

Canada - United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada - États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
to the Canadian/American Border Trade Alliance:
Fall Meeting**

Canada-United States Inter-Parliamentary Group

**Washington, D.C., United States of America
September 14 - 16, 2008**

Report

From 14-16 September 2008, the Canada-United States Inter-Parliamentary Group (IPG) was represented at the fall meeting of the Canadian/American Border Trade Alliance (BTA) held in Washington, D.C. each year. Senator Jerry Grafstein, Co-Chair of the IPG, presented remarks at the meeting.

The IPG has a long association with the BTA, and typically attends both the BTA's fall meeting in Washington, D.C. and its spring meeting in Ottawa. 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.

Given the BTA's focus, attendance at the meetings provides IPG 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 the meeting, the sessions focused on:

- Facilitating Known Low-Risk at the Canada/United States Border while Enhancing Security
- Border Crossing Issues and Developments, 10+2, etc.
- Overview on Standards for Vicinity Radio Frequency Identification (RFID) Border Crossing Documents
- United States Customs and Border Protection: Field Operations
- Overview and Demonstration: Wait Times, Processing, Port Management System
- Overview and Status: NEXUS Joint Focus Group, Western Hemisphere Travel Initiative Dwell and Delay Time Joint Task Force plus Other Initiatives
- Canadian/American Border Trade Alliance Automated Commercial Environment (ACE) e-Manifest Focus Group
- The United States/Canada Border Trade Importance/North American Competitiveness Council
- Strategy and Approach to United States Land Port Facilities (Northern Border View)
- Observations and Priorities: The Canada-United States Inter-Parliamentary Group
- Alberta Update, including Oil Sands Energy Overview and Insight.

At BTA meetings, IPG participants 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. Attendance at the BTA meetings also provides IPG members with an opportunity to inform others about the range of actions taken by the IPG in respect of shared bilateral goals as well as differences. Consequently, the IPG intends to continue its participation at the Washington and Ottawa meetings of the BTA.

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

FACILITATING KNOWN LOW-RISK AT THE CANADA/UNITED STATES BORDER WHILE ENHANCING SECURITY

Thad Bingel, United States Department of Homeland Security

- things have changed dramatically since the terrorist attacks of September 2001; while much has happened, much remains to be done
- some things that were long overdue were facilitated and expedited as a consequence of the September 2001 terrorist attacks
- over the last several years, the North American Free Trade Agreement countries have agreed on five priority areas within the Security and Prosperity Partnership:
 - enhancing the global competitiveness of North America
 - safe food and products
 - sustainable energy and the environment
 - smart and secure borders
 - emergency management and preparedness
- the US is enhancing its partnership with Canada as part of US Customs and Border Protection's Northern Border Strategy, which includes a focus on improved sharing of intelligence and information, rapid response, infrastructure development, deployment of the right type and amount of technology, and facilitated movement of low-risk people and goods in order that border officials can focus on those of unknown or known higher risk
- ideally, border officials should know as much as possible about goods and people before they arrive at the border
- the US Customs and Border Protection has responsibility for testing the integrity of everything and everyone that crosses the border, and must be right 100% of the time; the movement of 1% affects the movement of the remaining 99% that is safe
- those who planned and built the existing infrastructure at the ports of entry focused on the short term, with the result of aging infrastructure along both the US-Mexico and the US-Canada borders; while some progress is being made, a clear plan to address this reality is required
- there is a need to look beyond the local level to what is needed regionally in order to move people and goods across the shared borders
- the average age of infrastructure at the ports of entry is 40 years, and as these facilities continue to deteriorate, they are being asked to accommodate ever increasing flows of people and goods; as well, the security footprint is being added to facilities that were never designed to accommodate these security features
- the US Congress has a role to play in funding the border solutions that are needed; thus, Congress needs to be a key partner

- the following points have been made in conversations between the US Department of Homeland Security and Canadians:
 - collaboration between Canada and the US continues to exist, including at the level of federal departments and agencies
 - wait times must be measured accurately and in real time, and by a single, automated, non-intrusive system that is deployed at the United States' northern and southern borders with Canada and Mexico respectively
 - both countries are working in border communities to publicize the requirements of the Western Hemisphere Travel Initiative, and are now undertaking educational initiatives in the broader public
 - in terms of enhanced drivers licence initiatives by states and provinces, consistent standards are needed
 - improvements must be made to the NEXUS program, including in respect of the number of enrolment centres and their hours of operation
 - efforts directed at information sharing must continue, including in respect of advance passenger information, suspect aliens and health alerts
 - mutual recognition should be explored, including in respect of Canada's Partners in Protection (PIP) and the US C-TPAT (Customs-Trade Partnership Against Terrorism) initiatives
 - import inspections are an area where more work is needed
 - biometrics is an area where greater efforts are required
 - information should be shared in order to be more efficient and in an effort to avoid inspecting goods and people twice

- we are entering a time of change, with a change in Administration just months away; in times of change, vulnerability is increased
- the threat of terrorism is a global issue that crosses countries and political parties
- the first goal is to protect the US as a country and the US economy; this protection must occur through partnerships with other countries and across federal departments as well as with the private and public sectors
- just as US Customs and Border Protection is committed to doing its job, terrorists are committed to doing their job

BORDER CROSSING ISSUES AND DEVELOPMENTS, 10+2, ETC.

Bob Perkins, Booz, Allen and Hamilton

- imports and exports are not governed at all times by US Customs and Border Protection; other federal departments also play a role
- commonality is needed in terms of data elements and single-window access; a single set of data should be required to be reported, and there should be a common data repository for all relevant departments in both Canada and the United States
- in general, "mandatory" works better than "voluntary"

Candace Sider, Livingston International

- delays at the border are costly, so exporters and importers want to do what they can to expedite clearance at the border; for example, they want to provide all needed data
- different modes of transportation face different challenges

Mary Ann Comstock, UPS Supply Chain Solutions

- in respect of trade in softwood lumber, the Canada-US relationship is contentious
- the 2008 Farm Bill contains softwood-lumber-related provisions
- the 2008 Farm Bill requires importers to: provide the export price of the lumber and the estimated export charge applied to the lumber; declare that they made an appropriate inquiry to get the documentation from the exporter and consulted the US Department of Commerce publication on export charges; and declare that – to the best of their knowledge and belief – the export price was appropriately calculated and is consistent with the price on the export permit as well as that the exporter has paid or committed to pay the export charges
- the provisions in the 2008 Farm Bill differ from the requirements contained in the 2006 Softwood Lumber Agreement between Canada and the United States

Chip Bown, FEDEX Trade Networks

- in January 2008, the US proposed a new rule for importer security filing and additional carrier requirements for all cargo entering the US on a vessel; the comment period for this measure, which is also known as 10+2, closed in March 2008
- the US Customs and Border Protection wants additional commercial and transportation information in order to do a better job with risk assessment
- the additional data elements for the importer are:
 - manufacturer or supplier name and address
 - seller name and address
 - buyer name and address
 - “ship to” name and address
 - location where the container was stuffed
 - consolidator name and address
 - importer of record identification number
 - consignee number
 - country of origin
 - commodity HTSUS (Harmonized Tariff Schedule of the United States) number
- the additional data elements for the carrier are:
 - vessel stowage plan
 - container status messages

- the initiative would expand the border outward for marine cargo before it arrives at the first US port

Matthew Parrott, A.N. Deringer Inc.

- the 2008 Farm Bill requires the US Customs and Border Protection (CBP) to collect, for a one-year period, a declaration regarding whether the transaction value of imported merchandise is calculated on the basis of the price paid in the first or earlier sale occurring prior to the introduction of the merchandise into the United States
- effective 20 August 2008 for a one-year period, the CBP will collect information from importers providing it with a declaration at the time of filing a consumption entry when, in a situation of sequential sales, the transaction value of the imported merchandise is calculated on the basis of the “first or earlier” sale of goods
- first sale flagging can be used for goods that are clearly destined for export to the United States; in order to use first sale flagging, the roles of various parties must be fully described and various documents must be provided
- the CBP rule could result in higher duty payable, which could result in higher prices for consumers

OVERVIEW ON STANDARDS FOR VICINITY RADIO FREQUENCY IDENTIFICATION (RFID) BORDER CROSSING DOCUMENTS

Eileen MacDonald, GS1 Canada

- GS1 is a not-for-profit, non-partisan global association, with 108 member organizations representing 147 countries
- a key focus for GS1 is interoperability
- over time, the barcode will evolve into the electronic product code

Bernie Hogan, GS1 United States

- prior to implementation of the Western Hemisphere Travel Initiative, the estimated annual cost of border delays exceeded \$13.6 billion
- there is a difference between proximity technology and vicinity technology; while barcodes involve line-of-sight technology, radio frequency identification (RFID) involves non-line-of-sight technology
- “data colliding” issues can occur and must be resolved; for example, consider someone who holds an enhanced drivers licence crossing the border by car with purchased products that have barcodes
- privacy and security issues are perceived to exist; one way in which issues are resolved is through providing minimal information on the tag, specifically only a number that links to additional information in a database
- enhanced drivers licences should use open global standards, which would facilitate interoperability across countries and departments

KEYNOTE LUNCHEON SPEAKER

Mark Camillo, Lockheed Martin

- the border between Canada and the United States is a shared border
- such tools as biometrics, enhanced drivers licences, the Western Hemisphere Travel Initiative and trusted traveller programs promote velocity – or the ability to get across the border quickly – and enable border agents to look for “the needle in the haystack”
- with technology and products, “industry” enables border personnel to do their job more efficiently and effectively
- during the 2010 Winter Olympics in Vancouver, “security” must not become “the story”

CUSTOMS AND BORDER PROTECTION: FIELD OPERATIONS

Bob Jacksta, United States Department of Homeland Security

- the twin goals of the US Department of Homeland Security are border facilitation while ensuring that the border is safe
- the Department of Homeland Security needs to be “on guard” at all times
- at the border, lanes should be opened and staffed before traffic begins to build up; moreover, there should be a sufficient number of lanes
- the Department of Homeland Security is working with industry and the travelling community in advance of implementation of the land and sea aspects of the Western Hemisphere Travel Initiative (WHTI), which is expected to occur in June 2009
- the US Department of State is printing and processing PASS cards
- enhanced drivers licences (EDLs) are being issued in Washington State, and other states are also expected to use EDLs; British Columbia is currently testing cards, and other provinces are expected to adopt this type of initiative as well
- some lanes in Blaine, Washington are WHTI-compliant and radio frequency identification-capable
- the Department of Homeland Security supports trusted traveller programs, such as NEXUS and FAST (Free and Secure Trade), and additional enrolment centres have been opened
- the measurement of wait times should be standardized
- in general, there are four areas where solutions are found:
 - technology
 - partnerships
 - advance information
 - training

OVERVIEW AND DEMONSTRATION: WAIT TIMES, PROCESSING, PORT MANAGEMENT SYSTEM

Sam Banks, Sandler Travis Trade Advisory Service

- many initiatives are ongoing and under way, including e-manifest, FAST (Free and Secure Trade) and NEXUS
- a tool that shows all ports of entry – including those which are open and those which are closed – and the wait times at each would be very beneficial
- radio frequency identification (RFID) technology could be used for goods and bluetooth technology could be used for people

Gina Marie Hathaway, Microsoft

- data can be used to incite action
- to the extent possible, data should be real-time or near real-time

Glenn Schoonover, Microsoft

- wait times should be determined using objective data
- wait times should be tracked in order to provide policymakers with the data they need to make decisions
- businesses could use objective data on wait times in order to make decisions; for example, with such data, businesses could determine whether it would be beneficial to restructure logistics in order to take advantage of reduced wait times at certain locations, on certain days or at certain times of the day
- objective data would also enable federal departments to determine the number of vehicles inspected in a particular lane and/or by a particular agent, and the extent to which referrals to secondary inspection are made by particular agents
- technology should be capable of working with limited bandwidth and limited connectivity

OVERVIEW AND STATUS: NEXUS JOINT FOCUS GROUP, WESTERN HEMISPHERE TRAVEL INITIATIVE DWELL AND DELAY TIME JOINT TASK FORCE PLUS OTHER INITIATIVES

Jim Phillips, Canadian/American Border Trade Alliance

- FAST (Free and Secure Trade) and NEXUS enrolment centres should be co-located and their databases should be merged
- the Western Hemisphere Travel Initiative (WHTI) should reduce wait and processing times, alleviate congestion and enhance security
- federal governments in Canada and the United States are undertaking educational campaigns regarding implementation of the land and sea aspects of the WHTI, which is scheduled to occur in June 2009

- in Canada, enhanced drivers licence initiatives are being impeded by the federal government

CANADIAN/AMERICAN BORDER TRADE ALLIANCE AUTOMATED COMMERCIAL ENVIRONMENT (ACE) E-MANIFEST FOCUS GROUP

Brian Bowen, Bowen Enterprises, Inc.

- application for entry into the Canada Border Security Agency's Partners in Protection (PIP) program there is a three-step process:
 - security profile is completed and submitted by the applicant
 - security review and site validation report is completed by the Canada Border Services Agency (CBSA) – the security review confirms that the measures detailed in the security profile are in place and a site validation report is produced following completion of the onsite visit; applicants must pass the site validation and have no significant compliance issues
 - the applicant signs the PIP Memorandum of Understanding (MOU) – if the applicant's security review concludes that the security profile meets or exceeds minimum security criteria, then the applicant is offered the opportunity to sign the MOU; when the CBSA signs the MOU, the applicant is considered to be an authorized PIP member
- the required application information, which is completed through a pdf form, has some sections (1-11) that are the same for all applicants, as indicated below, as well as some industry-specific sections (12-17):
 - highway carrier
 - customs broker
 - courier
 - marine carrier
 - air carrier
 - rail carrier
 - importer
 - exporter
 - warehouse operator
 - freight forwarder
 - shipping agent
- applications for entry into the PIP program can be rejected based on any omission or the submission of false information
- if the applicant's security profile does not meet minimum security criteria, the application will not be considered for approval until the items outlined in the site validation report are addressed to the satisfaction of the CBSA
- information in the security profile must be updated, at a minimum, once every three years or when a change is identified by the applicant

- there are differences between the Canadian PIP initiative and the US C-TPAT (Customs-Trade Partnership Against Terrorism) initiative:
 - carriers are not PIP-approved until the security review and site validation report are completed, while the C-TPAT initiative grants conditional approval until the verification is completed
 - the PIP application is made electronically through a pdf form which makes documentation outside of the pre-determined format (such as documents that support the application) cumbersome, while the C-TPAT initiative uses an online web form that enables supporting documentation to be uploaded

THE UNITED STATES/CANADA BORDER TRADE IMPORTANCE/NORTH AMERICAN COMPETITIVENESS COUNCIL

John Andersen, United States Department of Commerce

- Canada and the United States have long enjoyed a unique relationship, sharing common views related to freedom, democracy, human rights and the rule of law; for the United States, Canada is a vital neighbour and a true friend
- our countries have long had interdependent manufacturing operations; consider, for example, the 1965 Autopact
- the US and Canada are working together in order to make the North American region more competitive globally
- the North American Free Trade Agreement (NAFTA) is a true success story, with strong economic and employment growth, an enhanced trade relationship and higher levels of foreign direct investment since the Agreement came into force
- the NAFTA countries are working collaboratively in the context of the Security and Prosperity Partnership (SPP) to ensure that North American borders are closed to terrorism and open to trade
- there are five priority areas within the SPP that have been highlighted by NAFTA leaders, with specific initiatives under way in each area:
 - enhancing the global competitiveness of North America
 - safe food and products
 - sustainable energy and the environment
 - smart and secure borders
 - emergency management and preparedness
- of particular importance to some stakeholders are the border-related measures in the SPP; in a general sense, the goals are to secure persons, deter threats and reduce bottlenecks, and smart technology, adequate infrastructure and successful trusted traveller programs are useful tools in achieving these goals
- Canada and the US have a solid foundation for continued bilateral cooperation; our economies perform better when we tackle challenges together

STRATEGY AND APPROACH TO UNITED STATES LAND PORT FACILITIES (NORTHERN BORDER VIEW)

David Winstead, United States General Services Administration

- in a general sense, the US General Services Administration is the “landlord” for the civilian side of the federal government
- the ports of entry have a significant impact on bilateral trade and the movement of people across the shared border; adequate transportation is needed, which has implications for communities and for economic development
- certain ports of entry are notorious for ongoing congestion
- new ports of entry need to be built and existing ports of entry need to be expanded; quicker ways to get things built are also required
- a unique quality related to the needs along the borders is the stress that the ports of entry are under, with significant volumes of traffic; for example, the urgency associated with the ports of entry is far greater than the urgency associated with federal courts
- increasingly, carbon-neutrality is wanted with respect to federal buildings
- standardization is key
- new technology should be used as appropriate

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

Senator Jerry Grafstein, Canada-United States Inter-Parliamentary Group

- this summer, the IPG attended national and regional conferences involving Governors and state legislators
- the interaction with Governors and state legislators enables members of the IPG to attain goals in a number of areas:
 - to achieve better the aim of finding points of convergence in respective national policies
 - to initiate dialogue on points of divergence
 - to encourage exchanges of information
 - to promote better understanding on shared issues of concern
- meetings with Governors and state legislators also provide IPG members with an important means to provide input to, and gather information about, state-level issues that affect Canada; it is important to get at issues at the level of the state before they “percolate” up to the Congress and the Administration
- regarding Governors, members of the IPG attended the centennial meeting of the National Governors Association as well as the regional meetings of Western, Southern and New England Governors; at these meetings, members spoke about:

- the need to address border issues for the joint benefit of our countries
 - the priority that should be given to a North American energy plan which recognizes the important role that must be played by a range of energy sources, both renewable and non-renewable, in the future
- members of the IPG also attended the National Conference of State Legislatures meeting, as well as regional meetings of state legislators from the South, the East and the West, the last of which included participation by members at the North American Summit that was focussed on strengthening regional security and economic competitiveness; the same types of messages were delivered:
 - our countries need to work together to ensure that identified trusted travellers and goods can cross the shared border as efficiently as possible, since border delays lead to higher costs, more pollution, and a host of other negative economic and non-economic consequences
 - our countries need to be working together on energy issues, and to focus on North American energy self-sufficiency as a goal
- IPG members attended the summer meeting of the Pacific NorthWest Economic Region (PNWER), a result of which was the adoption of the PNWER Border Charter as well as the establishment of a Border Solutions Coordination Council and an announcement that the PNWER will issue an annual State of the Border Report Card
- IPG members attended the Democratic and Republican National Conventions, where a range of Canada-US issues were discussed with Governors, federal and state legislators, and others
- as indicated at the April meeting of the Border Trade Alliance (BTA), Speaker of the House of Representatives Pelosi has indicated her interest in having a “shared border management plan” developed for presentation to the next US Administration; Representative Louise Slaughter is taking the lead in the US Congress, while – in Canada – the IPG will be working on the development of the plan
- it is important that a border management plan be developed jointly, recognizing that the border does not belong to the US and it does not belong to Canada: it belongs to both countries, and stakeholders in both countries need to cooperate on a management plan for our shared border
- residents in both countries share the same goal: a hassle-free border that facilitates trade, rather than hinders it, as we work toward enhanced prosperity in North America
- Senator George Voinovich, a member of the US Senate Homeland Security and Government Affairs Committees among others, is a regular attendee at the annual meetings of the IPG and is a key ally of Canada; he asked for some thoughts about the problems at the shared border, and these thoughts were provided to him in a letter

- the letter to Senator Voinovich, which he provided to the US Department of Homeland Security in an effort to seek answers and solutions, identified eight problem areas that are solvable if there are concerted bilateral actions and political will:
 - staffing – an inadequate number of customs officers, at both land ports of entry and at pre-clearance points in airports, is a major cause of delays and could perhaps be solved through changes to administrative and recruitment policies
 - the Detroit-Windsor crossing – priority attention must be paid to this crossing, and there is an urgent need for Michigan to enact appropriate legislative authorities and to proceed with construction of a bridge that is independent of the current bridge and tunnel ownership
 - trusted traveller programs – there is a need to reduce the rate at which members of such trusted traveller programs as FAST (Free and Secure Trade) and NEXUS are inspected, which would ensure that participants receive meaningful benefits from their membership, expedite movement at the border, and enable border agencies to focus better on shipments of goods and movements of people that are of high or unknown risk
 - re-inspection – rail and truck cargo that are inspected, cleared and secured in either of our countries should not be subject to re-inspection which increases costs and causes delays, in the other country
 - overflights – in order to give Canada the time needed to develop its advanced passenger screening systems, Canada should be exempted from the US “secure flight” rule for all Canadian overflights of US territory
 - baggage re-screening – acceptance of Canadian baggage screening as equivalent to US standards should occur in order that Canadian baggage being transferred in the US does not have to be re-screened, since such re-screening leads to delays, higher costs and perhaps inconvenience for both travellers and airlines while probably not having any discernible impact on security
 - Animal and Plant Health Inspection Service fees – these fees, which are applied to all commercial conveyances rather than just to agricultural goods, should be rolled back and not applied to Canada, since it should be recognized that Canadian agricultural exports continue to be low-risk
 - the Western Hemisphere Travel Initiative – before the implementation of the land and sea aspects of the Initiative, currently scheduled for June 2009, continued cooperation between Canada and the United States should occur, notably in respect of communications about the requirements and the procedures associated with obtaining easily available, low-cost, secure border-crossing documents
- the Western Hemisphere Travel Initiative has already had negative effects on border communities and on tourist traffic between our countries, and the shared border is worse today than it was five years ago
- finally, as has been the case for the last few years, border-related resolutions were passed at the IPG’s annual meeting in May; two themes discussed in the past were

repeated this year: the Western Hemisphere Travel Initiative and the Detroit-Windsor crossing

- IPG members in both countries have been assigned to follow up on these and other resolutions adopted at our recent annual meeting

ALBERTA UPDATE, INCLUDING OIL SANDS ENERGY OVERVIEW AND INSIGHT

Gary Mar, Government of Alberta

- the United States is the province of Alberta's most significant foreign export destination, especially in respect of oil and gas exports
- Alberta and the US share the same values and goals, and both want the border to be as free of barriers as possible
- Alberta supports free trade internationally, through the Canada-United States Trade Agreement and subsequently the North American Free Trade Agreement, and internally, through – for example – the British Columbia-Alberta Trade, Investment and Labour Mobility Agreement (TILMA)
- Alberta's energy resources meet the needs of both the Canadian and the American economies; Alberta is a safe, secure and reliable energy supplier
- Alberta's oil sands are second only to Saudi Arabia in terms of proven oil resources, and account for 0.008% of global greenhouse gas emissions
- Alberta is a leader in environmental protection; Alberta was the first province to enact legislation regarding climate change and reductions in greenhouse gas emissions

Respectfully submitted,

Hon. Jeremiah Grafstein, Senator
Co-Chair, Canada-United States
Inter-Parliamentary Group

Dean Del Mastro, M.P.
Acting Co-Chair, Canada-United States
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	Canadian/American Border Trade Alliance: Fall Meeting
DESTINATION	Washington, D.C., United States of America
DATES	September 14-16, 2008
DELEGATION	
SENATE	Hon. Jerry Grafstein, Senator, Co-Chair
HOUSE OF COMMONS	Ø
STAFF	Ms. June Dewetering, Analyst
TRANSPORTATION	\$1,560.54
ACCOMMODATION	\$588.10
HOSPITALITY	\$Ø
PER DIEMS	\$215.26
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$4,017.20
TOTAL	\$6,811.62