

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: The
Canadian/US Border – A Unified Focus**

Canada-United States Inter-Parliamentary Group

**Ottawa, Ontario, Canada
April 27-29, 2008**

Report

From 27-29 April 2008, Senator Jerry Grafstein and Mr. Rob Merrifield, M.P., Co-Chairs of the Canada-United States Inter-Parliamentary Group (IPG), led a delegation comprised of the Honourable Wayne Easter, P.C., M.P. and Mr. Marcel Lussier, M.P. to the spring meeting of the Canadian/American Border Trade Alliance (BTA) held in Ottawa each year.

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. As is generally the case, the IPG Co-Chairs also presented remarks to meeting participants. Their comments, as well as remarks made by others, are summarized below.

At the meeting, the sessions focussed on:

- Strategic Direction of Canada/US Cooperation for a Smart Border for the 21st Century and Beyond
- Technology at Work on the Border – Cases in Point
- Strategic Direction of Transport Policy – National Highway, Rail, Air and Maritime Infrastructure, with Specifics on Trade Corridors and Border Crossings
- Canada/US Relations and Cooperation Activities
- The American Perspective
- Material Off-Shore Sourcing Initiatives – the MOSS Project
- Canada Border Services Agency 2017 Commercial Vision Status and Approach – View of Low-Risk Passenger Programs (NEXUS, FAST and Enhanced Drivers Licences)
- Alternative Fuels and Plug-In Electric Hybrids
- Canada-US Trade Relations
- Province of British Columbia Enhanced Drivers Licences – Overview and Status of this Leading-Edge Initiative
- The Canada-US Northern Border University Research Consortium (CanAmNBURC)

- What Does 2008/2009 Hold for the Canadian Side of the Border?

IPG participants benefitted 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.

Keynote Breakfast Speaker

Alain Jolicoeur, Canada Border Services Agency

- the Canada Border Services Agency (CBSA) works with its US counterpart and with Industry Canada, the Canada Revenue Agency and Public Safety Canada, among others
- safety is something that cannot be absolutely guaranteed
- with so much travel between and among countries, it is hard to be sure that there are no "bad apples in the barrel"
- countries need to be good at risk analysis and to determine, in advance, those who present a risk; risk assessment enables resources to be focussed on those individuals or people who are of high or unknown risk
- in respect of the border and its thickening, it seems that we are moving backward rather than forward
- it should be remembered that the challenges in respect of the Canada-US border differ from those in respect of the Mexico-US border
- from a security perspective, the Western Hemisphere Travel Initiative is a wonderful tool
- there is an increasing number of participants in the NEXUS program, and it is being offered at more points of entry
- the CBSA is working with customs organizations in Latin America in order to develop capacity in respect of risk management and anti-corruption procedures; making them stronger makes us stronger

Strategic Direction of Canada/US Cooperation for a Smart Border for the 21st Century and Beyond

Honourable Stockwell Day, P.C., M.P., Minister for Public Safety

- our shared border with the United States should be open to people and goods of low and no risk, and closed to people and goods who would be a menace to either country
- words are one thing and actions are another
- the e-manifest initiative is important; a risk assessment before trucks arrive at the border should occur in order to determine, in advance, which trucks will go through secondary inspection
- the NEXUS program should be expanded
- while Canada is happy with the delayed implementation of the land and sea aspects of the Western Hemisphere Travel Initiative (WHTI) until June 2009, there are issues that still must be addressed
- headway is being made in respect of WHTI-compliant documents
- provinces are being encouraged to participate in enhanced drivers licence initiatives, and these licences are already over-subscribed in British Columbia
- in Canada, border officers are being armed
- at the North American Leaders' Summit in New Orleans in April 2008, the leaders focussed on such issues as the harmonization of regulations and the need for increased capacity at the Detroit-Windsor border crossing
- in respect of regulatory harmonization, the initial priorities are those related to automobile parts and vehicles as well as food safety
- because of the importance of just-in-time inventory systems, a natural or man-made disaster at the Detroit-Windsor crossing would mean that manufacturing plants would be shut down within minutes; an alternative crossing is needed
- any time that more security is desired, diminished freedom will result; there is a balance between security and freedom
- what is needed is a border that is only as thick as it needs to be; increased actions at the border, whether real or perceived, slow things down and increase costs

Technology at Work on the Border – Cases in Point

Ron Rienas, Peace Bridge

- since the terrorist attacks of 11 September 2001, a number of initiatives have been implemented at the Peace Bridge, including a threat and vulnerability assessment, of technology and best practices; as well, Chief of Security and safety coordinator positions have been created, and ongoing staff awareness training is provided

- at the Peace Bridge, an all-hazard approach is used: deter, detect, delay, report and respond
- in respect of the Peace Bridge:
 - access to data is restricted through firewalls and other means
 - public pedestrian access to various locations is restricted
 - physical barriers are used to restrict access by vehicles
 - door access is monitored and identification badges are used
 - lighting is used to improve visibility around vulnerable areas
 - fencing is used
 - there is surveillance and monitoring on the bridge
 - human motion detection occurs with 98% accuracy
- although the Peace Bridge "is not there yet," much progress has been made since 11 September 2001; going forward, there will be an increased focus on response

Tom Garlock, Niagara Falls Bridge Commission

- the NEXUS program became a higher priority after the terrorist attacks of 11 September 2001; going forward, the NEXUS program must provide real benefits in terms of easier transit and more people must become NEXUS cardholders if overall efficiencies are to be enhanced
- there is a need to separate goods and people about whom quite a bit is known from those about whom less is known
- the Whirlpool Bridge is the sole NEXUS-only crossing along the border; at this bridge, users open a toll account and the gate is lifted remotely in order to allow transit across the bridge
- at present, there are more than 8,000 NEXUS users with active toll accounts in respect of the Whirlpool Bridge
- technology is being used to determine and verify wait times, and information is being made available to travellers in order that they can make the decisions that are the best for them

Strategic Direction of Transport Policy – National Highway, Rail, Air and Maritime Infrastructure, with Specifics on Trade Corridors and Border Crossings

Kristine Burr, Transport Canada

- Canada's Building Canada infrastructure plan will allocate \$33 billion between 2007 and 2014, an amount that includes initiatives announced in the 2006 and 2007 federal budgets as well as pre-existing allocations such as the Goods and Services Tax rebate for municipalities and federal gas tax revenues shared with the provinces; it is hoped that federal support will leverage funding from other sources, and the federal Public-Private Partnership Fund may be helpful in this regard
- public-private partnerships allow risk to be shared and enable private-sector efficiencies and innovation to be realized
- as a component of the Building Canada infrastructure plan, an investment of \$2.1 billion through the federal Gateways and Border Crossings Fund will improve the flow of goods between Canada and the rest of the world, with the allocation of merit-based funding to enhance infrastructure at key locations – including major border crossings between Canada and the United States – and the Atlantic Gateway; \$400 million from the Fund is dedicated to the construction of the access road between Highway 401 and the new Detroit-Windsor border crossing
- the federal strategy for key gateways and trade corridors includes the Asia-Pacific Gateway and Corridor, the Ontario-Quebec Continental Gateway and Trade Corridor, and the Atlantic Gateway; marketing and promotion of these gateways is occurring abroad and in the US
- existing infrastructure should be optimized before investments are made in new infrastructure
- more than physical infrastructure is needed; for example, integrated policies are required
- changes to the capital cost allowance rate for rail rolling stock will result in faster depreciation
- with recent legislative changes, shippers will benefit from stronger remedies when dealing with railways
- the recent Open Skies Agreement between Canada and the US is consistent with the federal government's Blue Sky Policy

Canada/US Relations and Cooperation Activities

Mr. Rob Merrifield, M.P., Co-Chair, Canada-United States Inter-Parliamentary Group

- in April 2008, members of the Canada-United States Inter-Parliamentary Group travelled to Washington, D.C. for meetings with federal legislators, and met with more than 30 members of the US Senate and House of Representatives

- during the IPG's most recent Congressional visit, the focus was management of the shared border (including security concerns), bilateral trade in energy and the benefits of free trade agreements for countries
- the IPG met with Speaker Nancy Pelosi, and she was open, understanding and quite knowledgeable about the bilateral relationship; Speaker Pelosi wants a "shared border plan" to present to the next US Administration, and the *Finding the Balance: Reducing Border Costs While Strengthening Security* report is a great first step
- since Canadians see the US as having been physically attacked on 11 September 2001, we understand why the shared border is thickening
- the US has also been attacked economically, with the real possibility – if not the existing reality – of a recession
- there are differences between the Canada-US and the Mexico-US borders; different borders give rise to different problems and should involve different solutions
- Mexico is not fighting arm-in-arm alongside the United States in Afghanistan; moreover, Mexico is not a major supplier of energy to the US
- Canada is the primary foreign export destination for 35 US states, while Mexico is the primary foreign export market for three states
- 7.1 million US jobs rely on trade between Canada and the United States
- if security is an issue and terrorism is a problem, then perhaps Canada and the United States should harmonize immigration, border and other policies in order to ensure that terrorists are unable to enter either country; Canada is as large a target as is the United States, and our countries should fight economic and terrorism-related battles together
- Canada has a "trump" card: energy; the United States needs energy in order to sustain its output, and 82% of the oil produced worldwide is sourced from geopolitically unstable areas
- neither Ottawa nor Washington operates on the basis of ideas; ideas must be implemented through building a consensus around ideas

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

- the Canada-United States Inter-Parliamentary Group is now an "advocacy machine," and it is recognized that a bottom-up approach – which requires that the IPG liaise with Governors and state legislators – is needed
- although some progress is being made in certain areas, the Canada-US border is thicker, deeper and worse today than it was five years ago

- while the Canadian government has good plans, good plans are one thing and implementation is another
- the North American Free Trade Agreement (NAFTA) has been beneficial for all partner countries; while some job losses may be associated with trade agreements, other factors contributing to job losses – such as problems at the border – must also be considered
- in the United States, the rhetoric about the NAFTA is taking on a life of its own, and people are starting to believe that the NAFTA is responsible for job losses; instead, the focus should be on losses because of the border and due to competition from such emerging economies as China
- in terms of the magnitude of manufacturing job losses in Canada, consider that – in 2006 – about 1.85 million Canadians were employed in manufacturing, down from just over 2 million in 2001, with the result that – between 2001 and 2006 – about 155,000 manufacturing jobs were lost in Canada, representing 7.7% of the manufacturing workforce; in recent months, Canada's manufacturing sector has also been hit hard as a consequence of the rising relative value of the Canadian dollar and economic problems in the US
- in the United States, the number of manufacturing jobs declined to almost 14.2 million in 2006 from just under 16.4 million in 2001, a decline of about 2.2 million jobs or 13.6% of the manufacturing workforce
- while 88% of Canadian exports used to be destined for the United States, that proportion has fallen to about 75%
- better Congressional oversight of the Department of Homeland Security is needed
- air pre-clearance, including at Toronto Pearson International Airport, would work better if staffing levels were increased
- in 2007, there were about 66.5 million two-way same-day car or overnight trips across the Canada-US border; if it is assumed that about three hours are spent at the border for each return trip, then approximately 200 million hours of lost productivity are associated with delays at the border

The American Perspective

Ambassador David Wilkins, US Ambassador to Canada

- Canada and the United States share the single best, most peaceful and most productive relationship in the world; getting things done, rather than focussing on our differences, is what defines our relationship
- the North American Free Trade Agreement (NAFTA) has been successful for all partner countries, and trade among Canada, the United States and Mexico has

tripled since the Agreement was signed; reopening the Agreement would be like turning back the clock

- the NAFTA was discussed at the North American Leaders' Summit in New Orleans in April 2008; according to President Bush, now is not the time to walk away from the NAFTA
- President Bush has been good for Canada, and cares deeply about the things about which Canadians care; he stood with Canada and urged the early reopening of the shared border to Canadian cattle and beef products, supported a smart, common-sense approach regarding the Western Hemisphere Travel Initiative and advocated early resolution of the softwood lumber dispute
- President Bush is committed to building democracies; he is also committed to the eradication of HIV/AIDS
- the post-11 September 2001 world has been difficult for everyone
- no matter who is in the White House, he/she will be a friend to Canada; the relationship is simply too important not to be a priority
- regarding the Western Hemisphere Travel Initiative, the best advice is to get a passport
- security on the one hand, and trade and travel on the other hand, are both important; they are not mutually exclusive, and Canada and the United States must work together to make the shared border smart, secure and efficient
- it would be a mistake of epic proportions for the North Atlantic Treaty Organization to leave Afghanistan now, before the time is right; freedom finds a way, and will take hold in Afghanistan

Material Off-Shore Sourcing Initiatives – the MOSS Project

Gil Duhn, General Motors

- container shipments from around the world are entering the United States
- international trade involves lots of paperwork and, at times, documents are in a foreign language
- doing things electronically reduces costs, increases timeliness and enhances compliance

Michael Comerford, Global Commerce Systems

- supply chains can be strengthened with appropriate customs and logistics strategies

- companies need to get the right goods to the right place at the right time while minimizing inventory costs
- the grave deficiencies in the informational drivers used in long-distance supply chains adversely affect the flow of goods; lots of documents are required, paper documents may be incomplete and/or hard to read, there are numerous proprietary systems and human errors occur
- communicating by email, phone, fax and/or mail is costly and error-prone
- the trend is material off-shore sourcing – MOSS – a user-need-led project
- intercontinental movement of goods is very complex; transit times shrink if the informational drivers shrink
- one in seven containers is delayed en route because of data deficiencies
- what is needed is a system that allows data to be entered correctly once, and then used across the supply chain by authorized users; the system should enable the re-use of data that need not be changed and any needed changes should occur by those who are authorized to make changes

Canada Border Services Agency 2017 Commercial Vision Status and Approach – View of Low-Risk Passenger Programs (NEXUS, FAST and Enhanced Drivers Licences)

Greg Goatbe, Canada Border Services Agency

- there are a variety of programs designed to facilitate the movement of pre-approved, low-risk goods and people
- the 2000-2004 Customs Action Plan outlined a five-year strategic plan for the Canada Border Services Agency; the environment has changed significantly since then, increased trade from outside North America presents logistical and security challenges, and the Commercial Vision – the successor to the Customs Action Plan – recognizes these realities in its vision to 2017
- there are concerns that commercial processes at the border are becoming more onerous in terms of both time and cost
- continued modernization of commercial processes requires continuous modernization as well as stakeholder involvement and engagement
- to the greatest extent possible, Canada and the US need harmonized processes and requirements
- Canada Border Service Agency efforts should be focussed on risk management rather than data capture

- the stakeholder community believes that a balanced approach to trade and security must continue to exist; as well, it is thought that technology should be leveraged to improve efficiency
- stakeholders believe that increased international harmonization is important for Canadian competitiveness
- there are issues in respect of NEXUS that must be addressed: the US policy of accepting Western Hemisphere Travel Initiative-compliant documents in non-NEXUS lanes; and the application of a zero-tolerance approach regarding NEXUS revocation in cases of minor infractions
- many provinces/territories are either implementing enhanced drivers licence initiatives or are examining the feasibility of such licences

Alternative Fuels and Plug-In Electric Hybrids

Bruce Agnew, Cascadia Center

- political leadership for change in respect of alternative fuels is coming from the West

Steve Marshall, Cascadia Center

- oil continues to become less affordable
- oil is responsible for 50% of the US trade deficit
- without a commensurate increase in production, the rising demand for oil is resulting in a rising price for oil
- global warming is the third most important driver of public policy; with increasing carbon dioxide, there is intense national and international pressure to take action
- smaller gas vehicles are not the answer; hydroelectric vehicles are the answer
- regarding hydroelectric vehicles, a major issue has been the cost of the battery; however, technology is improving and costs will decline as production volumes rise
- hydroelectric cars can be charged during off-peak hours; electric utilities are the gas stations of the future
- most renewable power – including wind, solar and wave – is intermittent
- in order to transform transportation, demonstration projects and international standards are needed

Jim Woolsey, Booz Allen Hamilton

- oil meets none of three important tests: secure, clean and affordable
- we should do to oil what refrigeration did to salt when it removed that commodity's monopoly use as a preservative; in essence, we must ensure that oil is no longer a strategic commodity with monopoly power
- much of the available oil is produced in geopolitically unstable areas
- the US borrows in order to import oil, and US purchases of oil from the Middle East are funding terrorist activities
- oil debt is the largest debt of developing countries, and no amount of foreign aid will help in resolving this problem

Canada-US Trade Relations

Marie-Lucie Morin, Department of Foreign Affairs and International Trade

- the relationship that Canada has with the United States is this nation's most important; Canada needs the bilateral commerce in order to continue to grow and prosper
- while Canadian reliance on the US as an export market has been declining as global value chains have shifted, about 75% of the nation's merchandise exports continues to be destined for the US market
- many sectors are highly integrated
- Canada is a secure and stable supplier of energy to the United States
- it is possible to have a border that is secure but that is not an impediment to trade
- significant progress in managing the shared border has been made in the last couple of years
- the rise in protectionism in the United States is worrying; the North American Free Trade Agreement (NAFTA) is serving as the lightning rod for the anxiety caused by shifts in global trade and economic change
- the facts prove that the NAFTA has provided benefits to the US, Mexico and Canada; protectionist sentiments must be countered with facts
- Canada is a valued commercial partner for American businesses
- 7.1 million US jobs depend on trade with Canada

- a stable, predictable trade relationship with Canada is important for the United States as it faces economic challenges
- trading blocs are forming elsewhere in the world, including in the European Union and Asia
- the NAFTA countries should work together to be more competitive as North America engages in trade with other regions of the world; increasingly, commercial decisions are being made on a North American basis, which highlights the need for regulatory cooperation, compatibility in standards and sectoral initiatives among NAFTA partners
- in light of hypercompetition, the stability of existing trade relationships is needed more now than ever before

Province of British Columbia Enhanced Drivers Licences – Overview and Status of this Leading-Edge Initiative

Sukomar Periwat, Department of Intergovernmental Relations of the Province of British Columbia

- Minister Stockwell Day and US Secretary Michael Chertoff have played a role in helping to realize the enhanced drivers licence initiative between Washington State and British Columbia
- enhanced drivers licences are a "good news" story that continues to evolve as parties continue to cooperate as well as share lessons learned and best practices
- with the enhanced drivers licence initiative, British Columbia has turned a challenge into an opportunity; the cooperative effort between the province and Washington State started with a conversation between Premier Gordon Campbell and Governor Christine Gregoire, who continue to work together on border, climate change, ocean health and other issues
- many organizations and individuals in both countries have been important in generating ideas, finding solutions and creating momentum as they have worked together toward the common goal of a border that works better
- in implementing the enhanced drivers licence initiative, British Columbia recognized that foreign affairs and border management are federal concerns; the province wanted to ensure that everyone's jurisdiction was respected
- it should be noted that the idea of an enhanced drivers licence has existed for a number of years, and had been explored elsewhere in North America and in other countries worldwide prior to the British Columbia-Washington State initiative; an enhanced drivers licence is a convenient option, but it is not a replacement for a passport

- going forward, efforts should be directed to ensuring that there is a critical mass of enhanced drivers licence holders; multiple locations in Washington State are issuing such licences, the state is working with the Department of Homeland Security and work is being done in respect of priority lanes for holders of enhanced drivers licences
- at this point, enhanced drivers licences are being issued in British Columbia only to those born in that province since it is easier to access vital statistics information
- the proximity and strong connection between Vancouver and Seattle, and the relationship between British Columbia and Washington State, were important drivers in respect of the enhanced drivers licence initiative
- the Asia-Pacific Gateway benefits all of Canada; for the Gateway to work properly, the shared border with the United States must remain open
- since 1990, British Columbia has experienced a decline in cross-border travel, and convention-related travel has also fallen; in part, these reductions reflect the rise in the "hassle factor" as people are choosing not to make the extra effort to cross the shared border, and Canada and the United States are gradually disengaging from each other
- the thicker the shared border, the less incentive Canadians and Americans have to engage with each other; this reality will have long-term impacts
- Washington State recognizes that it will benefit from the 2010 Winter Olympic Games in British Columbia and that, given the volume of Olympic-related traffic, special arrangements must be made; the region needs to broadcast a "good news" border story to the rest of the world rather than a "bad news," border-congestion story

The Canada-US Northern Border University Research Consortium (CanAmNBURC)

Jim Phillips, Canadian/American Border Trade Alliance

- the Canada-US Northern Border University Research Consortium combines academic insight with real-life experiences
- the broad-based research effort involves six US universities which will partner with Canadian universities on specific projects
- the consortium will provide credible research on the border and its effects on continental security and economic prosperity
- US Representative Rick Larsen from Washington State has made a Congressional request for \$3 million; private-sector support for this initiative is important

- US exports to Canada will be studied, since the shared border is crucial for US exporters
- the collection of border-related data is also important
- border-wide performance indicators – such as delay times, throughput in terms of the number of vehicles, etc. – will be analyzed

What Does 2008/2009 Hold for the Canadian Side of the Border?

Scott Newark, National Security Group

- real terrorist risks continue to exist
- more security is not necessarily better security
- a thicker border leads to longer lines and higher costs
- one of the most significant differences between the United States and Canada is that, in the United States, security is the imperative or the lens through which everything is viewed
- the mutuality of the border is an asset rather than a detriment
- bridges are a "handy" terrorist target
- identification programs to indicate those goods and people who are low risk are good for trade, tourism and security
- intelligence-based security can expedite cross-border trade and travel
- enhanced levels of security lead to easier trade and travel
- when the border "shuts down," the "bad guys" win
- resources should be focussed on those goods and individuals who are of unknown or high risk; targetting "works"
- benefits are realized as we focus on perimeter security and push the border out; when the border is pushed out, we reduce the need to use the 49th parallel as an additional screen
- form should follow function, and rules should facilitate results
- there is a need to measure progress and to ask why progress is or is not being made
- we do not have to wait to solve everything in order to solve anything

- the best way to predict the future is to help shape it

Respectfully submitted,

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

Rob Merrifield, 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: The Canadian/US Border – A Unified Focus
DESTINATION	Ottawa, Ontario, Canada
DATES	April 27-29, 2008
DELEGATION	
SENATE	Hon. Jerry Grafstein, Senator, Co-Chair
HOUSE OF COMMONS	Mr. Rob Merrifield, M.P., Co-Chair Hon. Wayne Easter, P.C., M.P., Vice- Chair Mr. Marcel Lussier, M.P.
STAFF	Émilie Thivierge, Executive Secretary June Dewetering, Analyst
TRANSPORTATION	\$Ø
ACCOMMODATION	\$Ø
HOSPITALITY	\$Ø
PER DIEMS	\$Ø
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$3,347.50
TOTAL	\$3,347.50