flagged concerns and divergence
- ε INS is progressing on many fronts, especially their mutually good work with C&IC on the Border Vision
- ε Received an initiatives update on the Shared Border Accord
- ε US Department of Commerce provided a useful summary of Trade issues
- ε Senators Abraham and Moynihan provided meaningful insight on repeal of Section 110 and US Customs' resources and Northern Border Trade Facilitation. We are mindful of Senator Moynihan's point of the difficulty

politically to communicate the benefits of Trade

- ε The US and Canada Co-Chairs of the Canada-United States Inter-Parliamentary Group highlighted the real promise of this approach
- ε Congressman LaFalce provided an excellent description of the tactics needed to repeal Section 110

It is imperative that we understand where we are and where we should be going:

1. Section 110 must be repealed at Land Borders ASAP

2. The Accord appears to be in trouble - the commercial side is a grave cause for concern with divergence occurring. Integrated solutions are absolutely essential for info exchange, compliance measurement, joint processes and the building of facilities and support to accommodate these integrated processes. CAN/AM BTA has acted for the full implementation of the Accord as a top priority since its announcement in 1995. CAN/AM BTA has commenced interaction with both Canadian and US appropriate officials to refocus efforts of how we can accomplish implementation of the Accord as originally envisioned.

3. We must transpose the air passenger pre-clearance legislation to allow commercial processing at the Land Borders by either countries' officials in designated zones on either side of the Border as dictated by individual conditions at each crossing.

We must collectively broaden our efforts to engage others to get involved in US/Canada issues and solutions. Thanked all the attendees for their active participation and the speakers for their meaningful contributions for a very successful Conference.