

Canada - United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada - États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
respecting its participation at the Canadian/American
Border Trade Alliance (BTA) Conference**

Canada-United States Inter-Parliamentary Group

**Washington, D.C., United States of America
October 6-8, 2013**

Report

DELEGATION MEMBERS AND STAFF

From October 6-8, 2013, Mr. Gord Brown, M.P., Co-Chair and Senator Michael L. MacDonald, Vice-Chair represented the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) at the fall meeting of the Canadian/American (Can/Am) Border Trade Alliance (BTA) in Washington, D.C. Mr. Brown and Senator MacDonald addressed the meeting's participants. The delegation was accompanied by Ms. June Dewetering, Senior Advisor to the Canadian Section.

THE EVENT

The Can/Am BTA holds two meetings each year: in the spring in Ottawa and in the fall in Washington, D.C. The BTA is a coalition of businesses, public-sector organizations and individuals with an interest in bilateral trade and tourism. Its mission is to maximize commercial activity and ensure continued growth in cross-border trade, as well as efficient and productive border-crossing capabilities.

Attendees at the event included private-sector representatives involved in a number of tourism, transportation and trade-related activities, as well as representatives of a variety of U.S. and Canadian federal departments and the Canadian Embassy in Washington.

DELEGATION OBJECTIVES FOR THE EVENT

The Canadian Section of the IPG has a long association with the BTA, and members of the Canadian Section sometimes attend both the fall and spring meetings of the BTA. Given the BTA's focus, attendance at the meetings provides members with an important opportunity to gain insight about problems being experienced by businesses and individuals in respect of trade and tourism, as well as about efforts and actions by governments in both countries to address these problems.

At this meeting, Mr. Brown and Senator MacDonald benefitted from the opportunity to interact with, and learn from, private- and public-sector organizations and individuals who deal with border issues on a daily basis. Attendance at the BTA meetings also provides the Canadian Section with an opportunity to inform others about the range of actions taken by it in respect of shared bilateral goals, especially through the invitation that is typically given to the Canadian Senate and House of Commons Co-Chairs and/or Vice-Chairs to make remarks about the Canadian Section's activities and priorities.

ACTIVITIES DURING THE EVENT

Members of the Canadian Section were able to speak with attendees about the problems being encountered at Canada's shared border with the United States, and to share information about the efforts being taken by them to ensure the existence of an efficient, cost-effective and secure common border. The Canadian Section's House of Commons Co-Chair, Mr. Gord Brown, M.P., spoke about the Canadian Section's activities since the

BTA's spring meeting, while Senator MacDonald discussed the Canadian Section's upcoming activities.

Sessions with the following titles were scheduled to be held, but some sessions were cancelled because of the shutdown of the U.S. government:

- Customs and Border Protection: Trade Relations, Expediting Low-Risk, Beyond the Border CBP Priorities and Initiatives
- International Trade Data System
- Federal Highway Administration: Transportation & Border Related Priorities/Initiatives
- CAN/AM Border Trade Alliance Technology Monitoring
- Energizing Sustainable Trade Corridors Across North America
- The Canadian Perspective
- Field Operations: Customs and Border Protection – U.S. Canada Border Issues and Priorities
- View from Alberta: Alberta Update – Including Oil Sands, Energy Market Access and Insight
- View from the Hill and White House on Canada/U.S.
- Beyond the Border Trade/Commerce Initiatives
- BTB Perimeter Action Plan: View from Can/Am BTA
- Changing Role of the Broker
- Canada/U.S. Inter-Parliamentary Group: Observations and Priorities
- View from Congress: Issues Affecting the U.S./Canada Border
- View from the Senate: Importance of U.S. Relations with Canada, Keystone XL Pipeline.

This report summarizes selected presentations at the meeting, including the remarks made by Mr. Brown and Senator MacDonald.

CUSTOMS AND BORDER PROTECTION: TRADE RELATIONS, EXPEDITING LOW-RISK, BEYOND THE BORDER CBP PRIORITIES AND INITIATIVES

Tom Winkowski, *U.S. Department of Homeland Security*

- U.S. Customs and Border Protection (CBP) is committed to good service at the borders that the United States shares with Canada and Mexico.
- In last year's sequestration, CBP did not have to furlough any employees, and there was no impact on trusted trade and traveller programs.
- Relationships, especially those on Capitol Hill, are very important.

- There are exciting things happening at the United States' borders, and CBP continues to redefine borders with its partners in Mexico and Canada.
- Action items in the Beyond the Border (BTB) Action Plan are progressing, with political will at the highest level; there is a need to bring Mexico "into the equation."
- The U.S. border with Mexico is not the U.S. border with Canada.
- As integration continues in North America, there is a need to develop a North American strategy.
- The sharing of information is a key to success in securing the homeland.
- In the United States, there is pressure to have an entry/exit process; from a bilateral perspective, a Canadian exit is a U.S. entry and vice versa.
- The U.S. Congress is adamant that biometrics be used; biometrics are expensive, and CBP is in the "risk-management business."
- Canada should consider increased use of radio frequency identification (RFID) technology; Canadian passports lack vicinity RFID.
- The United States' exports are another country's imports; thus, connectivity and automated systems are needed.
- Sequestration causes people to think differently and smarter.
- CBP needs an additional 3,500 officers; the Administration has said that it will pay for 1,600 officers, so the question arises: how will CBP come up with additional funds for more officers, especially when user fees are a sensitive issue.

INTERNATIONAL TRADE DATA SYSTEM

Bruna Rados, *Canada Border Services Agency*

- A single-window initiative is one of the action items in the BTB Action Plan.
- In the Canada–U.S. context, a single window would enable the electronic submission of the information required to comply with customs requirements and the other government's regulations regarding imports; the results would include greater efficiency, possible data harmonization and fewer paper forms.
- The Canada Border Services Agency (CBSA) and U.S. CBP have completed several joint deliverables, including data alignment, a trade outreach strategy, mission alignment of participating government agencies and departments, a goods identification strategy and a product identification report.

- CBSA is working with participating government agencies and departments to:
 - develop integrated import declarations for all goods;
 - eliminate paper processes, with conversion to electronic processes;
 - improve technology and re-engineer border-related processes;
 - improve data by using commodity/product identifiers, wherever possible; and
 - develop opportunities to improve border processes.
- Canada and the United States envision the use of improved product identification as a means of achieving benefits, such as more accurate identification that enables a focus on unknown or high risk; identifiers must be internationally accepted and industry-accessible.

TRANSPORTATION & BORDER-RELATED PRIORITIES/INITIATIVES

Greg Nadeau, *U.S. Federal Highway Administration*

- A joint approach to planning infrastructure investments is beneficial.
- Infrastructure is one of the factors affecting throughput at a port.
- Infrastructure is useless without adequate staffing.
- For some points of entry along the Canada–U.S. border, co-location and joint management should be considered; along the shared border, more than 60 points of entry are small and/or remote.
- The government is being forced to reduce spending; the result has been an increased use of technology, creative solutions and a focus on efficiencies.
- Direct intermodal transfer, whereby inspected cargo is moved from ship directly onto rail, is “great.”

ENERGIZING SUSTAINABLE TRADE CORRIDORS ACROSS NORTH AMERICA

Leslie Blakey, *Coalition America’s Trade Corridors*

- “Near shoring” and “reshoring” are occurring in the Southeast United States and Mexico; there are implications for trade corridors and infrastructure.
- After 20 years of experience with the *North American Free Trade Agreement* (NAFTA), the time is opportune to consider the following questions:
 - To what extent has the “promise” of NAFTA been realized?
 - What is needed for the next 20 years?

- What are the consistent trends?
- What are the conclusions?

THE CANADIAN PERSPECTIVE

Gilles Gauthier, *Canadian Embassy*

- Canada's most important relationship continues to be with the United States, with daily merchandise trade valued at about \$2 billion.
- Canada and the United States have a long history of friendship, the countries' economies are deeply interconnected, and supply chains are integrated.
- It is important to support initiatives that bolster trade and to fight against measures that impede competitiveness.
- Management of the shared border between the United States and Canada is important to both countries; the BTB Action Plan outlines concrete steps for improving the border.
- Progress is being made regarding regulations as part of the Regulatory Cooperation Council (RCC) Action Plan; the objective should be regulatory convergence, with differences between the two countries existing only where there is a legitimate reason for the differences.
- The new international crossing at Detroit-Windsor is a key priority for Canada; a financial commitment from the U.S. government to fund the U.S. customs plaza is needed.
- The United States' mandatory country-of-origin labelling (COOL) requirements are a trade irritant, and the law should be changed to align with the reality of the North American marketplace: an integrated livestock market in North America.
- In the context of the Trans-Pacific Partnership (TPP) negotiations, a North American approach to trade policy might be considered.

U.S. CANADA BORDER ISSUES AND PRIORITIES

Jim Phillips, *Canadian/American Border Trade Alliance*

- The BTB and RCC Action Plans are leading to progress on some key issues.
- Pre-inspection and pre-clearance are key.
- A number of factors determine the processing capacity of primary inspection booths at land points of entry, including the following:
 - the number of primary inspection booths;

- the number of hours that each booth is operational when traffic is present; and
 - the processing “dwell time” for each vehicle.
- The movement of trucks across the shared border can be expedited when attention is paid to a number of factors, including the following:
 - infrastructure;
 - staffing;
 - the inspection process;
 - accurate pre-approval data;
 - driver preparedness; and
 - access to the customs plaza and primary booth.
- Customs officers should not have to collect cash at the shared border.

ALBERTA UPDATE – INCLUDING OIL SANDS, ENERGY MARKET ACCESS AND INSIGHT

Bridget Pastoor, *Legislative Assembly of Alberta*

- Canada and the United States share the longest international boundary in the world, and that border is well used.
- Canada–U.S. two-way trade was approximately \$600 billion in 2011; more than \$1.7 billion worth of goods and services crossed the Canada–U.S. border daily.
- Alberta was the first province to promote free trade with the United States and, in 2012, exported almost \$83 billion in goods to the United States in 2012; over the last five years, the United States has received more than 88% of Alberta’s global exports.
- Alberta has a diverse economy to support U.S. needs, including agricultural goods, livestock, advanced technologies, metal fabrication, plastics and energy.
- The U.S. government recently altered its mandatory COOL requirements for beef and pork; Alberta believes that these changes are of little to no benefit for consumers, producers or processors on either side of the border, and that the requirements will harm not only Alberta’s beef and pork sectors, but also U.S. processors who depend on animals from Canada, including Alberta.
- Ultimately, the COOL requirements hurt customers, who will bear the additional cost of the administrative burden associated with implementing the rule; a cooperative legislative approach is required to preserve the

bilateral trade relationship and to respect the close ties between the livestock sectors.

- While Alberta respects that approval of the Keystone XL pipeline application is a U.S. decision, Alberta remains confident that the project is being considered on its merits, and on the basis of scientific and economic facts.
- Alberta and the United States have a mutually beneficial oil relationship; one quarter of all U.S. oil imports come from Canada, the majority of that is from Alberta and its oil sands.
- It is forecast that, by 2020, Alberta will be producing about 4 million barrels of oil per day, compared to about 2.5 million barrels today.
- An increased supply of Alberta oil exported to the United States will further reduce U.S. dependence on oil from countries that do not share democratic values and/or that do not share a commitment to transparency, sustainability and strict environmental monitoring.
- The Canadian Energy Research Institute estimates that the development of Alberta's oil sands will contribute more than \$15 billion to the U.S. economy a year; moreover, 89 cents of every dollar that Americans invest in imported oil from Alberta returns to the U.S. economy in the form of U.S. exports to Canada, an amount that is higher than the 34 cents from the Organization of the Petroleum Exporting Countries.
- The Canadian Association of Petroleum Producers has identified more than 900 U.S.-based companies that supply equipment, parts and services used in the oil sands.
- Alberta is dedicated to balancing the responsible development of natural resources with protection of the environment, and Alberta Premier Redford wants Alberta to be a global leader in resource development and in environmental management.
- Alberta was the first jurisdiction in North America to require large industries to reduce their greenhouse gas emissions, and there is a price on carbon that requires large emitters to meet mandatory reduction targets.
- Alberta has launched the oil sands environmental monitoring program to ensure that the province is measuring cumulative impacts on the region as a whole, and has a comprehensive land-use plan for the oil sands region that protects the land.
- Through Alberta's policies and actions, Americans can be confident that Alberta is the safest, most secure and most responsible energy supplier to the United States.

- Alberta supports President Obama's commitment to strong environmental policy, clean technology development, a healthy energy sector, economic growth and job creation.
- Alberta is focused on expanding market access and attracting more global investment; recently, Alberta's renewed International Strategy was released, with a focus on bolstering Alberta's export-driven economy through boosting relationships with existing trade partners and identifying new trade opportunities.
- Alberta recognizes that promoting competitiveness internationally is critical to the province's future economic success.
- As Alberta looks to the future, the shared prospects for economic growth are limitless; Alberta has the drive, the competitive spirit and the resourcefulness to succeed for all of the province's citizens, and is building on a solid and enduring relationship between two open, democratic countries with shared values and an interest in two-way trade and investment.

VIEW FROM THE HILL AND WHITE HOUSE ON CANADA/U.S.

Peter Friedmann, *Lindsay Hart LLP*

- There are typically a number of trade irritants between Canada and the United States; for example, trade in softwood lumber was an irritant in the past, and the United States' COOL requirements are a current irritant.
- Both countries are participating in the TPP negotiations.
- The delay associated with full approval of the Keystone XL pipeline is "purely politics"; it is not based on science.

BEYOND THE BORDER TRADE/COMMERCE INITIATIVES: INSIGHT ON PROGRESS AND CHALLENGES

David Moloney, *Privy Council Office Canada*

- Threats can be people-borne or goods-borne.
- Canada and the United States are the world's largest trading partners, and the countries build goods and design services together.
- The shared border between the United States and Canada needs to be secure, smooth and predictable.
- An efficient border "delivers" both the security and the trade facilitation that are needed for competitiveness.
- The BTB and RCC Action Plans are delivering concrete results.

- Too often, Canada and the United States pursue the same outcomes in uncoordinated ways, leading to different regulatory standards; these differences may lead to higher taxes, higher costs, border delays, the diversion of resources away from security efforts and higher prices, among other outcomes.
- To the greatest extent possible, activities should occur away from the border; when things must be done at the border, they should occur efficiently and effectively.

Alan Bersin, *U.S. Department of Homeland Security*

- The BTB Action Plan has accountability mechanisms.
- Relationships are key.
- Canada and the United States have a positive approach to solving problems.
- Pre-inspection needs to “blossom into” pre-clearance.
- Canada and the United States are two separate sovereignties with “enormous” respect for each other; some describe the relationship as “intermestic”: not international, and not domestic.
- Security and trade facilitation are not mutually exclusive; it is possible to have increased security and, at the same time, move legitimate traffic more easily and less expensively.
- There are three ways to find a needle in a haystack:
 - Look at every piece of straw – this approach was taken immediately after the terrorist attacks on 11 September 2001;
 - Get specific intelligence about where the needle is, then stick your hand into the haystack and pull out the needle – this approach was taken when, in October 2010, two packages on separate cargo planes were identified as threatening; and
 - Make the haystack smaller – this approach – which is currently used – involves separating low-risk people and goods from the others, and then moving them quickly, with resources available to focus on people and goods of unknown or high risk.
- Information should be shared not on the basis of “need to know,” but on the basis of “need to share.”
- Information should be used only for the intended purpose and should be secure.
- Algorithms match pieces of data to provide meaningful information.

- North American competitiveness, with energy security and advanced manufacturing, puts Canada and the United States in a position to compete with any other country in the world.

CHANGING ROLE OF THE BROKER: FOCUS AND ISSUES

Mary Ann Comstock, *UPS-Supply Chain Solutions*

- The broker's role is changing.
- Customs brokers play a pivotal role in trade facilitation.
- U.S. CBP has a multi-layered enforcement strategy.

CANADA/U.S. INTER-PARLIAMENTARY GROUP: OBSERVATIONS AND PRIORITIES

Gord Brown, *Canadian House of Commons*

- This summer, the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) attended meetings of governors, of state legislators, and of public- and private-sector representatives.
- The first of the private-sector/public-sector conferences attended by the Canadian Section was the annual meeting of the SouthEastern United States–Canadian Provinces Alliance; at the meeting, there were panel discussions focused on challenges and opportunities for bilateral cooperation in such areas as life sciences and health technologies, global gateways, marine, defence and security technologies, and cleantech innovation, and more than 425 business-to-business meetings were held.
- The other private-sector/public-sector conference attended by the Canadian Section this summer was the annual summit of the Pacific NorthWest Economic Region, which was focused on opportunities, challenges and regional solutions for the future of the north; a wide range of topics were discussed, virtually all of which affect both Canada and the United States: energy, the Arctic, the common border, innovation, disaster resilience, workforce development, trade and economic development, agriculture and invasive species, among others.
- Members of the Canadian Section started the meetings of state legislators with the Council of State Government's Midwestern Legislative Conference; presentations focused on a variety of policy areas that are important in both Canada and the United States, including trade, agriculture and border modernization, and resolutions regarding COOL, the new international border crossing at Detroit-Windsor and regional water quality were adopted.
- The Canadian Section's members also attended another regional conference of the Council of State Governments: the Southern Legislative Conference (SLC); at that meeting, Canada's Consul General in Atlanta

spoke about the issue of mandatory COOL, and it should be noted that there is some support – among SLC states, including Kentucky and Alabama – for the new international crossing at Detroit-Windsor.

- The Canadian Section then attended a third of the CSG's regional conference: the meeting of CSG-WEST; the inaugural meeting of the Canada Relations Committee and the North American Summit provided valuable opportunities to profile the opportunities and challenges between the western parts of Canada and the United States, and – at the inaugural meeting of the CSG-WEST's Agriculture and Rural Affairs Committee – one of the members of the Canadian Section was able to speak about the COOL requirements and the Executive Committee adopted a resolution in this regard.
- The final two meetings of state legislatures that the Canadian Section attended – the National Conference of State Legislatures and the national meeting of the Council of State Governments – also included discussions about COOL requirements and the new international crossing, with the latter meeting also leading to the adoption of resolutions on COOL, urging a legislative resolution to the issue, and on a new international crossing, urging the timely construction of the customs plaza on the U.S. side of the border at the new Detroit-Windsor crossing.
- The Canadian Section also attended conferences with U.S. governors; as the chief executive officers of their states, governors can be instrumental in making progress on key issues.
- The first of the regional governors' conferences that the IPG attended was the Western Governors' Association, and delegates were able to speak with all but one of the governors in attendance, as well as with U.S. Secretary of the Interior Sally Jewell, leading natural gas proponent T. Boone Pickens and Manitoba Premier Greg Selinger.
- The Canadian Section then attended the summer meeting of the National Governors Association (NGA), which is an activity that the Canadian Section also attends each February when the winter meeting is held in Washington, D.C.
- Most recently, the Canadian Section attended the annual meeting of the Southern Governors Association, which had advanced manufacturing in the American South as a focus; as the manufacturing sector is vital to the prosperity of both Canada and the United States, the discussions were very informative, and a key message was the need to ensure that manufacturing employment is seen as a career choice, and not just a job.
- Throughout the summer, members of the Canadian Section looked for opportunities to convey – to U.S. governors, state legislators, business people and lobbyists – the scope and importance of the bilateral relationship: the 8 million U.S. jobs that depend on trade with Canada, the 38 U.S. states that have Canada as their primary foreign export market,

and our bilateral energy, agricultural and manufacturing entities and undertakings, among others.

Senator Michael L. MacDonald, *Senate of Canada*

- In the same way that the Canadian Section had a very busy summer, advocating with governors and state legislators about the importance of the Canada–U.S. relationship and all of its dimensions, a number of activities are planned for the future.
- Prior to the shutdown of the U.S. government, members of the IPG from both countries had planned to participate in an annual meeting in the latter half of October, with Canadian parliamentarians hosting their U.S. House of Representatives counterparts in Ottawa; the shutdown – and potential uncertainty about what will happen regarding the federal debt ceiling in the United States – will lead to the annual meeting being rescheduled, possibly for December or next spring.
- When the IPG is able to convene its annual meeting, there is a couple of areas where cooperation between Canada and the United States is particularly strong and where future collaboration will continue to be needed: security, in a variety of senses of the word, and prosperity for residents.
- The perimeter security and economic competitiveness agenda that was announced by the two countries in February 2011 provided a useful direction for enhanced prosperity, with specific prosperity-enhancing elements included in the action plans linked to the BTB and RCC initiatives.
- That said, there are some irritants – such as mandatory COOL and the absence of a U.S. commitment to build the U.S. customs plaza at Detroit-Windsor – that are likely to be discussed at the annual meeting as legislators from both countries work jointly to enhance prosperity for shared benefit.
- Canada is anxiously awaiting the outcome of the confirmation process for the United States’ new Ambassador to Canada, and the Canadian Section hopes that he will agree to a meeting with members of the IPG at the earliest opportunity to continue the great relationships that the Canadian Section has had with a number of previous Ambassadors.
- Finally, the Canadian Section plans to attend the National Governor Association’s winter meeting in Washington, and to follow that meeting with visits to Senate and House of Representatives colleagues on Capitol Hill.
- The NGA’s winter meeting will focus on the theme of “America Works: Education and Training for Tomorrow’s Jobs,” and “America” could be replaced with “Canada,” or by “America and Canada,” as it is certainly the

case that – in both countries – education and training are needed for the jobs of tomorrow and to contribute to maximizing the potential of our countries.

- The Congressional visits that will follow the NGA meeting will provide the Canadian Section with invaluable opportunities to nurture existing friendships, forge new relationships, and discuss both opportunities to work more closely together and attempt to resolve any differences of opinion between us.

VIEW FROM CONGRESS: ISSUES AFFECTING THE U.S./CANADA BORDER

Representative Bill Owens, *U.S. House of Representatives*

- The share border may be more important to people than what happens at the level of either the state or federal government.
- While the United States' southern border with the Mexico may receive many resources, it should be recognized that resources are too needed for "growing" the Canada--U.S. relationship.
- The BTB and RCC initiatives are important, and will create real outcomes.

Representative Bill Huizenga, *U.S. House of Representatives*

- Canada and the United States need a border that is secure, yet open; at the same time, there is a need to "push the border out."
- A car's piston crosses the border nine times between forging to final product.
- The lack of U.S. approval for the Keystone XL pipeline is becoming a "real problem" for Canadians, who are very frustrated with the lack of U.S. action; the pipeline would contribute to energy independence for North America and would lead to job creation on both sides of the border.

VIEW FROM THE SENATE: IMPORTANCE OF U.S. RELATIONS WITH CANADA, KEYSTONE XL PIPELINE

Senator Lindsay Graham, *U.S. Senate*

- Alberta's oil sands have a very small environmental footprint.
- Regarding the Keystone XL pipeline application, all that is needed is political will on behalf of the U.S. Administration.
- If the U.S. debt limit is changed, some policy changes must also be made; the United States is approaching its last chance to make tax code and entitlement changes prior to the election cycle.
- Canada's immigration system is logical and merit-based.

- With population aging, health and pension costs will rise, and labour shortages will result; immigration will be important to help address labour shortages.
- The world is getting more dangerous day by day.

The United States needs to get its “financial house in order” and to undertake regulatory reform; then, the United States will be able to “dominate the century.”

Respectfully submitted,

Hon. Janis G. Johnson
Senator, Co-Chair
Canada-United States
Inter-Parliamentary Group

Gord Brown, M.P.
Co-Chair
Canada-United States
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	Canadian/American Border Trade Alliance (BTA) Conference
DESTINATION	Washington, D.C., United States of America
DATES	October 6-8, 2013
DELEGATION	
SENATE	Hon. Michael L. MacDonald
HOUSE OF COMMONS	Mr. Gord Brown, M.P.
STAFF	Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$ 3,418.52
ACCOMMODATION	\$ 1,658.03
HOSPITALITY	
PER DIEMS	\$ 273.39
OFFICIAL GIFTS	
MISCELLANEOUS / REGISTRATION FEES	\$ 1,900.44
TOTAL	\$ 7,250.38