

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 Conference**

Canada-United States Inter-Parliamentary Group

**Washington, D.C., United States of America
September 20 - 22, 2009**

Report

From September 20-22, 2009, the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) was represented at the fall meeting of the Canadian/American Border Trade Alliance (Can/Am BTA) held in Washington, D.C. each year. The Co-Chairs of the Canadian Section, Senator Jerry Grafstein and Mr. Gord Brown, M.P., presented remarks at the meeting.

The Canadian Section of the IPG has a long association with the Can/Am BTA, and typically attends both the fall meeting in Washington, D.C. and its spring meeting in Ottawa. The Can/Am 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.

Given the Can/Am BTA's focus, attendance at the meetings provides members of the Canadian Section 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. Members also benefit from the opportunity to interact with, and learn from, private- and public-sector organizations and individuals that deal with border issues on a daily basis. Finally, attendance at the Can/Am BTA meetings also provides members of the Canadian Section with an opportunity to inform others about the range of actions taken by them in respect of shared bilateral goals as well as differences; this goal is achieved through the remarks that the Co-Chairs of the Canadian Section are typically invited to give to the meeting participants as well as through informal discussions. Consequently, the Canadian Section intends to continue its participation at the Washington and Ottawa meetings of the BTA.

At the 2009 fall meeting, the sessions focused on:

- Selected U.S. Customs Issues
- Enhancing Security while Facilitating Known, Low-Risk Traffic at the U.S./Canada Border
- Brokers and Logistics: Selected Issues
- Technology Monitoring
- Canada/U.S. Relations from the Perspective of the United States State Department
- The Canadian Perspective
- United States Customs and Border Protection Field Operations: U.S./Canada Border Issues and Priorities
- The Western Hemisphere Travel Initiative (WHTI) and NEXUS: Overview and Status of Program Operations
- Border, Transportation and Venue Security: Challenges of the 2010 Olympic Games in Vancouver

- Supply Chain Efficiency and Security – Strategies for Deployment and Implementation: North American Project Lessons Learned
- United States Department of Transportation Inclusive Initiative: Program Insight, Freight Trends and Border Congestion
- Canada-United States Inter-Parliamentary Group: Observations and Priorities
- Issues Affecting the Canada-U.S. Border: Perspectives from the Congressional Northern Border Caucus
- Alberta Update: Energy Overview and Insight.

The comments made by Senator Grafstein and Mr. Brown, and by other speakers, are summarized below.

SELECTED U.S. CUSTOMS ISSUES

George Weise, *Booz, Allen and Hamilton*

- modernization of U.S. customs was needed in order to improve flow, implement enhanced practices and procedures, move to a relatively paperless system and facilitate legitimate traffic
- with increased traffic flows resulting from implementation of the North American Free Trade Agreement, customs modernization was required
- border enforcement must be balanced with trade facilitation
- prior to the terrorist attacks of September 11, 2001, the focus of customs enforcement was largely related to the smuggling of drugs
- in the past, port personnel and immigration personnel often worked side-by-side; now, they have synergies, there is less duplication, etc.
- while there is a bright future ahead, the journey will be "tough"

ENHANCING SECURITY WHILE FACILITATING KNOWN, LOW-RISK TRAFFIC AT THE U.S./CANADA BORDER

Deborah Meyers, *United States Department of Homeland Security*

- Secretary of Homeland Security Janet Napolitano is very familiar with the U.S.-Mexico border but is making a point of getting to know the issues that exist in respect of the shared U.S.-Canada border
- the intertwined communities, relationships, economies, etc. along the shared border are recognized
- there are preclearance operations at all major Canadian airports
- the Department of Homeland Security's largest overseas presence is in Canada
- Secretary Napolitano's priorities include:

- joint threat and risk assessments
- managing risk, since it is not possible to inspect everything and everyone
- sharing information in advance in order to ascertain who is coming in, what needs to be inspected and what level of inspection is needed
- integrated law enforcement operations
- leveraging resources, such as shared border facilities
- working in partnership on border management in order to safeguard security without compromising trade
- collaboration with foreign governments, the private sector, other U.S. federal departments, local law enforcement, etc.
- countering, and protecting against, the persistent and evolving threat of terrorism
- securing shared borders
- smart and tough immigration enforcement
- preparing for, and responding to, disasters with an all-hazards approach
- maturing and unifying the Department of Homeland Security

BROKERS AND LOGISTICS: SELECTED ISSUES

Matthew Parrott, A. N. Deringer

- the U.S. Farm Bill changes to the *Lacey Act* expanded protection to a broader range of plants and plant products, and it is now illegal to import, export, transport, sell, receive, acquire or purchase plants and plant products if the plant is taken in violation of any federal, state, tribal or foreign law that protects plants
- it is illegal to import, into the U.S., certain plants and plant products without an import declaration; the declaration – PPQ Form 505 – requires 18 data elements, including:
 - the estimated date of arrival
 - the importer name and address
 - the consignee name and address
 - a description of the merchandise
 - the scientific name of the merchandise
 - the value of the import
 - the quantity of the plant imported
 - the country of origin of harvest
 - the unit of measure
 - for paper and paperboard products, the average percent of recycled content, regardless of species or country of origin
- the submission of the PPQ Form 505 was optional during the Phase I enforcement period, which lasted from December 12, 2008 to March 31st, 2009
- Phase II, which was due to start on April 1st, 2009 but was delayed until 1 May 2009 and which continues until September 30, 2009, phases in products on the basis of the degree of processing and complexity of their composition
- Phase III begins on October 1st, 2009 and ends on March 31, 2010, while Phase IV begins on April 1st, 2010 and ends on September 30, 2010

- Phase III will address products that are relatively more processed and that are of relatively more complex composition than those addressed in Phase II
- exclusions include:
 - common cultivars, except trees
 - common food crops and products thereof
 - scientific specimens for research
 - plants to remain planted or to be replanted
- at this time, the Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture does not intend to enforce the declaration requirement in situations that include:
 - informal entries
 - most personal shipments
 - mail, unless subject to formal entry
 - in-transit movements
- the APHIS will carry out enforcement only for the product being imported and not for sundries that ordinarily accompany the product, such as:
 - tags
 - labels
 - manuals
 - warranty cards
- non-compliance could result in civil penalties of up to US \$10,000 per violation and criminal penalties of up to US \$500,000 per violation as well as up to five years in prison; refusal of entry might also occur and, for those who are not knowing violators, there is a civil administrative penalty of US \$250 for failure to comply with declaration requirements

Mary Ann Comstock, *UPS Supply Chain Solutions, Inc.*

- Predictive Risk-based Evaluation for Dynamic Import Compliance Targeting (PREDICT) will replace the admissibility screening portion of the U.S. Food and Drug Administration's Operational and Administrative System for Import Support (OASIS); OASIS is the only system in the U.S. federal government that exchanges import admissibility data with U.S. Customs and Border Protection in real time, and provides:
 - electronic screening of entry lines
 - workflow management for entry reviewers, inspectors and compliance officers
 - notices regarding admissibility decisions
- the objective of PREDICT is to improve import screening and targeting in order to:
 - prevent the entry of adulterated, misbranded or otherwise violative goods

- expedite the entry of non-violative goods
- the focus of implementation of phase 1 of PREDICT is food and drugs; a 2007 pilot project regarding seafood entering the United States at five Los Angeles ports was successful
- for the PREDICT automated process to work properly, accurate, consistent and complete data are required; if inaccurate, inconsistent or incomplete data are submitted, a manual review process is used and clearance is delayed
- to expedite entry screening by PREDICT, entry filers must provide:
 - consistent, accurate identifiers for firms
 - accurate product codes
 - all relevant affirmations of compliance, which are data elements submitted voluntarily to the Food and Drug Administration to expedite the entry review process
- with accurate, consistent and complete data, PREDICT is able to issue system "may proceed" decisions quickly for low-risk, non-violative shipments
- PREDICT will:
 - use automated data mining and pattern discovery
 - use open-source intelligence
 - provide automated queries of Food and Drug Administration databases where relevant
 - improve the "hit" rate for exams and samples by: scoring each entry line on the basis of risk factors and surveillance requirements; increase the number of automated, real-time, risk-based "may proceed" decisions; and, for those lines not given an automated "may proceed," providing reviewers with the line scores and the reasons for those scores

Bob Perkins, *Booz, Allen and Hamilton*

- port modernization has evolved over time; an encompassing view of port modernization is needed
- there are a variety of questions:
 - what rules or models exist when modernizing ports?
 - how does the U.S. Customs and Border Protection envision prioritizing the modernization of ports?
 - what will be the program drivers for port modernization?
 - how will multiple government agencies decide prioritization?
 - what local, state, regional and national commercial interests will be considered when ports are being modernized?
- port modernization initiatives should present a blended solution that addresses the actual requirements at the border and, unlike the past, should take an encompassing, holistic view of border conditions and the actual requirements of multiple agency functions performed at the port; many current or planned

initiatives for port modernization require an encompassing view to realize a blended solution

- in modernizing ports, future requirements and technological opportunities should be kept in mind
- to date, the introduction of new technology and its implementation have not been evolutionary processes, but more piecemeal and consistent with statutory and/or regulatory changes
- port modernization initiatives are relatively more focused on domestic proprietary requirements than on the synergies that may evolve from bilateral solutions
- at the Canada-U.S. border, there have been a number of reconstruction efforts to modernize facilities in order to upgrade services
- port modernization should be guided by seven principles:
 - seriously analyze known and expected operational requirements that exist or that may exist at the location
 - solicit local, state and federal government input for the analysis, free from interference by any regulatory agency
 - include the private sector and relevant local government authorities when the analysis and discussions occur
 - remove the notion that the only geographical considerations are those that involve rearrangement within existing border real estate
 - discontinue the failed assumption that the modernization of any one port provides the exact template for any other initiative
 - require all port modernization efforts to include alternative proposals and variables or "what ifs"
 - ensure that modernization efforts include the analyses of known or estimated change factors
- the analysis factors for a proposed port modernization should include:
 - port modernization decisions should be made only after a serious and inclusive analysis of operational requirements
 - an early effort should be made to include officials that have oversight over the foreign port across the shared border in order to determine the synergies that can be realized from bilateral efforts
 - modernization efforts should consider the volume of inspections at the primary and secondary stations that will occur over a 50-year period
 - the design strategy should consider all agencies and respective missions that may influence the structural design and processing layouts for port modernization
 - the analysis should include seasonal fluctuations, vacation conditions and travel patterns changed by new construction
 - the guiding principles and supporting analysis for port modernization should focus on the processes that build a system grounded on blend solutions:
 - the U.S. Customs and Border Protection mission
 - electronic vetting of passenger and shipment data and the introduction of new technology

- participating government agencies and local government requirements
- facilitation of passenger and trade traffic
- security

CANADA/U.S. RELATIONS FROM THE PERSPECTIVE OF THE UNITED STATES STATE DEPARTMENT

Roberta Jacobson, *United States Department of State*

- there is a deep and profound relationship between Canada and the United States, and the two countries are participating – as members and allies on policy issues – in a variety of international fora
- while the North American Leaders' Summit is still the Security and Prosperity Partnership (SPP) in many ways, the change in name reflects a change in emphasis
- the SPP is a bottom-up initiative and its more than 300 deliverables obscured the message of the North American leaders
- at the conclusion of each North American Leaders' Summit, the leaders highlight a limited number of issues that are important at the time that the leaders happen to be meeting
- the United States cannot recover from the recession without the recovery of North America more generally
- some aspects of the shared border are working well, while others are not
- vibrant, open trade is a priority for both President Obama and Prime Minister Harper
- to date, there is about 95% compliance, on both sides of the shared border, with the Western Hemisphere Travel Initiative, which was implemented in a logical, common-sense manner; the Initiative helps to move legitimate traffic across the border
- in the *American Recovery and Reinvestment Act of 2009*, funds have been allocated for border infrastructure, although the infrastructure deficit is still significant
- the U.S. recognizes that “Buy American” provisions are causing consternation in Canada, and a variety of solutions are being explored; the integrated nature of firms and sectors, as well as the existence of North American supply chains, is recognized
- overall, the Canada-U.S. relationship continues to be strong bilaterally, multilaterally and globally
- the United States is deeply grateful for Canadian support of the mission in Afghanistan

THE CANADIAN PERSPECTIVE

Guy Saint-Jacques, *Canadian Embassy*

- the boundary between Canada and the United States is a mutual, shared border
- the current global economic crisis has affected cross-border trade, and reducing border-related costs is more critical now than ever before

- the U.S. exports four times as much to Canada as it does to China, and 35 U.S. states have Canada as their primary foreign export market
- about 7.1 million U.S. jobs rely on bilateral trade
- in thinking about borders, it should be recognized that "one size does not fit all"
- U.S. Secretary of Homeland Security Janet Napolitano and Minister of Public Safety Peter Van Loan will meet at least twice each year in order to monitor progress in respect of shared goals
- Canada and the United States should have a shared future vision that advances both security and prosperity, which are linked; a risk-management approach should be used, and investments in infrastructure should occur
- overly complex border requirements can lead to security problems
- there is joint recognition that the world has changed, and it is no longer possible to cross the border without appropriate documentation
- cooperation at various levels in both countries is continuing and expanding, and pragmatic solutions to problems are being sought
- eight years after the terrorist attacks of September 11, 2001, people and businesses have largely "moved on," with people acquiring needed documentation, businesses investing in secure supply chains, etc.
- consideration should be given to consolidating existing programs before new measures are introduced

UNITED STATES CUSTOMS AND BORDER PROTECTION FIELD OPERATIONS: U.S./CANADA BORDER ISSUES AND PRIORITIES

Tom Winkowski, *United States Customs and Border Protection*

- a great deal is happening at the shared land border, in part because of funds contained in the *American Recovery and Reinvestment Act of 2009*
- wait times have an economic impact
- while wait times are lower, so too is traffic; at some point, the economy will recover and traffic will rebound
- the U.S. is facing difficult times ahead in terms of the budget; in some sense, the "good years are in the rearview mirror"
- with reduced traffic flows, user-fee revenues are reduced
- the Western Hemisphere Travel Initiative (WHTI) was "very, very" successfully implemented; it is the first National Commission on Terrorist Attacks Upon the United States (9/11 Border Commission) recommendation that has been fully implemented
- a reasonable approach has been taken with those who, since full implementation of the WHTI, have lacked WHTI-compliant documentation; compliance has been 98.2% at the U.S.' northern border and 93% at its southern border
- the land borders that the U.S. shares with Mexico and with Canada should become "saturated" with radio-frequency-identification-enabled (RFID-enabled) documents; passports are WHTI-compliant but are not RFID-enabled
- electronic signs can be used to designate NEXUS, Free and Secure Trade (FAST) and/or RFID-enabled lanes, as required, to manage traffic better

- high-quality data – including in respect of wait or dwell times and processing times – are needed to support decision making, and data should be collected using a common methodology
- border points should be fully staffed before traffic volume rises in order to ensure that traffic flows are not slowed
- improvements must be made regarding wait-time management and the collection of wait-time information
- a land border modernization office, which will focus on both of the U.S.' shared borders, will be established
- as border facilities are designed, there must be a focus on the future; new ports of entry that have the right footprint now and for the future, including to accommodate technology, are needed

THE WESTERN HEMISPHERE TRAVEL INITIATIVE AND NEXUS: OVERVIEW AND STATUS OF PROGRAM OPERATIONS

Colleen Manaher, *United States Customs and Border Protection*

- full implementation of the Western Hemisphere Travel Initiative (WHTI), which was completed on June 1st, 2009, should result in improved safety and security as well as a more efficient and timely crossing of the shared border
- effective WHTI communications initiatives have resulted in high rates of compliance at the northern and southern borders that the U.S. shares with Canada and Mexico respectively
- compliance rates drive enforcement decisions
- processing times at the border are reduced when people use documents embedded with radio frequency identification (RFID) technology; increasing the "saturation" of RFID-enabled documents is a desirable objective
- in some respects, lessons are learned on the U.S.' southern border with Mexico and they are then applied at the northern border with Canada
- the U.S.-Mexico border is relatively dangerous, and resources must be devoted to it
- there is a need to think innovatively about how traffic is managed; for example, LED signage deployment may be useful

John Wagner, *United States Customs and Border Protection*

- there has been a relatively dramatic increase in NEXUS enrolment and use; enrolment in Free and Secure Trade (FAST) is also rising
- NEXUS is one measure in a range of options that reflects a risk-management approach to the border that saves time for travellers and enables U.S. Customs and Border Protection to focus its resources on those with unknown or relatively higher risk
- some of the lessons learned with NEXUS and FAST, among others, were useful for implementation of the Western Hemisphere Travel Initiative
- in order for NEXUS and FAST to work, timely approval of applications must occur and the result must be faster processing at border points

BORDER, TRANSPORTATION AND VENUE SECURITY: CHALLENGES OF THE 2010 OLYMPIC GAMES IN VANCOUVER

Mark Camillo, *Lockheed Martin Corp.*

- mega-events that will be viewed globally attract extremists, zealots and terrorists
- the Olympic Games have a history of being targeted for terrorist-type activities
- since Washington State is so close to Vancouver and Whistler, an attack that occurs at the 2010 Winter Olympics would affect the U.S.
- security should be an enabler of the event, not the focus of the event
- in getting ready for an event like the Olympics, attention should be paid to identifying and addressing vulnerabilities in order to reduce the chance of something going wrong; prevention is preferred to waiting and then reacting
- most terrorist attacks occur at arrivals, departures and mass gatherings at pre-determined times
- communications and collaboration are key, since everyone needs to be "on the same page"

SUPPLY CHAIN EFFICIENCY AND SECURITY – STRATEGIES FOR DEPLOYMENT AND IMPLEMENTATION: NORTH AMERICAN PROJECT LESSONS LEARNED

John Mohler, *Lockheed Martin Corp.*

- efficient supply chain movements along trade and transportation corridors is an important goal
- with a focus on visibility and efficiency, security will be the result
- the focus of those who seek to do harm is likely to be situations that will enable maximum penetration as quickly and inexpensively as possible
- authorities must be prepared to respond, in real time, to what the data reveal
- some goods are relatively hard to insure because of a high rate of theft
- warehousing and distribution are key parts of the supply chain and the key points at which theft-reduction efforts should be directed

UNITED STATES DEPARTMENT OF TRANSPORTATION INCLUSIVE INITIATIVE: PROGRAM INSIGHT, FREIGHT TRENDS AND BORDER CONGESTION

Tony Furst, *United States Department of Transportation*

- freight needs to get to all corners of the United States and to all communities; systems and networks should be harmonized and rationalized
- the U.S. population is concentrating in mega-regions; with many points in the U.S. where freight is entering, corridors are developing between the point of entry and these mega-regions
- freight and passenger corridors should be co-located
- since Canada and Mexico are working on their corridors, the U.S. should determine where the links can be made at the border and should make investments there
- travel-time reliability on transportation corridors is very important

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP: OBSERVATIONS AND PRIORITIES

Gord Brown, M.P., *House of Commons of Canada*

- the Canada-U.S. Inter-Parliamentary Group (IPG) is comprised of American and Canadian federal legislators, and was formed 50 years ago as a forum for finding points of convergence in our respective national policies, initiating dialogue on points of divergence, exchanging information, and promoting better understanding between the Canadian Parliament and the U.S. Congress on shared issues of concern
- the IPG convenes an annual meeting, which alternates between Canada and the United States, and over a two-day period delegates seek to identify shared values and find possible solutions to a variety of bilateral and multilateral matters of concern to both countries
- the IPG's most recent annual meeting was held in La Malbaie, Quebec in May, where the U.S. was represented by six Senators and four members of the House of Representatives, and the Canadian delegation included eight Senators and fourteen members of the House of Commons; delegates met in plenary sessions and in committee sessions to discuss a range of important bilateral issues, including the border as well as economic and financial recovery from the current crisis
- from time to time, members of the Canadian Section of the IPG meet with federal counterparts in Washington, and participate in national and regional conferences of governors and state legislators; members also attend national and regional summits organized by business groups and participate in important venues, including with the Can/Am Border Trade Alliance
- during the IPG's annual meeting in May, the issue of the shared border was discussed; Canadian legislators talked about the integrated economic and personal relationships that exist and about the need, for the sake of these relationships and for a host of other reasons, for an efficient and secure common border
- many Canadian stakeholders continue to have concerns about security-related measures, as well as fees and regulations, implemented unilaterally by the U.S.; in some – if not most – cases, these measures lead to higher border-crossing costs that no one can afford, particularly in times such as these and especially if there is no real increase in security as a result
- at the IPG's annual meeting, border-crossing costs were highlighted when a Canadian Parliamentarian asked delegates to consider the lost productivity associated with something as seemingly insignificant as an additional delay of 15 seconds per truck, which adds up over time and when the number of trucks crossing the border each day is considered
- at the meeting, another Canadian Parliamentarian advocated a border czar with a structure similar to the International Joint Commission, which seems to have worked well for our countries; he also spoke about the benefits of trusted traveller and shipper programs, such as NEXUS and FAST, but noted that the Western

Hemisphere Travel Initiative has had severe, negative impacts on cross-border tourism

- Canadian Parliamentarians also identified a need to “pull silos together” in order to get a full perspective on what is truly happening at the border
- another member of the delegation told participants that, from the Canadian perspective, U.S. actions have thickened the border and with effects that do not always seem to enhance security: there is no reason to add requirements that do nothing more than slow down our economies
- another Canadian, who reminded participants about the successful bilateral efforts that occurred with the December 2001 Smart Border Action Plan, advocated a bilateral task force headed by the Canadian Minister of Public Safety and the U.S. Secretary of Homeland Security; in his view, there needs to be a deeper understanding of the differences between the Canada-U.S. and the Mexico-U.S. borders, since each has unique characteristics
- in the view of still another Canadian participant at the IPG's annual meeting, there is no threat to the United State that is not also a threat to Canada; in supporting the principle of North American perimeter security, he advocated bringing each country's security apparatus together as well as developing a common set of objectives on security and immigration with the aim of a smarter border that flows better
- in response to the comments made by Canadian Parliamentarians, one American legislator identified the need to take actions designed to promote tourism and commerce, while a colleague said that something like the Smart Border Action Plan should be reinstated; in his opinion, if no one is responsible, nothing gets done
- during their February 2009 visit in Ottawa, President Obama and Prime Minister Harper instructed senior officials to renew a dialogue on border management; during a recent White House visit, they spoke about our economic integration and the strength that is provided to each country as a consequence, and noted that open trade and investment are essential for competitiveness and sustainable growth in North America and worldwide
- open trade, competitiveness and sustainable growth are more easily assured when the border is functioning as it should
- the IPG's message to U.S. legislators – federal and state, as well as governors – will continue to be: while Canada supports the United States in its focus on the security of the border, we believe that a risk-based approach to managing the shared border, along with constructive discussion about both border security and border facilitation concerns, must occur; trade facilitation and security at the common border must be balanced as both countries pursue North American prosperity and global competitiveness
- one of the resolutions adopted at the IPG's recent May meeting said:

The Canada-U.S. Inter-Parliamentary Group recognizes the unique characteristics of our border and our history of cooperation under the Shared Border Action Plan. Recognizing concerns about delays at our border, the Group recommends that our governments immediately launch an impact study of border-related issues, and

establish a comprehensive bilateral task force for the development of common standards and principles aimed at facilitating the cross-border flow of goods and people as well as promoting tourism, while sustaining security. This task force should provide a timely report and implementation plan.

The Group further commends progress on both sides of our border regarding the new Detroit River International Crossing at Windsor-Detroit and encourages swift completion of this and other vital border infrastructure improvements

- at the National Governors Association meeting in July 2009, U.S. Secretary of Homeland Security Napolitano commented that the U.S.' northern and southern borders must operate as real borders; while many who reside in border communities in both Canada and the U.S. miss the ease with which they used to cross the common border, the importance of security is recognized, although some wish the focus was on perimeter security rather than the 49th parallel
- Canada too is concerned about security, and the request remains unchanged: recognize the shared nature of the common border, and work with appropriate departments, agencies and groups in Canada on the shared management of what is a shared responsibility; it is not Canada's border and it is not the U.S.' border: it is a common border, and the need for security at that border must be balanced with the need to ensure the efficient movement of trusted goods and travellers across what should be, in our view, a secure yet seamless border
- another important issue on the Canadian Section of the IPG's agenda for the future is protectionism and, more particularly, the "Buy American" provisions
- for a number of months, members of the Canada Section of the IPG have been active in conveying to American legislators and governors the harmful effects that are occurring as a result of these provisions, which are seen by many to be protectionist measures that should be avoided as we seek a global economic and financial recovery
- the same message is being delivered by others as well; various federal and provincial legislators in this country as well as business groups and others have made their voices heard
- earlier this summer, Canadian Premiers met and added their collective voice to these other voices – in the federal Parliament, in provincial legislatures, and in a variety of sectors and communities – about the "Buy American" provisions that, in the view of some, are denying access by Canadian companies to contracts in the U.S.
- Prime Minister Harper spoke to President Obama about protectionism at the North American Leaders' Summit in Mexico and at a White House meeting, and will likely discuss it at the G-20 meeting in Pittsburg; Prime Minister Harper has also spoken with members of Congress about the issue
- the "Buy American" provisions, which are contained in the *American Recovery and Reinvestment Act of 2009* and which are creeping into other legislation, are sending the wrong signal
- reputable international organizations like the International Monetary Fund, the World Trade Organization and the World Bank are saying that protectionist measures are exactly the wrong direction to be taking

- the “Buy American” provisions are having detrimental effects on Canadian businesses, and they are undermining the economic progress we are seeking
- while the pressure that legislators face to safeguard domestic jobs and industries during these difficult times is understandable, and while protectionism is one tool that might be used to achieve this result, higher tariffs, subsidies, licensing requirements, restricted entry, anti-dumping actions, higher standards and bans impede the recovery that we seek
- protectionism is not the answer; at the IPG’s May meeting, a Canadian Parliamentarian noted the strong commitment of leaders of the G-20 nations to “get on with recovery efforts together,” and the need to avoid protectionism; he suggested that the “Buy American” provisions in U.S. legislation are giving rise to “Buy American” procurement initiatives and pressures, and that an open procurement approach at the sub-national level is needed
- At the IPG’s May meeting, Canadians also made comments about the involvement of producers in both of our countries in global supply chains and about the need for a “Buy North American” strategy
- it was suggested that – at times – one must return to first principles: the need to develop North America as a competitive global exporter and to support the North American supply chains that are important for global competitiveness; in the view of this Canadian Parliamentarian, North America must become a model of “coordinated competition” and countries must resist the drift toward protectionism which – during the Great Depression – made the situation worse rather than better
- the need to treat North America as an entity and to focus on its competitiveness was supported by an American legislator who – in addition to mentioning global and North American supply chains – noted that states and provinces must be urged to avoid protectionism as well; “Buy American” should be “Buy North American”
- another American suggested something that all of us know all too well: protectionist sentiments are relatively less likely to exist when economies are doing well; in his view, if American taxpayer dollars are going to be used to build U.S. infrastructure, ensuring a substantively “Buy American” approach is reasonable, if not expected
- another American delegate attending the May meeting noted the economic damage caused by protectionism
- as was the case with the border discussion, Canadian and American legislators at the May meeting were able to agree on a resolution:

The Canada-U.S. Inter-Parliamentary Group concurs with the statement of the President of the United States during his February 2009 visit to Canada that “now is a time where we’ve got to be very careful about any signals of protectionism.” Therefore, the Group recommends that legislators and governments at all levels in both nations resist the temptations of protectionism which lead to economic disruption and damage to supply chains, and work to foster North American procurement as well as manufacturing and supply chains. Integrated supply chains are mutually beneficial in allowing our products to compete in the world.

- some of the regional state legislator and governor meetings this summer have been sending the right message: the Midwest-Canada Relations Committee at the Council of State Governments – Midwest meeting adopted a resolution against trade protectionism that was subsequently adopted as a resolution by the broader conference; a similar resolution supporting open trade was adopted at the September meeting of New England Governors and Eastern Canadian Premiers
- as the Canadian Section of the IPG continues discussions with American legislators and governors about the border, we will likewise also speak with them about the need for open trade – which is facilitated by a smoothly functioning border – at every available opportunity

Senator Jerry Grafstein, *Senate of Canada*

- the common border between the United States and Canada is getting thicker, not thinner, and things are getting worse, not better; things need to improve, not degenerate further
- in summer 2009, the Brookings Institution suggested that a “one-size-fits-all” approach to border security after the September 2001 terrorist attacks had slowed trade and commerce
- in July 2009, the Tourism Industry Association of Canada announced that the number of U.S. tourists visiting Canada is at a 37-year low; reasons are thought to include the recession and new rules about the documentation required to cross the shared border
- the Brookings Institution report, entitled “Toward a New Frontier: Improving the U.S.-Canadian Border,” contains a number of insights and recommendations, including a two-speed approach to the Canadian and Mexican borders, and the formation of a joint infrastructure planning council for the land borders and along the border corridors
- far too many shippers and travellers have delays as their shared-border experience; delays have costs, and costs mount quickly
- both the United States Customs and Border Protection and the Canada Border Services Agency have websites that estimate delays at land border points; on the Canadian side, these times are updated hourly and some land border points routinely have a ten-minute delay – which equates to one week wasted per year – while others have a delay that is double that time
- if for no other reasons than tourism, trade, jobs, productivity and competitiveness, positive and substantive progress on border issues must occur
- a great deal is happening at the border, but not always with positive effects, and there are many studies by academics and others with a great many recommendations; what is needed is more and positive action
- in December 2008, Ottawa’s Carleton University organized a conference as part of its “Canada-U.S. Project” and, in January 2009, released a document entitled “From Correct to Inspired: A Blueprint for Canada-U.S. Engagement;” it contained recommendations for revitalization of the bilateral relationship
- the visits that President Obama and Prime Minister Harper have had seem to have gone well, including in February in Ottawa, in early September in

Washington, and at international fora such as the North American Leaders' Summit and the meetings of the leaders of the G-20 nations

- from the private-sector perspective, the Canadian Council of Chief Executives and the Canadian Chamber of Commerce have done work in support of the North American Competitiveness Council and the Security and Prosperity Partnership, and in publishing border-related reports
- the Chamber of Commerce has published a number of documents about the border and about Canada-U.S. engagement: "Finding the Balance: Reducing Border Costs While Strengthening Security," which members of the Inter-Parliamentary Group distributed to some members of Congress in April 2008, "A Canada-U.S. Border Vision," which specifies five border principles for Canada's engagement with the U.S., and "Finding the Balance: Shared Border of the Future," which provides a number of priority near-term and practical recommendations related to such topics as trusted shipper and traveller programs, preclearance, electronic reporting, increased staffing and training, hours of service, cross-border travel documentation, technology, infrastructure and a border contingency plan
- border-related work is also being done by the Pacific NorthWest Economic Region, or PNWER; in summer 2008, PNWER released the PNWER Border Charter and established a Border Solutions Coordination Council
- PNWER has also indicated that it will clearly articulate shared border priorities and will monitor governmental activities – in both countries and at the federal and state/provincial/territorial levels – in order to ensure that the region's needs are taken into account in the development and implementation of border policies; it will also issue an annual State of the Border Report Card that will measure the extent to which governments have taken action on the region's priorities
- other private-sector organizations are also doing work on the border, including the Canadian/American Border Trade Alliance, which – day after day and week after week – presses for the changes that are needed at the border
- a letter was sent to Senator George Voinovich in which eight border-related problems and possible solutions were outlined; finding and implementing solutions will require concerted bilateral actions and political will, and everyone must be focused on the same goal: facilitating the movement of identified no- and low-risk trade and individuals across the common border while respecting the security imperative
- the eight problem areas identified to Senator Voinovich are:
 - inadequate staffing
 - inadequate capacity at the Detroit-Windsor crossing
 - lower inspection rates for members of trusted shipper programs
 - avoiding re-inspections when cargo has already been inspected, cleared and secured in one country
 - full exemption from the U.S. "secure flight" rule for all Canadian overflights of U.S. territory
 - baggage re-screening
 - Animal and Plant Health Inspection Service – or APHIS – fees

- certain issues related to the Western Hemisphere Travel Initiative, which is now fully implemented
- the Canada-U.S. border is a common or shared border: it is not the United States' border and it is not Canada's border; it is the border that our nations share, and this joint responsibility requires joint decision making
- the shared nature of the border also requires solutions that are commensurate with its problems, challenges or shortcomings; a one-size-fits-all border solution by the U.S. will not work, which is why the unique attributes and challenges of the northern border that the U.S. shares with Canada should be recognized as distinct from the unique attributes and challenges of the southern border that the U.S. shares with Mexico
- regarding the shared border, some progress has been made in too few areas, which is why everyone must continue to work hard
- border delays of various sorts and their attendant costs have been the results of inadequate progress; higher costs are the result of fees and documentation required of individuals and businesses, while health-related costs are associated with the effects of the pollution associated with idling cars
- because of border-related delays, "just-in-time" inventory systems have had to become "just-in-case" inventory systems
- our countries share the same goal: a hassle-free border that facilitates trade, rather than hinders it, as we work toward enhanced North American prosperity; Canada, too, is concerned about security, since both of our countries are vulnerable: the common enemy has ill-intent for both of our nations, and we need to work together to ensure that terrorists cannot enter North America
- the need for security must be balanced with the need to ensure the efficient movement of trusted goods and travellers across what should be a seamless border

ISSUES AFFECTING THE CANADA-U.S. BORDER: PERSPECTIVES FROM THE CONGRESSIONAL NORTHERN BORDER CAUCUS

Greg Regan, *Office of U.S. Representative Louise Slaughter*

- the Western Hemisphere Travel Initiative should be monitored to ensure that the U.S.' most important trade relationship is not disrupted; the trade relationship that the United States has with Canada must not be disrupted, since doing so would disrupt the U.S.' economic recovery
- an efficient shared border is important for the entire U.S. economy
- the Canada-U.S. border differs from the Mexico-U.S. border, and different problems require different solutions

ALBERTA UPDATE: ENERGY OVERVIEW AND INSIGHT

Gary Mar, *Government of Alberta*

- in September 2008, the signs of a global recession were just emerging; one year later, the world is dramatically different and governments worldwide are focused on getting their economies "back on track"

- both Canada and the United States should ensure that the common border is free of barriers; countries should increase trade rather than erect barriers or engage in protectionist behaviour
- smooth borders and efficient transportation corridors are needed in order to capitalize on the benefits of trade and trade agreements
- just under 30% of Alberta's exports are destined for the United States, and the U.S. is the source of two-thirds of Alberta's foreign direct investment
- Alberta is a reliable supplier of energy to the United States
- Alberta's energy resources will be an important part of Alberta's, Canada's and the U.S.' economic recovery
- for half a century, energy has been the backbone of Alberta's economy; Alberta is second to Saudi Arabia in terms of proven oil resources and its oil sands are an attractive investment opportunity
- environmental stewardship is a top priority for Alberta
- carbon capture and storage is an important part of President Obama's clean energy strategy
- *in situ* oil sands operations have a relatively smaller footprint
- Alberta is part of the Ports-to-Plains initiative

Respectfully submitted,

Hon. Jeremiah Grafstein, Q.C., 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 Conference
DESTINATION	Washington, D.C., United States of America
DATES	September 20 - 22, 2009
DELEGATION	
SENATE	Hon. Jerry S. Grafstein, Q.C., Senator, Co-Chair
HOUSE OF COMMONS	Mr. Gord Brown, M.P., Co-Chair
STAFF	Ms. June Dewetering, Advisor
TRANSPORTATION	\$682.96
ACCOMMODATION	\$867.78
HOSPITALITY	\$Ø
PER DIEMS	\$263.97
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$4,735.83
TOTAL	\$6,550.54