

Rethinking our Borders: A Plan for Action



Coalition for Secure &
Trade-Efficient Borders

One of the true tests of leadership is the ability to recognize a problem before it becomes an emergency.

— Arnold Glasow

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About the Coalition

The Coalition for Secure and Trade-Efficient Borders was formed by over 45 Canadian business associations and individual companies to help the federal government, through dialogue and cooperation with Canadian business, successfully deal with border and security issues. Its purpose is three-fold:

- To recommend measures to facilitate the passage of low-risk goods and people across Canada's borders;
- To recommend ways to strengthen Canadian security, immigration and border management; and
- To increase cooperation between Canada and the U.S. and other allies to prevent the entry of terrorists, illegal immigrants, contraband and illegal goods into our countries.

The Coalition for Secure and Trade-Efficient Borders is one of the largest business coalitions formed in Canadian history, and represents the vast majority of business activity in Canada. Its members are from all sectors, including manufacturing, services, exporting, importing, technology, transportation, retail, tourism, hospitality, energy and agri-business, and represent businesses of all sizes.

The Coalition's steering committee is composed of the heads of the four major horizontal associations—Canadian Manufacturers & Exporters, the Canadian Chamber of Commerce, the Business Council on National Issues and the Canadian Federation of Independent Business—and the co-chairs of its three working groups on customs and border management, security and immigration, and transportation and infrastructure. The Coalition and individual members have met with key Cabinet Ministers, Members of Parliament and federal officials, and with U.S. Ambassador Paul Cellucci, and have been working with their counterparts in the United States and other government officials in Canada and the U.S.

The Coalition released its initial report, *Rethinking Our Borders: Statement of Principles*, on November 1, which outlined the approach that should be taken to improve security while facilitating trade.

Its second report, *Rethinking Our Borders: A Plan for Action*, builds on that framework. It represents the consensus of the Coalition. Member organizations may take a different approach on individual recommendations. It is designed to provide a practical and workable plan to strengthen the physical and economic security of our two countries' citizens.

The mandate of the Coalition for Secure and Trade-Efficient Borders does not end with the release of this working document. It will continue to collaborate with governments and others to ensure that its Plan for Action is successfully implemented.

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INTRODUCTION AND OVERVIEW

Flowing from and building on the statement of principles that comprised the initial report of the Coalition for Secure and Trade-Efficient Borders, this second report presents an integrated plan for action to fundamentally change the way our borders are managed.

Implemented successfully, it will achieve the twin goals of improving the physical and economic security of the citizens of Canada and the United States and facilitating trade between our two countries. Implemented rapidly, it will prevent longstanding problems at the Canada-U.S. border from becoming an emergency that could plunge the Canadian economy into crisis. The goal is not to return to border conditions as they were at 8:30 a.m. on September 11th, but to resolve issues that were already threatening our trade then and have become urgent now.

This document is presented as a working document as opposed to a final report. The fast-changing nature of events following September 11th and the urgency of ongoing discussions both within Canada and bilaterally with the U.S. government will require an approach that can evolve as circumstances dictate. This document presents a borders strategy that will allow Canada to work effectively with the United States to keep our shared border as open, as efficient and as affordable as possible for businesses and travellers, under any level of security. The Coalition hopes that it will also serve as the basis for ongoing dialogue between business and government, which must work together to develop and implement solutions.

Reflecting the broad perspectives from which border issues must be approached, *Rethinking Our Borders: A Plan for Action* is divided into three main sections:

- Customs and Border Management;
- Security and Immigration; and
- Transportation and Infrastructure.

Its recommendations were developed by the Coalition working groups to address concerns relevant to each of these key issue areas. The nature of border-related issues is such that there are many commonalities and a great deal of interaction among them. Thus, there is necessarily some overlap in the material discussed in the various sections; any duplication serves to further emphasize the need for immediate and decisive action.

All of the recommendations are presented within the framework of the perimeter or zone-of-confidence approach to the security of Canada and the United States that was outlined in the Coalition's statement of principles (see Appendix A). The focus is to remove the pressure from the Canada-U.S. border by improving Canada's ability to ensure security domestically. Using a risk-based border management approach, we must enable low-risk people and goods to move efficiently while focussing resources on high-risk travellers and cargo. A shared Canada-U.S. approach to managing our borders comprises three lines of security:

- Offshore interception;
- First point of arrival; and
- The Canada-U.S. border.

By expanding its intelligence capacity, and working cooperatively with our international partners, Canada can take steps to stop high-risk travellers from getting here in the first place. People and cargo arriving in Canada, including those passing through on their way to the United States, must be properly assessed and dealt with to ensure, to the extent possible, that they pose no threat to either country. Meanwhile, the Canada-U.S. border can be made smarter by moving as much processing away from the 49th parallel as possible and removing duplication between governments. This approach will ease congestion, improve traffic flows, reduce costs for both government and users, and allow border authorities to concentrate on high-risk movements. The presentation of a Canadian strategy is an assertion of our sovereignty and the ability of neighbours to collaborate in promoting the interests of their citizens.

Successfully resolving current border-related challenges involves several very important considerations which are at the heart of the recommendations presented in this report:

Border issues require comprehensive and integrated solutions. A piecemeal or incremental approach will simply not be effective. It is impossible to separate the issues of security and trade. Solutions must work for all modes of transportation and sizes of companies. The physical and economic security of our two countries are inextricably linked. Increased security will lead to better trade facilitation if there is confidence and trust in the measures taken on both sides of the border. Simply put,

we will not have one without the other, and our goal must be to ensure that terrorists cannot defeat us on either front.

Solutions must be developed cooperatively with the United States. We cannot develop unilateral Canadian solutions to border problems because the problems are not uniquely Canadian. It bears emphasis that the approach recommended by the Coalition does not mean erasing the Canada-U.S. border or creating a customs union. Neither does it mean that Canada must simply adopt American policies. Collaboration between Canada and the United States is essential as we develop shared goals that reflect best practices in protecting physical and economic security. But we do not have to achieve those goals in exactly the same way. Likewise, it is important to reassure Canadian individuals and companies that the data-sharing between Canada and the U.S. essential to achieve security will involve information that is already required at the border and that is not of a sensitive or competitive nature.

It is important, as well, that both governments work on developing, in consultation with business, a communications and action plan to mitigate the impact on border users, and particularly commercial shipments, of a further terrorist attack or other event that has the potential to cause a border crisis.

Commitment is needed at the highest levels in Canada and the United States. It is useful to recall that the Canada-U.S. Free Trade Agreement would never have been signed without the strong personal commitment of the most senior Ministers and their U.S. counterparts, the Prime Minister and the President. The determination to redesign how our borders are managed must start at the top in both countries and individual agencies must be told that their job is to make the strategy work. Without this clear direction from the top, the sweeping changes needed risk being lost to the thousands of inter-jurisdictional jealousies. It is also important to recognize that these issues will not be solved overnight and will require sustained resources and commitment from both governments.

The necessary resources—funding, people, training, technology and infrastructure—must be allocated. A number of the recommendations call on the Government of Canada, as well as the U.S. Administration, to devote more

resources to various aspects of security and border management. The business community is keenly aware of ongoing budgetary constraints, particularly in light of the current economic slowdown. However, the government's success in improving Canada's economic health through spending reductions has eroded the effect of certain measures that were already in place. It is time to rebalance spending priorities, in accordance with demonstrated need, to reflect the new imperatives of the post-September 11th reality. Increased resources will lead to increased security and a better business environment if they are properly allocated.

Initiatives should be implemented on a cost-effective basis. They should be funded from government revenues or from a reallocation of existing resources, and not from user fees and cost-recovery programs that negatively impact the competitiveness of our companies, or the ability of individuals and businesses to participate in facilitation programs. It is important to acknowledge that companies are already expected to incur substantial costs to make security-related changes to their operations. However, where the government collects revenue-generating fees and other income, including rents, user fees and processing charges, they must be reinvested in system improvements.

The federal government must meet the information technology challenge. *Rethinking Our Borders: A Plan for Action* contains a number of recommendations calling for the modernization, upgrading and greater use of information technology. Federal departments and agencies have IT systems that often cannot communicate with each other or with the private sector, cannot deploy the latest technology because of system deficiencies, and clearly cannot meet the challenge posed by new demands for security information. A substantial investment in both software and hardware will be required to enable them to meet the new demands. This system upgrade must be launched immediately.

The border security system will need to meet very high standards. It must be able to work with the information systems of all departments, agencies and businesses. It must also be compatible with security and border administration systems in other countries, especially the U.S. There is no room here for unique departmental systems, or for customized solu-

tions with which it is difficult for businesses and other countries to interact.

The need for speed and compatibility is in many ways similar to the Y2K problem. The same level of commitment to success will be required to upgrade border security IT infrastructure. The management structure and funding need to be put in place quickly to launch the project and to sustain it.

Data and information sharing is essential. It must take place among Canadian departments and agencies, and between Canadian and American agencies, so that point-of-first-arrival security can be a reality.

Most of the recommendations presented in this document are directed towards Canada's federal government, although some will require the cooperation of the provinces and municipalities. Others are addressed to the U.S. Administration and still others require Canadian business to act. Indeed, business has shown that it is prepared to do its part.

Some initiatives can and should be implemented immediately, while others are longer-term in scope because of resource constraints and other considerations.

Business fully understands and shares the federal government's commitment to improve security and facilitate trade. It recognizes that security and trade facilitation go hand in hand; failure to act on the security front will undermine Canada-U.S. trade and tourism. The result will be border delays that harm productivity and increase the cost of doing business. If the Canada-U.S. border is a barrier to the efficient flow of goods and people, it will directly affect the future flow of direct investment, both domestic and foreign, into Canada. Without efficient access to the United States, companies will be reluctant to establish or expand operations in Canada.

Working in partnership with Canadian business, the federal government must provide the leadership that is needed to ensure secure and trade-efficient borders. The time for action is now.

EXECUTIVE SUMMARY

Rethinking Our Borders: A Plan for Action details the kinds of actions that Canadian business, represented by the Coalition for Secure and Trade-Efficient Borders, believes must be taken to increase Canada's national security, and thus facilitate trade and people movements across our borders. While the events of September 11th made the need to resolve border problems more urgent than ever, the goal must be to ensure that the Canada-U.S. border functions better than it did before the terrorist attacks, not simply to fix post-September 11th complications.

A common-sense approach to customs and border management will ease congestion by taking as much processing as possible away from the physical border. Through better risk management and greater cooperation between the Canadian and U.S. governments and among their respective agencies, the border can be made both more secure and more efficient. The 1995 Canada-U.S. Shared Border Accord, which has yet to be meaningfully implemented, provides a model for achieving the kind of border we need—one that promotes international trade, facilitates people movement, better protects against illegal and irregular movements of goods and people, and reduces costs for government and users. Getting there requires:

- Greater resources to increase staffing and staff training, ensure a police presence at border crossings, and improve physical and technological infrastructure.
- Improved processing prior to arrival at the border and at first point of arrival for offshore goods. Measures include expanding preclearance programs such as NEXUS and the Expedited Passenger Processing System, fully implementing Customs Self-Assessment and Carrier Re-Engineering, expanding airport preclearance legislation to land borders and seaports, and increasing companies' ability to report shipments before they get to the border. Common-sense, plain-language regulations will also help speed up border crossings.
- Action to reduce bottlenecks. Federal, provincial/state and municipal governments must take a coordinated

approach to ease the flow of goods and people to and across the border. Specific solutions include smarter traffic management so precleared travellers and shippers do not have to line up behind those whose paperwork is not in order, better signage on approach to border crossings, and more business education regarding customs requirements.

- Intergovernmental cooperation, including increased data sharing, and the development of international standards, in cooperation with industry and international trade partners, governing the admissibility of goods into domestic markets. Joint Canada-U.S. customs programs and facilities that allow for inspections at first point of arrival into either Canada or the United States will eliminate duplication at the 49th parallel.
- An enhanced role for business. Companies must make the necessary investments to establish themselves as low-risk customers by, for example, using CSA, registering employees in facilitation programs, and working with supply-chain partners and governments to protect their shipments from tampering.

Immigration security must be improved. To preserve the integrity of its immigration system, Canada must rethink how it does business in immigration and allocate resources necessary for a comprehensive overhaul, rather than continuing to take a piecemeal approach:

- Better risk assessment and management is needed to facilitate the entry of known, low-risk travellers while concentrating security resources on unknowns and high risks, and visa screening and application procedures must be tightened.
- Passport security must be strengthened to better regulate who can obtain a Canadian passport. Measures include establishing better links between the Passport Office, government departments and agencies and law enforcement bodies, adequate funding of technological improvements and forceful application of false statements.
- Information and data sharing, among Canadian government departments and agencies and passenger carriers, and between Canada and the United States, is

essential. Measures include creating a computerized database to screen visa applicants and applicants for admission into Canada. Commercial passenger carriers destined for Canada must provide passenger manifests to Citizenship and Immigration Canada before departure, with the information fed into a single Canadian government data clearinghouse so the appropriate government departments have access.

- Canada must work jointly with the United States to harmonize visa and inadmissibility standards to the extent possible.
- Measures must be taken to minimize fraud. These include reducing opportunities for visa office staff and immigration consultants to engage in fraud. All aspects of Canada's overburdened refugee determination system must be reviewed to enhance its security, and immigration documents must be made tamper-proof, for example by including biometric data of the holder. Systems and procedures must be reviewed to ensure that the applicant is the person identified in the document and that the document is delivered to that person.
- Domestic follow-up is needed to ensure that people who have been admitted to Canada leave when they are supposed to. The number of inland enforcement officers must be increased to remove people who are out of status.

Transportation issues affecting all modes must be addressed. Transportation systems and infrastructure are at the heart of cross-border movements.

- A comprehensive infrastructure strategy must be included in Transport Canada's Blueprint process to revitalize Canada's aging transportation infrastructure, to ensure that transportation policy takes into account trade facilitation issues, and that regulations are kept to a minimum.
- Border management depends on better funding transportation infrastructure. The federal government must work with provinces and municipalities to provide necessary road and other infrastructure improvements leading to and at border crossings. Measures include developing

smart transportation networks to allow for in-transit electronic reporting prior to arrival at border, and the use of advanced technologies by carriers and terminal/port operators to allow increased shipment tracking, improved pre-arrival reporting and streamlined screening of containers.

- Transportation security must be improved. Among other measures, Transport Canada should develop principles for cargo and passenger security, shoreside infrastructure should be constructed to increase access to AIS (Automatic Identification System), and visa requirements should be introduced for ship's crews.
- Canada-U.S. and international cooperation. Create joint plan to address transportation congestion problems and replace necessary infrastructure at border crossings. Joint facilities should be developed along the shared border, and the Vancouver International Airport in-transit preclearance pilot facility should be expanded to major Canadian and American airports, as well as to seaports.

Moving forward, Canada's federal government has the opportunity to build on *Rethinking Our Borders: A Plan for Action* to develop a comprehensive and integrated strategy that addresses issues of security and border management. The strategy should build on existing initiatives, such as the 1995 Canada-U.S. Shared Border Accord and the Canada-U.S. Partnership Forum.

Successfully resolving issues affecting our shared border requires commitment at the highest levels of the Canadian and U.S. governments—Prime Minister and President.

The business community must be, and wants to be, a key partner. Its participation must be formalized through a consultative and advisory mechanism that enables the federal government to establish a high-level, ongoing dialogue with business, represented by the Coalition for Secure and Trade-Efficient Borders, to monitor border issues and review progress in addressing them.

Communications and education are also key to success. A sound, effective communications strategy must be targetted at giving both Canadians and Americans a good understand-

ing of border issues and solutions. An opportunity exists for the public and private sectors to work together to make such a strategy happen and the Coalition provides the natural industry partner. The federal government must provide leadership in developing a communications strategy to build support in the United States and Canada for a unified Canadian position that addresses economic and physical security. This initiative must engage the political leadership of both Canada and the United States. Canadian and American industry leaders must also be fully involved.

Canada must be part of the solution.

SECTION 1: CUSTOMS AND BORDER MANAGEMENT

The Customs and Border Management Working Group of the Coalition for Secure and Trade-Efficient Borders was assigned to recommend reforms to Canada's customs administration. This section deals with customs administration from the point of view of how it treats the movement of goods and people between Canada and the United States, as well as the movement of those entering and leaving the two countries. The Coalition's recommendations reflect a common-sense approach to border management. The goal is to eliminate as much processing at the border as possible by implementing better risk management and increasing coordination and cooperation between the Canadian and American governments and among their agencies.

Historically, the Canadian and American governments have worked on creating and establishing cooperative agreements that aim to simplify and organize the relationship between our countries. Among these is the 1995 Shared Border Accord (see Appendix B), in which the Canadian and U.S. governments established common fundamentals aimed at managing our shared border. This agreement aimed to create a border that:

- Permits commercial goods and legitimate travellers to flow easily between both countries;
- Allows business travellers and commuters to travel unimpeded; and
- Permits friends and relatives in both countries to visit one other with minimal formalities.

Although improvements have been made in customs administration since 1995, almost seven years later the fundamentals of the Accord have not been achieved; they are more important today than ever before. Before September 11th, our borders were not functioning efficiently. Lengthy delays and long line-ups for processing were common at border crossings. September 11th magnified and intensified this reality. It also brought home the urgency of border reform. With this fresh in our minds, we must return to the basics of border management as set out in the Accord. In it, our governments agreed that the border would:

- Promote international trade;
- Facilitate people movement;
- Enhance protection against drugs, smuggling, and the illegal and irregular movement of people; and
- Reduce costs for both government and users.

Based on these strategic areas, this section of the report details specific recommendations for an enhanced, more efficient and more secure border administration by making recommendations for customs procedure offshore, at first point of arrival and at the 49th parallel.

Increased Resources

Our borders are a strategic resource. In the past, however, they have been an afterthought for resource allocation by governments in both Canada and the United States. For our borders to function properly, our governments must properly fund human resources, as well as technology, equipment and infrastructure.

Human Resources

In recent years, roughly half of existing primary processing lanes into the United States from Canada have been routinely closed owing to a lack of human resources. The Canada-U.S. border accounts for 40% of total U.S. ports of entry and 33% of the national U.S. Customs workload, but has only 14% of U.S. Customs inspectors—the same number as in 1980. Funding for staff increases must be made available immediately, as it takes a minimum of eight months to train new border staff. The Coalition recommends that:

- **Both the Canadian and American governments increase the number of border inspectors and improve the training of border personnel to ensure that all border-crossing points are fully staffed during critical high-traffic-volume periods and that all crossing points are staffed 24 hours a day, seven days a week, subject to the reinstatement of remote port technology.**
- **Canadian governments ensure a police presence (national, provincial or municipal) at border crossings and vehicle facilities around the border.**

Technology, Equipment and Infrastructure

The ability to facilitate trade and increase security also depends on improving our physical and technological infrastructure at the border. Resources need to be targeted at implementing secure systems for pre-arrival reporting, for all modes of transportation (ships, rail, aircraft, trucks and cars), both at the Canada-U.S. border and at other points of entry. In a number of instances, technological solutions to facilitate trade and increase security are available but funds have not been provided to implement them, except for pilots or limited introduction. The Coalition recommends:

- **Investing in technological infrastructure and information management systems to modernize and replace ageing systems.**
- **Maximizing the use of advanced technology applications in all modes to enhance the flow of traffic, including advanced traffic management, traveller information, cargo and vehicle control systems.**
- **Incorporating technological improvements for border management into the Government-On-Line program and giving them the same priority as other initiatives under it.**
- **Moving information reporting to government from Electronic Data Interface (EDI) to Internet-based solutions to allow for ease of access to all modes of transportation and sizes of business.**
- **Implementing necessary technology to increase the ability to screen cargo containers at high-volume ports and monitor international shipments.**

For marine vessels and small business, the Internet represents the only means of reporting electronically; for them, EDI is not an option.

In the United States, this specifically requires investment in the new Automated Customs Environment (ACE) computer system and the National Customs Automation Program. In Canada, the federal government must invest in new systems that allow for smoother processing on pre-arrival programs such as CSA, and establish contingency plans for systems such as the Accelerated Commercial Release

Operations Support System (ACROSS) when they are not functioning. Many of the investments that are required are very expensive to implement. Thus, the Coalition recommends that:

- **The Canadian and American governments invest in joint systems and shared technology where necessary to create integrated solutions to border management.**

Increased Processing Prior to Arrival at the 49th Parallel and at First Point of Arrival for Offshore Goods

Risk management must be the cornerstone of any border management improvement effort undertaken by the Canadian and American governments. It will allow for pre-arrival processing, or pre-clearance, of cargo and travellers prior to their arrival at the border by identifying the known, low-risk individuals, companies and goods that cross our borders.

Pre-arrival processing improves entry into Canada and across the Canada-U.S. border because it enables governments to ensure the identification of those goods and people who are approved as low-risk and facilitate their movement, allowing greater attention to be paid to those not identified as low-risk. Pre-arrival and pre-clearance programs must be an option for all low-risk companies, regardless of size, volume of shipments or mode of transportation, and all individuals. This moves processing of low-risk movements away from the border (land, sea or air), and allows for a greater focus by Customs officials on high-risk movements. Given limited resources, a proper risk management system that enables pre-arrival processing will permit governments to focus their attention more effectively on illegal and irregular movements of goods and people. To achieve such a system, we need to implement more preclearance programs; expand airport pre-clearance legislation to all entry points; improve pre-arrival processing and reporting; and simplify regulatory requirements.

Pre-clearance Programs

Pre-clearance programs are at the core of identifying and streamlining low-risk movements of goods and people at arrival in Canada and

across the 49th parallel. For travellers, the Canadian and American governments have created a successful joint pilot project—NEXUS. NEXUS is a security system that ensures identification of low-risk individuals and facilitates the land border crossings of those who have previously registered, to allow a greater focus on those not identified as low-risk. These programs have been suspended since September 11th. The Coalition recommends that the Canadian and U.S. governments:

- **Immediately reinstate NEXUS and expand it to cover all major crossing points between Canada and the United States.**

For air travellers, the Expedited Passenger Processing System (EPPS) has been developed and piloted in Canada, and is clearly a candidate for immediate joint administration with the American IBIS system. The Coalition recommends:

- **Immediately expanding the Expedited Passenger Processing System to all major airports in Canada in order to stream low-risk travellers through the airport system.**

For commercial movements, the Canadian government will soon implement Customs Self-Assessment (CSA), while the American government is piloting, for the automotive sector, the National Customs Automation Program (NCAP). CSA allows for the importation of goods from the U.S. with only minimal information at the time of crossing, once stringent audit and investigation criteria of the importer, carrier and driver have been met. All accounting and reporting, which is mostly for statistical purposes, will be done electronically after the transaction. This system, as with traveller identification systems, not only streamlines low-risk, it increases security. The government has more information on the company (including reporting processes), people and goods than under the current transaction-based processes, and can focus resources on higher-risk transactions. The Coalition recommends that the federal government:

- **Fully implement Customs Self-Assessment as scheduled and guarantee benefits for company enrollment, including access to border crossings and commercial primary inspection booths.**

- **Provide the funding needed to fully implement Carrier Re-Engineering on the original timeline, to ensure that all low-risk shipments have a system in place for efficient clearance at the border.**

Carrier Re-engineering was delayed for three years because Canada Customs and Revenue Agency (CCRA) was not given the required resources. This program is vital for the facilitation of low-risk, low-volume and less-than-load shipments on which Canadian small business is largely dependent.

The intergovernmental cooperation that made it possible to create and pilot the NEXUS program should be used as a model for facilitating both commercial and non-commercial movements between Canada and the United States. NEXUS allows the applicant to make one application that is shared and approved by both governments. It should be expanded to include commercial drivers. This program should be reinstated and expanded as soon as possible to include other ports of entry into Canada and the U.S. The Coalition recommends that:

- **The approach taken for NEXUS be used as a model to develop a coordinated commercial shipment release system that could be implemented across the 49th parallel to facilitate the movement of low-risk traffic.**

The Coalition fully realizes that the actual requirements for release, such as the number of data elements, will vary between the United States and Canada. However, these differences must not impede the development of a joint commercial release process that incorporates these variables.

Expand Airport Preclearance Legislation to Land Borders and Seaports

Effective processing at the Canada-U.S. border requires immediate expansion of the Canadian Airport Preclearance legislation to include all borders; the United States already has reciprocal legislation that will be activated as soon as Canada's is in place. This measure will create Accord Processing Zones at land borders and seaports that will essentially be very small geographic areas within the perimeter of each border processing area. These zones will allow for determination of admissibility, whether they are located in Canada or the U.S., as is the case

presently in major Canadian airports. The Coalition recommends that:

- **Parliament immediately pass legislation to extend preclearance to all land borders, including seaports, using the Airport Pre-Clearance Legislation already enacted as a model.**
- **The Department of Foreign Affairs and International Trade be given full responsibility for this legislative initiative.**

For seaports, this legislation will enable the creation of facilities to collect required data and to conduct inspections where necessary to allow for the movement of goods into Canada and to enable U.S. Customs to select which containers need further inspection prior to crossing the 49th parallel. Creating first-point-of-arrival review for goods entering Canada or the United States and destined for the other country will eliminate duplicate inspections and processes at the Canada-U.S. border.

For land borders, it will permit the creation of true joint facility operations and commercial vehicle processing centres (CVPCs). The immediate benefit of such expansion will be to allow the commercial primary inspection booths of each customs service to be placed at the entrance of border crossings in the other's country. Today, approximately 80% of commercial vehicles clear customs at primary inspection and are admitted into the country. The remaining 20% are queued for secondary processing, primarily for vehicle inspections and to complete paperwork. With the passage of extended airport preclearance legislation, primary inspection booths could be moved from one side of the border to the entrance of the physical border crossing. The result would be increased security and decreased congestion. Vehicles would be processed and screened prior to the bridge or tunnel, removing potential threats from the bridge or tunnel and only those trucks requiring secondary processing would remain in queue, thus reducing congestion before the bottleneck of the crossing. The Coalition recommends that:

- **Canadian and U.S. officials move primary inspection to the entrance point of the border crossing in the other country to allow for the streaming of precleared shipments from the other country, and to**

increase the physical security of our tunnels and bridges.

Once in place, this measure would also allow one country's outbound process to be integrated with the other's inbound process.

As an example of the benefits of streamlined facilitation at the 49th parallel, a Border Analysis Management Model was recently completed that outlines the impact of moving just the three U.S. Customs Primary Inspection Truck Booths to the Canadian side of the Peace Bridge and the introduction of the joint low-risk traveller system, NEXUS. The study was completed by Regal Decision Systems and modelled the actual traffic arrival, flow and patterns on the bridge. As well as the security improvements, the results show the concrete benefit of allowing the movement of the primary inspectors to the entrance point of the border crossing in environmental improvement and cost savings. The annual impact was measured as follows:

- 75% of trucks and 65% of cars waiting in queue would be eliminated;
- Average truck transit time would be reduced from 44 minutes to 18;
- Average car transit time would be reduced from 15 minutes to 5;
- 105,000 gallons of diesel fuel and 93,000 hours of truck delay time would be saved;
- 108,000 hours of driver waiting time would be prevented; and
- Environmental discharge of HC, CO, and NOX would be reduced by over 50%.

Pre-arrival Reporting and Processing

Underpinning the ability to streamline cross-border movements is the ability to effectively and accurately report prior to arrival at the actual border. This, in turn, requires the ability to report electronically, as well as a reduction of duplication between border agencies in Canada and the United States. Electronic reporting systems must be easy for companies to employ and provide a single window—preferably one window for all government agencies and governments—and allow for reporting at all times. Both government and the private sector must commit to improving their electronic systems for reliable reporting and issuing of permits. To encourage this investment, the Coalition recommends that the federal government:

- Give priority to processing those shipments that have been pre-reported electronically.
- As part of this process, in order to facilitate electronic pre-arrival transactions, consider introducing a unique consignment reference (UCR) number system to positively identify each shipment.
- All Canadian and American governments—federal, provincial/state, and municipal—develop a coordinated approach that allows for the easy flow of goods and people both to the border and across the border.

Clear Regulations

To help business, especially small and medium-sized enterprises and new importers and exporters, comply with government regulations, plain-language legislation and regulations are needed. These will help increase compliance, as more companies will understand their requirements, and will facilitate movements as more companies will have their documents in order when they arrive at the border, whether sea, land or air. The Coalition recommends that the federal government:

- Establish a public/private working group to examine Canada's customs-related regulations to create common-sense, plain-language, business-oriented, re-engineered regulations.

Simplified, Fluid and Transparent Facilitation at our Borders

One of the great frustrations of the business community is the duplication, overlap and inconsistency encountered while moving goods and people across borders. As stated in the Canada-U.S. Partnership Forum report, "Canadians and Americans have much at stake in ensuring that our common border runs smoothly, that the 99% of trade and travellers that are legal can cross the border easily, and that we can focus enforcement instead on the remaining 1%." For these legal and regular, or low-risk movements, the checks at the border today serve little purpose other than to collect statistics on these transactions, and create major backlogs in the system. We must implement pre-arrival processing systems, as outlined above, in order to stream their access to the border.

As outlined in the Coalition's statement of principles, we need to look at what must be done at the border and what can be done away from the border. The Coalition recommends that:

Commercial shipments and individuals that are unprepared and unaware of government regulations cause many of the costly and lengthy delays at our borders; this is true in both Canada and the United States. These people and shipments receive little or no information prior to their arrival at the actual border crossing, often arriving without any documentation to support their movement. While these movements are being guided through the basics of customs, known and regular shipments and people wait in queues. The current reality is that the least prepared cargo carrier in each line dictates the waiting and delay time of all the pre-cleared carriers in line behind it.

Translation: a 45-minute delay ("waiting time") to get to the primary booth for processing that takes mere seconds. This not only increases costs for government and users, it also negatively impacts the environment. Systems must be modified to help both experienced and inexperienced importers and exporters. The Coalition recommends:

- Implementing systems to create smarter traffic management on the approach roads and Commercial Vehicle Processing Centres to divert unprepared vehicles before they clog the primary processing lanes.

These measures will allow for first-point-of-arrival review, processing and handling of pre-cleared and "empties" away from the bottleneck of the border, and streaming prior to arrival at the border into known from unknown, prepared from unprepared, and pre-approved from unapproved. Streaming in this fashion will permit CSA and NCAP shipments and NEXUS travellers to be processed without needlessly waiting for those ahead of them who are not prepared and require additional time at the primary booth to be processed for clearance. After all, Canadian companies have little incentive to participate and invest in programs, such as CSA, if they still face the same traffic congestion at the border. The Coalition recommends that:

- **Governments ensure separate access to primary lanes for shippers who have their paperwork in order or who have already been pre-approved (e.g. CSA, NCAP) for customs clearance.**

To reduce some of the current confusion and simplify the border crossing experience for those who are new and unprepared, the Coalition recommends that:

- **Improved signs and better visual instructions be provided on approach to border crossings.**
- **Government work in partnership with the business community on both sides of the Canada-U.S. border to help Canadian and American companies understand the requirements of customs administration and the benefits and requirements of preclearance and identification programs.**

To streamline movements across the 49th parallel for rail shipments, the Coalition recommends:

- **Implementing a system for preclearance of domestic rail shipments away from the border, similar to programs for trucks, to support operational requirements, reduce loading/unloading costs and streamline movements.**

CCRA already has a system in place for northbound shipments, and should take a coordinated approach with the United States for northbound and southbound shipments.

Intergovernmental Cooperation and Coordinated Risk Management

Many of the recommendations contained in this document are linked to intergovernmental cooperation, which the Coalition believes is key to creating secure and trade-efficient borders. Cooperation and collaboration are the bases from which we can create joint programs and establish shared border facilities that facilitate trade and increase security. We must look at best practices internationally and see how we can work in greater cooperation for simplifying, streamlining and improving security in the movement of goods internationally. The Coalition recommends that:

- **The Canadian government, working closely with industry and international trade partners, lead in the development of international customs standards governing the admissibility of goods into domestic markets. As a starting point, it should work to fully implement the G-7 pilot initiative on customs administration.**
- **Governments internationally begin sharing more information and expertise to support improved compliance.**
- **Canada develop stronger ties with jurisdictions that have high-risk assessment programs in place for their export and import trades.**

Increased integration and combined/joint activities among Canadian and U.S. agencies involved in border management are essential in creating a smarter, more secure border, as they allow for increased pre-arrival reporting and processing, streamlined movements, and a reduction in duplication. Efficient border management must be aimed at adopting best practices for commercial and traveller processing and procedures both at the actual crossing and away from the frontier. The ability to develop and implement joint initiatives requires greater sharing of data, intelligence and information. By increasing data-sharing, goods arriving in Canada or the United States could undergo customs inspections, where necessary, at the first point of arrival for both countries. Thus, for cargo arriving in Halifax and destined for Chicago, or arriving in New York and destined for Toronto, government agents can inspect where necessary and approve the shipment for admissibility in both countries, or decide ahead of arrival at the 49th parallel if further inspection is necessary. This will prevent duplication at the 49th parallel.

To this end, the Coalition recommends that:

- **Joint Canada-U.S customs programs be created that would include a system for sharing customs admissibility data, information, and intelligence, increasing the interchangeability of documentation, and joint facilities. These would allow for:**
 - **Inspections to be done at first point of arrival into either Canada or the United States to eliminate duplicate checks between Canadian and American officials, especially on rail shipments,**

- and move more processing of transactions away from the 49th parallel;**
- Common data requirements and processes, including the integration of classification numbers (HS codes) to support the introduction of electronic clearance of commercial goods; and**
- Joint training of border personnel.**

Role of Business

The improvements needed are not solely the responsibility of our governments. Businesses must also do their part. Our companies must work to become more compliant with government regulations to avoid lengthy and unwanted delays at the border. As stated earlier, simplified, clear-language regulations will make this an easier task.

The Coalition recommends that:

- Companies invest in customs systems, technology and people that will improve their compliance rate to become low-risk customers of our governments.**

They must also put in place systems to ensure, to the greatest extent possible, the security of people and shipments both within their facilities and while in transit to final destinations.

The Coalition recommends that:

- Companies train employees who travel internationally on a regular basis about their obligations and rights when crossing the border.**
- Those employees—whether commercial drivers, commuters or travellers—who regularly cross the Canada-U.S. border register under driver registration programs and traveller identification systems.**
- Companies that qualify as low-risk, regardless of their size or amount of shipments, utilize CSA when importing goods to facilitate their movement across the border.**
- Companies work with their supply chain partners and governments to implement systems that will protect their shipments from tampering at their own facilities and during all points of transit, to increase security.**

These investments will allow for more information to be provided prior to arrival at the border via electronic systems that will enable government to facilitate low-risk cargo and people without lengthy delays.

However, it must be clear: if business is going to make investments, then governments, too, must commit to improvements in border management that result in tangible improvements in the time and cost of moving goods across our borders. This includes simplifying and clarifying the rules that are required for the acceptance in pre-clearance programs and investing in technology solutions that allow for easier business reporting under these programs.

SECTION 2: SECURITY AND IMMIGRATION

There is no such thing as absolute security in free societies—governments are faced with balancing the sometimes competing demands of security, resources and freedom. In light of the events of September 11th, the American and Canadian governments, along with scores of others throughout the world, are being forced to re-evaluate their past choices and strike new balances. The Security and Immigration Working Group of the Coalition for Secure and Trade-Efficient Borders was mandated to consider the ways in which these demands interact and to recommend operational and policy improvements that could be made to Canada's immigration system to enhance security.

This section of the Coalition's working document sets forth recommendations on certain immigration issues as they pertain to security. It does not deal with every aspect of Canada's complex immigration system. Instead, it discusses the types of actions that the Coalition believes the federal government must take in the immediate term to address security and immigration issues, within the context of a perimeter or zone-of-confidence approach to the security of both Canada and the United States. Canada and the U.S. must work together to develop and implement the information and security systems necessary to keep those who pose security threats out of our two countries, in order to reduce the need for dramatically tightened security at the 49th parallel which could threaten two-way trade. Actions must target interdiction abroad and at international ports of entry located in Canada and the U.S., and be directed at foreign nationals rather than Canadian and American residents. Thus, among the three lines of security identified by the Coalition and discussed in detail elsewhere in the document, the security and immigration measures recommended in this section necessarily focus on the first two, namely offshore interception and first point of arrival.

Immigration is one of the cornerstones on which Canada was built. Sustained immigration throughout Canadian history has been essential in making Canada the economically prosperous and culturally vibrant nation that it is today. Not only has immigration improved the quality of life of all Canadians, it has also made Canada a cosmopolitan, outward-looking society that is ideally suited to participating in

the global economy and in the international community. When discussing immigration, it is important to acknowledge the contributions not only of people who have chosen Canada for economic or family reasons, but those who have come here as refugees. As part of its important and longstanding humanitarian tradition, Canada is committed to the resettlement and protection of persons facing persecution based on race, religion, nationality, political opinion or membership in a particular social group, and other displaced persons. This tradition must continue, and its security assured.

Immigration will continue to be very important to Canada's development throughout the 21st century. The skills of immigrants are critical in offsetting Canada's aging population and labour force, and in helping Canadian industry overcome growing skills shortages across all sectors. Immigration, according to federal officials, now accounts for about 75% of the growth in the Canadian work force and in 10 years will account for 100% of that growth. In short, Canada needs skilled newcomers, including tradespeople, in order to be competitive in international markets. It is important to ensure the security of Canada's immigration system in such a way that security improvements do not interfere with the entry of the skilled immigrants that Canada will need in the future.

However, in admitting people to Canada—whether visitors, including tourists, business visitors, foreign students and temporary foreign workers, immigrants, refugee claimants or travellers en route to the United States—Canadians and our American neighbours need to have more confidence that applicants are honest in their representations to immigration authorities and do not pose a threat to our countries' security. We require greater assurance that those allowed in are legitimate, and that terrorists and other criminals are kept out.

Within hours of the September 11th attacks, erroneous reports began to surface that some of the terrorists had entered the United States via Canada. In the days that followed, the media made much of comments by American and Canadian legislators suggesting that Canada's immigration system was, in many ways, less secure than that of the United States, and various news stories painted a picture of Canada as a "haven for terrorists." Underlying early suggestions that the Canadian and American governments should move towards a jointly

policed perimeter border and coordination of immigration policies was the implication that Canada had not been pulling its weight.

Such comments have given way to more informed discussion, but some of the misleading impressions continue. Both the Canadian government and the business community must continue to work hard to ensure that these “myths” are countered. What has emerged as the most serious cause for concern is that the Canadian government has not devoted sufficient resources to implementing and enforcing some aspects of its laws, particularly in the area of immigration, with the result that the current system does not always ensure high-quality decision-making regarding who is allowed into Canada. Attention has also been refocussed on problems with Canada’s refugee determination process and procedures. Among other concerns, the need to address “asylum shopping”, where refugee claimants arrive in either Canada or the United States in the hope of ultimately entering the other country, has been red-flagged. An organized and effective refugee determination system, at home and abroad, is essential to the integrity of Canada’s immigration system as a whole; clearly, it requires extensive review.

Although some of the concerns initially expressed about Canada’s immigration laws were unfounded, Canada needs to take the security implications of September 11th as seriously as the United States. In making Canadians feel safe, the Canadian government will also demonstrate its commitment to the mutual security of both Canada and the U.S.

Indeed, the Canadian government has taken swift action on several fronts. For example, it quickly introduced Bill C-36 (Anti-Terrorism Act), sped up passage of Bill C-11 (Immigration Act amendments) and continues to move aggressively on the reporting of suspicious financial transactions. As well, it appointed a Cabinet committee to coordinate federal anti-terrorism activities and has introduced further legislation aimed at improving air security and combatting bioterrorism. However, much more must be done—and done immediately—to make the policy, resourcing and operational changes necessary to ensure, to the extent possible, the security of Canada and the United States.

The Need for Comprehensive Change

Like other federal government departments, Citizenship and Immigration Canada (CIC) has seen its resources cut back, resulting in “risk management” decisions, e.g. the failure to enforce removal orders, the increased use of locally engaged staff at visa offices, and the institution of interview waiver criteria, that have increased the potential for people who pose a security risk to enter or stay in Canada. Post-September 11th, it is clear that we can no longer afford to tolerate those kinds of risks. Everything possible must be done to assure Canadians that people who have entered Canada from abroad do not pose a threat to them. Safeguarding Canada’s national security will also assure Americans that, in the event those arrivals attempt to cross the 49th parallel, they are not a security risk to the United States.

To succeed, Canada needs to rethink how it does business in the area of immigration. The world is not the same as it was when the cut-backs in government programs started. Economies in transition have created security risks that have become well known and that are straining CIC’s overseas processing network; to these kinds of issues we must now add the global terrorist threat. Canadian immigration officials can do a much better job than they are seen to be doing at present if they are given sufficient resources, and if those resources are allocated properly. The Canadian government must be willing to make upfront investments in how immigration decisions are made. For Canada’s anti-terrorism efforts to succeed, it must expend the resources necessary to overhaul CIC’s operations, rather than continue a piecemeal approach to change that is wholly unsatisfactory given the current climate and the urgent need for action.

- **Canada must rethink how it does business in immigration and allocate resources necessary for a comprehensive overhaul, rather than continuing to take a piecemeal approach.**

Below are the Coalition’s recommendations as to how the comprehensive change required to make Canada’s immigration system as secure as possible can be implemented.

Better Risk Assessment and Management

Risk assessment and management are central to an improved, effective immigration system that facilitates the entry into Canada of known, low-risk travellers while concentrating security resources on unknowns and high risks. A re-allocation of resources is necessary to achieve better risk assessment and management.

For many prospective overseas visitors to Canada, the first point of contact with the Canadian immigration system is one of our visa offices abroad, where much of the processing of visa applications is carried out. Canadian visa offices, together with immigration control officers, are an integral part of the first line of Canada-U.S. security—offshore interception—and that is where risk assessment and management must immediately be strengthened.

Reducing processing costs would allow current resources to be used more effectively. To this end, the Coalition recommends that the federal government:

- **Centralize the early processing stages of applications for Canadian permanent residence.**

Applications would be submitted to a single processing centre in Canada, and visa offices abroad would only be involved for the assessment of the applicant's qualifications or if the authenticity of the applicant's supporting documents required verification. While not a substitute for good decision-making and the gathering of on-the-ground intelligence by skilled staff in the field, the centralization of initial processing of applications for Canadian permanent residence would achieve the dual purpose of better using resources, and improving risk management. Once such centralized early processing is achieved, the Coalition recommends that the federal government:

- **Allocate resources among the Canadian visa offices abroad in such a way as to equalize processing times among them.**

At present, it can take up to five years to process visa applications in some countries, so people from those countries often apply elsewhere; if we did not allow "form shopping," we would be discriminating against people

from countries where processing times are longer. Equalizing processing times would have the effect of treating nationals of various countries in the same way. Coupled with a more objective selection system as contemplated in the Immigration Regulations to be made under Bill C-11, it would enable the government to justify requiring applicants to be processed through the Canadian visa office responsible for their jurisdiction. Those offices could then develop greater familiarity with, and expertise in, the documents that are produced in the countries within their geographic areas of responsibility, thus minimizing the potential for fraud. The Coalition further recommends that the federal government:

- **Hire staff for visa offices handling significant flows of business immigration applications who have the education and experience necessary to evaluate the employment experience and source of funds of business immigration applicants.**

Centralized processing would also make it possible for visa officers to develop expertise in evaluating business immigration applications, which represent significant potential for misuse by, for example, terrorists seeking to finance operations in Canada. It is not reasonable to expect all visa officers dealing with such cases abroad to understand how businesses work and how to assess financial statements and other records.

Instituting better risk assessment and management depends, as well, on adequately staffing Canada's lines of security. The Coalition therefore recommends that the federal government:

- **Increase the number of immigration officers abroad and at ports of entry, commensurate with people flows.**

The government must also be able to quickly re-allocate resources among Canadian visa offices abroad to respond to potentially significant fluctuations in demand for their services caused by changing world events. While Citizenship and Immigration Canada collects a significant amount of revenue from various application and landing fees, immigration should not be a profit centre for the government at a time when its departments and agencies are struggling to meet the security requirements of our present circumstances. In this area as in others discussed in this report, the

Coalition believes the focus should be on providing adequate resources.

Passport Security

Passport security is as important as visa security. Not only is it critical to tighten up visa screening and application procedures, the overall integrity of Canada's passport system must be assured in order to better regulate who can obtain a Canadian passport.

There is considerable scope for improving the security of the passport system, particularly through the introduction of new technologies. However, any improvements risk being hampered by the fact that the Passport Office operates, at present, in relative isolation from other relevant federal departments and agencies, and is required to be self-funding, with its operations financed by client fees. Enhancements to the Passport Office should not be cost-recovered from client fees. Not only are current fee-generated revenues insufficient, it would be unfair to make passport holders alone pay for security-related improvements that will benefit all Canadians. The Coalition therefore recommends that the federal government act immediately on the need to:

- **Establish linkages and information sharing between the Passport Office and the Canadian Police Information Centre, the Canada Customs and Revenue Agency, Citizenship and Immigration Canada, Corrections Canada, the National Parole Board and other law enforcement bodies, to ensure that passports are not issued to people who are not entitled to hold one.**
- **Treat upgrades to the capabilities of the Passport Office as exceptional costs and fund these from general government revenues.**
- **Upgrade the IT infrastructure of the Passport Office to make use of security-enhancing technologies.**

The government has amended the *Immigration Act* to make this possible, but resources are needed to conduct verifications and investigations in order to apply this provision.

The potential for invalid or fraudulent documents, in particular birth certificates and citizenship letters, to be accepted in support of passport applications is one of the biggest flaws in the system. The Coalition recommends that:

- **The Department of Foreign Affairs and International Trade immediately strike a working group with the provinces to develop a strategy to deal with the issue of fraudulent use of birth certificates.**
- **Review and strengthen the guarantor section on the passport application form to reduce fraudulent declarations.**
- **Ensure that anybody making a false declaration, whether an applicant or guarantor, is forcefully prosecuted, and make Canadians aware of the consequences of such acts.**

CIC is taking initiatives to increase the security of immigration documents. However, citizenship letters, which are used to support passport applications, are not accorded the same degree of security as immigration documents. The Coalition recommends that:

- **The same degree of control and security that applies to immigration documents be extended to citizenship letters.**

Information and Data Sharing

Information and data sharing, among Canadian government departments and agencies and passenger carriers, and between Canada and the United States, is absolutely essential to achieving better risk assessment and management on the immigration front. As a starting point, the Coalition recommends that the federal government:

- **Create a comprehensive computerized database to screen visa applicants and applicants for admission to Canada.**

This database should contain information from all of Canada's immigration (including visa offices abroad), law enforcement and security agencies, as well as international policing agencies. It should include records of the entries and exits of visitors and Canadian permanent residents. This data can be used to track physical presence in Canada

for the purpose of establishing compliance with the new residency tests contained in Bill C-11 and the soon-to-be-reintroduced citizenship legislation.

Furthermore, the database should be accessible by any of the contributing Canadian agencies, and by the United States if it grants us reciprocal access to a similar American database for the purpose of controlling entry. Legislation should be enacted to make the release of such information permissible.

To protect individual privacy, information collected in the database, and access to the database, should be limited to determining eligibility for entry into Canada and the U.S. or compliance with the aforementioned residency requirements.

As the growing number of air travellers are, at present, essentially unknowns when they arrive in Canada, it is crucial to screen passenger manifests for security risks before carriers arrive here. Sharing data and intelligence with the United States in this area will also increase our ability to quickly process immigration/refugee requests and act on deportation. The Coalition recommends that the federal government:

- **Require commercial passenger carriers destined for Canada to provide passenger manifests to CIC prior to departure. This information would be run through the computerized database referred to above.**
- **Establish a single Canadian government data clearinghouse to which passenger manifest data would be submitted, ensuring that it is circulated to the appropriate government department(s) in accordance with legal requirements.**

In contrast, a system that requires carriers to report to more than one department depending on each set of circumstances could result in errors and security breaches. International standards, to which all nations would adhere, must be established for information systems designed to clear passengers for security purposes. Given the technical requirements of such systems, it would be untenable if each country were to establish its own systems and standards.

Working Jointly with the United States

Clearly, there is a range of actions that Canada can—and must—take independently in order to make its immigration system more secure, and information and data sharing can enhance their positive effects. Beyond such measures, however, it must also work closely with the United States to share the responsibility of preventing people from coming to either country if they pose a threat. Interdiction abroad is preferable to dealing with such people at their first point of arrival.

The Coalition recommends that the federal government:

- **Where appropriate, come to an agreement with the United States on a set of mutually acceptable visa and inadmissibility standards and procedures.**
- **Urge the United States to permit the pre-clearance of NAFTA-based applications for the temporary entry of professionals, inter-company transferees and business visitors at the option of the applicant.**

Consideration should also be given to making our treatment of each other's permanent residents reciprocal, thereby permitting U.S. visa offices in Canada to spend scarce resources on more important matters. The United States should also be urged to limit the length of its visitor visas — most U.S. visitor visas are valid for five or ten years and it is simply not possible to predict the bona fides of an individual so far in advance.

Minimizing Fraud

No matter how strict Canada's immigration procedures are and no matter how closely they are followed, there is always the potential for fraud on the part of terrorists and other criminals, who would not qualify for admittance to Canada through legal means. Immigration fraud can be perpetrated by the undesirables themselves, who might falsify their applications or submit forged or altered supporting documents, or through the complicity of vulnerable visa office staff or unscrupulous immigration consultants.

The overburdening of Canada's refugee determination system in recent years has increased the possibility that people who are security

risks may slip through the cracks and remain in Canada. Significant increases in the number of refugee claimants who arrive at Canada's borders—often without adequate identification—have made the system unmanageable to the point where it threatens to be crushed under its own weight. This makes it difficult to focus properly on risks and ensure that reasonable assessments are made on a case-by-case basis. As well, there is concern that claimants are allowed to enter Canadian society before investigations of their identity have been completed.

A range of proposals have been made to deal with issues in the refugee determination process. These include detaining undocumented refugees until Canadian immigration officials ascertain their identity or determine that they do not pose a threat to Canadian or U.S. security, as well as measures to reduce Canada's refugee intake to more manageable levels. It has been suggested that Canada select more refugees from abroad and that it implement the "safe third country" provision, whereby refugee claimants arriving in Canada from a safe third country such as the United States could be sent back to that country for determination of their claims.

The Coalition recommends that the federal government:

- **Review all aspects of Canada's refugee determination system with a view to enhancing its security and efficacy.**

To ensure the integrity of Canada's immigration system, it is essential to detect and prevent fraud attempts by those seeking to enter Canada, either as their final destination or en route to the United States, and to prevent the involvement in fraudulent cases of Canadian-employed personnel abroad. To minimize the opportunity for fraud at Canadian visa offices, the Coalition recommends that the federal government:

- **Employ only Canadian citizens as Immigration Program Officers and in more senior visa office positions, as people who are in a position to cause a visa to be issued should be subject to Canadian criminal law if they engage in fraud.**
- **Require applicants for permanent residence to provide police clearances at the start of the application process and**

fresh police clearances prior to visa issuance. Background checks, if conducted early in the process, should also be refreshed prior to visa issuance.

The documents produced by the Canadian immigration system itself must also be as secure as possible. Action must be taken immediately:

- **All Canadian immigration documents should contain tamper-proof photographs of the holder, and permanent resident status documents and visitor visas should contain biometric data of the holder.**
- **Review application intake and document delivery systems and procedures to ensure that the applicant is the person identified in the document and that the document issued is delivered to that person.**

The Coalition is cognizant of privacy concerns and therefore recommends that this data not be stored in a central database. Rather, it should be stored only in the card or visa. Holders, identified by immigration officers as suspect regarding their identity, should be subjected to a biometric scan at the time of entry to verify a match with the data in the card or visa.

Another area where the potential for fraud must be addressed is among immigration consultants. Unregulated consultants pose a security threat in that those who cannot be brought to justice in Canada may feel free to fabricate documents in support of immigration applications. The Coalition therefore recommends that the federal government:

- **Require immigration consultants to join a single federally approved, member-funded regulatory body whose membership is restricted to Canadian citizens and permanent residents.**
- **The practice of Canadian immigration law should be restricted to such registered consultants and to Canadian lawyers.**

Domestic Follow-up

Upfront risk assessment and management, leading to the interdiction of people who pose security risks before they enter or are allowed to remain in Canada, are essential in assuring Canadians and Americans of the security of our

immigration system. However, it is perhaps equally important to conduct domestic follow-up of people who have already been admitted to Canada, to ensure that they leave when they are supposed to leave, for example when their visas expire, or when a refugee claim has been denied. The Coalition recommends that the federal government:

- **Increase the number of enforcement officers inland to enable Canada to remove people who are out of status.**

It is important that the Canadian government promote the removal of more difficult cases, rather than attending to easier, low-risk cases for the sake of augmenting removal statistics. Canada needs to work harder to find solutions to the problems that have plagued the removals process so that we can promptly remove those whom we wish to remove.

The Department of Foreign Affairs and International Trade must get on board with this issue and bring political and economic pressure to bear to convince nations to take back their citizens who are ordered removed from Canada. DFAIT should also work in an improved manner with CIC to address the latter's needs, such as the creation of a visa office in Hungary so that a visa requirement can be imposed on Hungarian nationals as a means of stemming the flow of suspect refugee claimants from that country.

SECTION 3: TRANSPORTATION AND INFRASTRUCTURE

Transportation is an essential component of the competitiveness of business both in Canada and the United States. The Transportation and Infrastructure Working Group of the Coalition for Secure and Trade-Efficient Borders consists of association and company representatives from each major mode of transportation. On the Coalition's behalf, the working group undertook to provide insight into the current barriers at Canada's borders—land, sea and air—from a transportation perspective, in order to present constructive, balanced recommendations to improve security and facilitate the movement of low-risk goods and travellers at all points of entry.

To compete and win in world markets, business has been reversing past trends towards vertical integration, focussing instead on core competencies. This has manifested itself in two key ways: outsourcing of non-essential competencies and just-in-time production and delivery systems. In today's increasingly integrated business environment—and nowhere is Canada's integration into the global economy more evident than within North America—the ability to source and sell products and services, not only throughout the continent but globally, makes efficient, competitive and cost-effective transportation systems more important than ever. Given this integration, the volume of goods, business personnel, service providers and tourists that cross our borders has increased dramatically in the past decade. Consequently, the transportation infrastructure that supports moving goods and people to our borders and across our borders has become strategically vital to the success of Canadian business.

Transportation infrastructure means more than our highways, seaways, railways, airports and related facilities. We need investments in this infrastructure, as well as in other facilities, to implement the recommendations in this report. These facilities include pre-arrival processing systems, joint inspection and processing facilities, and advanced technologies for tracking, reporting, and data sharing.

As business has evolved into a North American environment, especially since the signing of NAFTA, our transportation institutions and infrastructure, which are the backbone of our

ability to modernize customs border administration, have not kept pace. Outdated models for managing border flows and ageing infrastructure have been groaning under the stress of carrying volumes of traffic for which they were not designed. Solutions have been presented in the past, governments have increased investments and studied possible remedies for these problems. September 11th exacerbated weaknesses already obvious in the management of traffic movements both within and between Canada and the United States. Canadians must have an effective and efficient transportation system in order to create secure and trade-efficient borders.

Importance of Canada-U.S. Transportation

Cross-border trade between Canada and the United States has increased rapidly over the past decade, averaging 10% per year, and growth is expected to continue at this pace for the next decade. Some 86% of Canada's exports are destined for the United States, 50% of Canada's air cargo traffic is trade with the U.S., and 28% of Canada's rail freight tonnage is destined for the United States. Key factors are a more liberalized bilateral trading relationship, increases in business integration, especially in the automotive sector, and increased reliance on just-in-time production and delivery systems that results in less inventory at the business site and a greater reliance on the truck, boat, train or plane as the inventory warehouse. This has created higher-volume, lower-quantity shipments and increased traffic on all of our transportation networks.

The most common mode of transportation for Canada-U.S. trade is trucking. In 1999, trucks carried 60% of Canada's \$308 billion in exports to the United States, while 81% of Canada's \$215 billion in imports from the U.S. arrived by truck. According to Transport Canada figures, more than 13 million trucks currently pass between Canada and the U.S. each year, or about 36,500 per day, compared to about seven million in 1990. Over the next decade, truck traffic crossing the Canada-U.S. border is expected to increase by 10% a year.

Although trucking is the most common mode of Canada-U.S. trade, railways carry a higher percentage of tonnage—59% of the tonnage

moved by surface transport overall, and as much as 70% of the tonne-km generated by surface transport. Railways are the key link in intermodal shipments, which is a rapidly growing mode under Canada-U.S. trade. Much of this rail freight consists of automobiles and commodities such as lumber, potash, newsprint, wood pulp and containers on flat cars. Railways transport large volumes of these commodities to ports for export by water, as well as directly to the United States; 44% of surface exports (by volume) move to the U.S. by rail.

Marine and air modes, with their global routings, offer unique challenges to both the Canadian and American governments. Canada often serves as a transit point for goods and people ultimately destined for the United States. For example, of the total traffic handled annually by the Port of Montreal, approximately 70% of both inbound and outbound are destined for, or originated in, the United States. Traffic patterns are similar for air passengers and cargo.

Mode		1995		1997		1999	
Rail	Imports	*\$14.32	**11.53	\$17.69	13.11	\$16.8	14.44
	Exports	\$52.16	48.36	\$53.9	53.29	\$70.25	58.43
Highway	Imports	\$120.71	36.35	\$145.97	49.2	\$174.69	52.25
	Exports	\$119.49	54.61	\$145.61	61.82	\$181.6	73.8
Marine	Imports	\$2.26	27.24	\$2.76	31.65	\$2.8	35.47
	Exports	\$6.86	45.37	\$6.83	50.34	\$6.78	50.12
Air Cargo	Imports	\$12.96	1.08	\$16.95	0.98	\$20.25	.96
	Exports	\$9.77	.54	\$12.2	0.29	\$17.56	.62
Other	Imports	\$.45	1.02	\$1.11	3.65	\$.86	3.00
	Exports	\$19.53	122.81	\$25.61	128.36	\$28.04	124.85
Total:	Imports	\$150.7	77.4	\$184.3	98.6	\$215.4	106.2
	Exports	\$207.8	271.7	\$243.9	294.4	\$308.1	307.5

*Value amounts are in billions of dollars
 **Tonnages are in millions of tonnes
 Source: Transport Canada 2000 Annual Report

Canada-U.S. transportation flows have also dramatically increased in the area of passenger travel. Travellers, including service providers, tourists, commuters and business professionals, account for roughly 85% of the movement across the Canada-U.S. land border. These people accounted for 200 million border crossings in 1999. The number of air travellers between Canada and the United States increased from 12 million in 1988 to nearly 18 million in 1998. The number of scheduled Canadian commercial flights to the U.S. has expanded by about a third in the last five years. Passenger rail is a similarly

important component of intercity transportation, carrying people to destinations throughout Canada and the United States.

As outlined earlier, the increase in cross-border movements between Canada and the United States has not happened by chance. Various free trade agreements, increased business integration, and deregulation of transportation industries and environments (for all modes) have all contributed to a greater degree of transportation integration within North America. However, what has not happened is the creation of a modern, national, integrated

transportation system that recognizes and adapts to current realities.

attract and retain investments and product mandates in this country.

This situation repeats itself at Canada's busiest border crossings. Cross-border traffic is heavily concentrated among a small number of sites along the 49th parallel. From 1997 to 1998, almost 90% of total truck movements passed through 20 border-crossing sites. Ontario has four of the busiest truck crossings; the bridges at Windsor, Sarnia, Niagara Falls and Fort Erie handled 6.6 million trucks in 1998, or 54% of the total truck traffic. Driven by NAFTA trade, this traffic contributes to the high levels of traffic congestion and gridlock in Southern Ontario trading corridors. The next busiest crossings are the Pacific Highway in British Columbia and at Lacolle, Quebec. In addition to these two crossings, B.C. and Quebec each have three border crossings in Canada's top 20. New Brunswick has two border crossings in the top 20, while the Prairie provinces each have one.

The Canadian government has been working to enhance transportation infrastructure both domestically and at border crossings and other points of entry to improve the flow of goods and people both with Canada and between Canada and other countries, particularly the United States. For example:

- Investments in transportation infrastructure were announced in the 2000 federal budget and in pre-budget announcements in the fall of 2001.
- A "Commercial Vehicle Processing Centre" was established to reduce delays at the Fort Erie-Buffalo border crossing.
- Canada recently signed an agreement with the United States to expand the framework for in-transit preclearance (ITPC) services at major Canadian airports such as Vancouver, Edmonton, Calgary, Toronto and Montreal.
- The rail industry is working closely with customs agencies in both Canada and the United States to develop preclearance procedures for rail transportation, thus increasing the efficiency of the rail system and facilitating trade in North America.

One of the most important current initiatives is Transport Canada's ongoing review of Canada's transportation infrastructure under its Blueprint project. It aims to develop a transportation system for the 21st century that is secure, safe, integrated, cost-effective and competitive.

Canada-U.S. Passenger Pleasure Travel by Mode (2000)
(thousands of person-trips)

Mode	Canadians		Americans	
	Day trips	Overnight	Day Trips	Overnight
Auto	27,105	7,967	26,646	9,457
Plane	176	5,300	532	3,836
Bus	678	728	1,073	798
Boat	Unknown	123	Unknown	328
Foot	Unknown	340	Unknown	537
Other	114	137	628	158
Total	28,073	14,594	28,879	15,114

Source: Transport Canada Annual Report 2000

A Comprehensive Infrastructure Strategy

The primary outcomes of increased North American business integration include overburdened and congested highways, deteriorating and inadequate infrastructure, poor highway security for travellers, and the looming threat

of gridlock on our major trade corridors. Canada's businesses are already suffering the consequences in terms of time delays and cost increases because

there is no comprehensive strategy.

Logistics should be a competitive advantage for business, but they are not at the Canada-U.S. border. A recent study of one of Canada's busiest border crossings, at Fort Erie Ontario, estimates that transportation delays at that crossing alone cost shippers \$2.5 million a day. Costs such as these have a significant impact on Canadian business, as well as on the Canadian economy. It's a real bottom-line issue, and it makes it even more difficult for companies to

Canada-U.S. Passenger Business Travel by Air and Automobile
(millions of visits)

Mode	Canadian Travellers		American Travellers	
	1990	1999	1990	1999
Air	1.4	2.25	1.25	1.75
Automobile	3.6	2.8	1.9	1.95

One of the key points arising out of the Blueprint consultations is the need for Transport Canada to break down the modal policy silos created over many years. Broadly, the Coalition recommends that in the Blueprint process, Transport Canada:

- **Implement a strategic plan to revitalize Canada's aging national transportation infrastructure that includes further integration of modes of transportation and ensures that Canadians have increased mobility both within Canada and at the 49th parallel.**
- **Ensure that transportation policy takes into account trade facilitation issues such as customs procedures, immigration rules, cargo liability regimes, security arrangements and all other components of transportation, including input taxes, which, if not harmonized and streamlined, will reduce the competitiveness of Canadian carriers and facility operators.**
- **Ensure appropriate levels of regulation and operating standards where necessary to facilitate the movement of commercial vehicles between Canada and the United States.**

Border Management

The sheer volume of trade between Canada and the United States makes it increasingly difficult to avoid delays in the flows of goods and people that cross our shared border. The pressure that has built on the border has reached a boiling point, in terms of our physical ability to handle the trade volumes. Because of this pressure, the business community has been calling for systems that facilitate the movement of known, low-risk shipments by streamlining their access to border crossings and enforcing customs compliance using post-transaction auditing and random inspections.

Risk management programs allow for necessary information-gathering to take place away from the border or point of arrival/exit. This, in turn, allows for easier access to, and faster processing at, the border and a reduction in stress at the crossing point. In this regard, Canada is leading the way in terms of evolving from a transactional-based system of interdiction to that of a low-risk/high-risk assessment process, allowing customs agents to focus on areas

where strict enforcement protocols are more likely to improve compliance or deter criminal and illegal activities. As outlined in the Customs and Border Management section of this document, these programs must be immediately reinstated and expanded to cover more modes of transportation and ports of entry.

However, without modern transportation infrastructure, programs such as these cannot effectively improve traffic flows. Greater modernizations are needed to reduce the stress on our infrastructure at the physical border. The U.S. government has allocated US\$200 billion between 1998 and 2004 to finance improvements in transportation systems in core trading corridors. Canada's commitment to provide \$400 million for infrastructure improvements on the Canadian side of the border, even if matched by provincial funds, is simply inadequate. The Coalition recommends that:

- **Canadian governments immediately commit to greater funding of our transportation infrastructure to increase access to, and smooth trade flows across, the Canada-U.S. border. Priority must be given to the most congested, overburdened and aging areas.**
- **The federal government commit to working with provincial and municipal governments to provide necessary road and other infrastructure improvements leading to and at border crossings.**

Given that replacing and upgrading aging infrastructure cannot be done overnight, we must look at short-term solutions that can enhance and maximize the use of current transportation infrastructure. Using technology to report and share intelligence and data from shippers to both the Canadian and American governments represents one of the most effective approaches to improving cross-border traffic flows. It will allow government officials to pinpoint which people or goods they need to inspect when they arrive, allowing the others to move more freely. These systems must be enabled for domestic and international movements and for all modes of transportation. The direct, short-term result will be to allow for first-point-of-arrival reporting and clearance for shipments arriving in either Canada or the U.S. and transiting to the other country, reduce overall congestion at the border, and increase

security in trade chains. The Coalition recommends that:

- **Smart transportation networks be introduced to allow for the in-transit electronic reporting of documentation to government officials prior to arrival at the border, as well as to improve the electronic tracking and security of shipments.**
- **The federal government ensure that the various monitoring, telecommunications, Electronic Data Interface (EDI) and information systems under federal control are as up-to-date, compatible and flexible as possible, and allow for the introduction of Internet-based reporting systems.**
- **Carriers and terminal/port operators implement advanced technologies to allow for increased shipment tracking, improved pre-arrival reporting and streamlined screening of containers.**

Another example of maximizing existing infrastructure emerged immediately following the terrorist attacks when many processes were implemented as a reaction to alleviate the pressure from the 49th parallel and allow for greater access to border crossing points. Provincial police forces used local radio frequencies to divert traffic from overwhelmed ports to those which had some capacity to process the goods. The ability of truck drivers, in particular, to adjust their routing would be greatly enhanced by a permanent real-time communications system, such as a local radio frequency that provides accurate data on border delays. A number of airports use this method.

While this discussion has used the term “border crossings,” it is important to note that points of entry are not exclusively located at the 49th parallel. They are also located in airports and seaports. Increased levels of infrastructure for service and security are needed at these points of entry as they are similarly important in facilitating the movement of low-risk people and goods. When developing and implementing systems to reduce stress on our transportation infrastructure by facilitating low-risk movements, it is important that they be flexible enough to cover all modes of transportation and points of entry.

Improving Security

At the core of the Coalition’s work is an effort to improve security in international trade. A vital link in the security of the movement of goods and people is the transportation system itself. The Coalition fundamentally believes that there is an opportunity for Canada and the United States to move towards more coordinated border clearance processes and procedures that will lead to increased security for both countries. As outlined in other areas of the Coalition’s report, new preclearance programs that screen users, advanced technology implementation, and improved offshore screening of travellers will all lead to greater security. The Coalition recommends that:

- **Transport Canada develop principles for cargo and passenger security which incorporate:**
 - **Access control and security protocols for federal and Crown corporation facilities and infrastructure;**
 - **Cargo protection; and**
 - **Mandatory staff training to recognize and interdict illegal entries into Canada.**

The railway industry provides an excellent model for implementing security in trade flows. Canada’s railways have detailed security plans as required by their 1997 Memorandum of Understanding on Security with Transport Canada. The plans have been tested on several occasions, including in exercises involving other railway partners. In the aftermath of September 11th, North American railways were able to tighten security and intensify inspections across their systems. Major railways, which maintain their own police forces, put enhanced security plans in place to help protect employees, property and freight. The result was fewer and shorter delays in crossing the Canada-U.S. border.

In the United States, a 24-hour command centre is linked to federal national security personnel and to the North American railroads’ round-the-clock operations centre. Five task forces address key issues, and an industry working group maintains daily contact with security and intelligence officials to monitor the situation, develop appropriate responses, and adjust their plans accordingly. A steering committee has been set up, customer information needs

are being addressed, and locomotive security practices have been tightened. Patrols, security and surveillance have been stepped up at critical facilities and on shipments. The industry-wide practice of conducting thorough background checks on prospective employees is continuing.

Marine provides another example. The marine industry and some government agencies have already made considerable investments in implementing advanced ship-tracking technologies such as AIS (Automatic Identification System). AIS is a powerful and sophisticated vessel tracking and onboard transponder system in which ships continually transmit their identity, location, speed and direction to other ships and government authorities. Such an investment would provide the authorities with continuous information about the real-time position of all ships in Canadian waters, making it possible to continually monitor ship movements. Given the potential value of AIS as a means of enhancing security, the Coalition recommends that the federal government:

- **Invest in the construction of shoreside infrastructure that would enable all relevant authorities to access the vital information provided by AIS.**

Strengthening security in the trade chain must also involve examining the refugee determination process, particularly for stowaways and crew on international vessels. Under a 1958 International Labour Organization convention, crews on international vessels do not require visas to enter a country in which the vessel they will be working on is docked. This exemption applies to crews who arrive on a different vessel in order to relieve their vessel's existing crew. It is becoming more common for people smugglers to forge documentation so that prospective refugee claimants arriving on one vessel (airplane) appear to be joining a crew on another vessel (ocean liner) already in port. Claimants destroy the paperwork while in transit and arrive in Canada as undocumented travellers, creating potential security problems, as well as difficulties for the airline and shipping industries. The Coalition therefore recommends that the federal government:

- **Introduce visa requirements in cases of ship's crew changes.**

In the United States, stowaways and deserters who claim refugee status are automatically detained until their cases have been decided, and all crew members need visas to enter the country. Canada should adopt this practice.

Overall, we must look at the expertise available and implement best practices that can create a greater level of security and confidence in our global transportation network. Improved systems should be implemented where applicable and practical, through increased cooperation between the public and private sectors, and in all modes of transportation to provide Canadians with greater security and a more efficient transportation system.

Canada-U.S. and International Cooperation

Because of our proximity to, and close relationship with, the United States, intergovernmental cooperation is essential in creating secure and efficient transportation systems domestically and internationally. Our land-border crossing points, through which flows the majority of our two-way trade, require cooperation in creating and managing the physical infrastructure. Our seaports and airports, which are the first point of entry into our countries, must also become areas of greater cooperation. Systems must be implemented that ensure that low-risk goods and people crossing our borders are scrutinized just once. A system of joint targetting and common inspection will ensure the highest level of security and facilitate trade to the greatest degree. In order for our infrastructure to cope with the increased burden of trade flows, we must move as much processing away from the border as possible and create cooperative facilities, where possible, to help simplify movements across the border.

The Coalition recommends that cooperative efforts be developed, expanded and implemented to maximize our transportation network. These must include:

- **Creating a joint plan between Canada and the U.S. to address transportation congestion problems and replace necessary infrastructure at border crossings.**

- **Developing the ability to process import and export containers and passengers at the first point of arrival/exit by relevant U.S. and/or Canadian government officials. This should be implemented for all modes of transportation.**
- **Establishing joint facilities along our shared border that will allow for more efficient processing of vehicles and eliminate duplication between governments to streamline the transportation system.**

These measures must be treated as urgent priorities at the highest levels of both the Canadian and American governments, as many structures and facilities are in dire need of upgrading or replacement. Bridges, tunnels and highways cannot be repaired or built overnight. The needed resources must be allocated immediately and solutions must be found for inter-jurisdictional logjams at political and bureaucratic levels.

An example of a cooperative approach to resolving these problems can be found at Vancouver International Airport (YVR). At YVR, those passengers en route to a U.S. destination can transit through without entering Canada, i.e. they are not inspected by Canadian Immigration or Customs officers, and go directly to the U.S. preclearance facility where they are cleared by U.S. officials for entry into the United States. This cooperative agreement facilitates the movement of low-risk Canadian and international travellers to U.S. destinations by using existing facilities and processes and eliminates duplication of effort by our governments. This system should be expanded for major airports and to commercial goods to create a simplified and coordinated approach to border clearance that maximizes the use of resources, eliminates duplication and redundancies, moves processing away from the 49th parallel, and improves border management.

The Coalition recommends:

- **Expanding the Vancouver International Airport In-transit Preclearance pilot facility to major Canadian and American airports to create improved transit facilities for passengers and cargo, as well as to seaports.**

CONCLUSION – MOVING FORWARD

Many of the recommendations presented by the Coalition for Secure and Trade-Efficient Borders must be implemented immediately to avert the potential borders crisis looming over the Canadian economy since September 11th. However, this report, and the recommendations it includes, are not simply reactions to the events of September 11th, but constitute a plan to ensure that the Canada-U.S. border functions even better than it did before the terrorist attacks.

Rethinking Our Borders: A Plan for Action does not presume to provide an exhaustive set of proposals that meet all of Canada's border and security challenges. Rather, its specific recommendations reflect the overall approach that Canada must take, in the areas of customs administration, immigration and transportation, to improve the physical and economic security of Canadians and facilitate cross-border trade. There are other areas, such as open waters, small airports located along the 49th parallel and other isolated and/or remote entry points, which raise a significant and unique set of security and law enforcement issues involving illegals and contraband. The Coalition urges the federal government to continue its efforts to address them while taking care not to impede the movement of legitimate goods and travellers.

Neither does the report offer a quick-fix, "instant coffee" solution. Problems currently facing Canadian businesses and travellers crossing the Canada-U.S. border developed over a long period of time and will not be solved overnight. Instead, their resolution requires long-term, coordinated, sustained, high-level commitment and investment by the federal government—led by the Prime Minister and involving Cabinet Ministers, and key departments and agencies.

The federal government has a unique opportunity to build upon the Coalition's report to develop a comprehensive and integrated strategy that addresses issues of security and border management in a way that will give Canadians and Americans confidence. The Coalition believes firmly that the Canadian Prime Minister and U.S. President must lead cooperative efforts between our two countries, and that solutions require active private-sector participa-

tion. Individual agencies must be told that their job is to make it work. Without this clear direction from the top, the sweeping changes that are needed risk being lost to thousands of inter-jurisdictional jealousies.

Developing a successful borders strategy does not have to mean reinventing the wheel. It can build on existing initiatives, such as the 1995 Canada-U.S. Shared Border Accord and the Canada-U.S. Partnership Forum. CUSP was designed to examine border cooperation between Canada and the United States, and is focussed not only on congestion at specific border crossings, but on the larger issue of shared border management. To increase the Forum's effectiveness, the Coalition recommends that:

- **The Canada-U.S. Partnership be reinvigorated and driven at the appropriate ministerial levels in both countries.**

Industry must be a key partner and share responsibility—not only by providing necessary input into the development of a borders strategy, but in realizing its aims and objectives. Its participation must be formalized through a consultative and advisory mechanism that enables the federal government to:

- **Establish a high-level, ongoing dialogue with Canadian industry, represented by the Coalition for Secure and Trade-Efficient Borders, to monitor border issues and review progress in addressing them.**

Communications and education are also key to success. A sound, effective communications strategy must be targetted at giving both Canadians and Americans a good understanding of border issues and solutions. An opportunity exists for the public and private sectors to work together to make such a strategy happen and the Coalition provides the natural industry partner. It calls on the federal government to:

- **Provide leadership in developing a communications strategy to build support in the United States and Canada for a unified Canadian position that addresses economic and physical security.**

This initiative must engage the political leadership of both Canada and the United States: the Prime Minister and President; members of the Canadian and U.S. cabinets; MPs,

Congressmen and Senators; provincial Premiers and state Governors; and municipal leaders. Canadian and American industry leaders must also be fully involved.

Canada must be part of the solution—a solution based on greater cooperation between Canada and the United States and one in which physical security and economic security are linked. The Coalition for Secure and Trade-Efficient Borders looks forward to continuing to work with the Canadian and American governments to ensure the efficient movement of goods and people across the Canada-U.S. border within the context of joint security.

Notes

Rethinking our Borders

The terrorist attacks of September 11th have pushed security concerns to the forefront of the agenda for Canadians and Americans alike. They have also posed a threat to the economies of both nations. The federal government must take swift and effective action to respond to the new security reality. In doing so, it will re-establish confidence in our trading relationship with the United States which is so vital for Canada.

Central to that trading relationship is a fluid and predictable Canada-U.S. border. Resolving border issues is of critical importance to Canada's business community and to our economy. Given today's economic realities, security measures at the Canada-U.S. border must be implemented effectively to avoid disastrous effects on our economies. Canada's prosperity depends on our trading relationship with the United States which, in turn, depends on the efficient flow of goods and people across the 49th parallel. The tightening of the Canada-U.S. border in the immediate aftermath of September 11th caused lengthy delays that forced some Canadian plants to temporarily reduce or halt production. While border conditions have improved, the federal government must act to ensure that such a situation does not become the new *status quo*. Thousands of existing Canadian jobs are at stake, and Canada risks losing future foreign direct investment and the new jobs that go with it.

Although current concerns are focussed on the Canada-U.S. border, it is important to recognize that these are related to Canada's ability to guarantee security at other points of entry. We must ensure that Canada is not used as a conduit through which high-risk goods and travellers can enter the United States. The challenge is: How do we maintain secure national borders while ensuring that low-risk goods and travellers can move

efficiently between Canada and the United States?

As a starting point, this paper sets out guiding principles and general approaches for action on improving border management.

A New Reality

Border fluidity directly affects Canadian economic prospects and has important strategic implications. Much of Canada's economic activity depends on the problem-free movement of automobiles, airplanes, trains, trucks and ships, especially in the world of just-in-time production and delivery systems. It also depends on the mobility of people, including business travellers, service providers, tourists and commuters.

Border delays harm productivity and increase the cost of doing business in Canada. If the border is a barrier to the efficient flow of goods and people, it will directly affect the future flow of foreign direct investment into Canada. Without unimpeded access to the U.S. market, companies will be reluctant to establish operations in Canada. In addition, companies with facilities in Canada may relocate, and future investment by Canadian and foreign companies may be reduced.

Border-related concerns predate September 11th but those events have made it imperative that we address them. They must now be resolved within the context of the urgent need to ensure the individual and collective security of Canada and the United States. In particular, we must address the complexities of maintaining a secure Canada-U.S. border that enables low-risk goods and people to move efficiently. This requires governments, business and citizens to deal with a variety of important issues as they try to meet both security and economic needs.

The Coalition for Secure and Trade-Efficient Borders believes the following principles must underpin new border arrangements:

- **The security of Canadians and Americans is paramount.** As the events of September 11th have also threatened the economies of both nations, government officials and business leaders must work together to protect our citizens and safeguard the economic well-being of Canada and the U.S.

Border delays harm productivity and increase the cost of doing business in Canada. If the border is a barrier to the efficient flow of goods and people, it will directly affect the future flow of foreign direct investment into Canada.

- **Security and trade are linked.** Increased security will facilitate trade if there is confidence and trust in the measures taken on both sides of the border. The steps that are taken must be in the context of a risk assessment model aimed at moving low-risk goods and people while focussing resources on threat mitigation. Management of the border on the basis of risk implies new approaches and techniques which allow clearance procedures for goods and people prior to their arrival at the physical border.
- **Collaboration is essential.** To combat threats to Canada, there must be greater dialogue and cooperation among Canadian government departments and agencies, and between Canadian and American officials. Cooperation between Canada and the U.S. is not new. There are already longstanding joint arrangements on defence, the environment, transportation infrastructure and certain customs procedures. Both nations must have shared goals and objectives on protecting physical and economic security, but respective measures to achieve these do not need to be identical. However, any measures must include greater sharing of data and intelligence.

- **Technology is an essential tool.** Governments and the business community must work together to use new technology to better facilitate business traffic while meeting security concerns.
- **Solutions must be bilateral in nature.** While Mexico shares the same economic space within NAFTA, the border issues between Mexico and the United States are significantly different from the Canada-U.S. context. In addition, the dialogue between Canada and the U.S. with respect to border issues is much more advanced. Greater Canada-U.S. border cooperation could serve as a future model for a U.S.-Mexico accord, but for now, the two borders are so far apart, physically and figuratively, that they require significantly different treatment.

Canada and the United States must build on the 1995 Shared Border Accord, which targeted: international trade promotion; facilitating people movement; enhanced protection against drugs, smuggling and the illegal and irregular movement of people; and the reduction of costs for both government and users.

We must also build on and implement many of the solutions contained in the Canada-U.S. Partnership Forum (CUSP).

- **Solutions must be balanced, workable and predictable.** Getting the border “right” matters in a very tangible way and requires a comprehensive approach. There must be a balance between security and economic concerns, between individual and collective rights, and between collaboration and sovereignty. Moreover, it is essential that solutions be tailored to the different requirements of goods *versus* people, and different transportation modes, *i.e.* air, marine and surface.
- **The time for action is now.** Constraints at the border predate September 11th and solutions have already been identified in numerous studies and forums. It is now up to the governments of Canada and the U.S. to take concrete actions to address

Statement of Principles -Coalition for Secure and Trade-Efficient Borders

these issues. Both business and security concerns demand it. For its part, the Canadian government must act quickly to pass the new legislation on security, customs and immigration, among other measures.

A New Approach

To ensure secure and trade-efficient borders, risk management and assessment must be at the heart of border management systems in the post-September 11th reality.

To deal effectively with unknown and high-risk movements, Canadians have to think of the border in terms that go beyond the 49th parallel. This does not mean the disappearance of the border. Rather, border management systems must effectively identify and facilitate known low-risk goods and people, including pre-clearance and other procedures prior to arrival at the 49th parallel. This will relieve pressure on the 49th parallel so that border resources can be targetted to areas of greatest risk.

This requires three integrated lines of security:

1. Offshore interception

Problems must be detected before they hit Canadian or American shores. In concrete terms, this means screening people and assessing their risk before they depart for North America.

This first line of security will require governments to place more resources abroad. It will also require new and timely methods of information-sharing between Canada and the U.S. on a coordinated basis across the many agencies involved, e.g. police, customs, agriculture, immigration and transportation.

2. First point of entry into North America

Each year, 10 million visitors (excluding those from the U.S.) arrive in Canada, some 90% via large international airports like Montreal, Toronto and Vancouver. Canadian immigration procedures must be able to properly assess and deal with these arrivals, including

individuals who may be transiting Canada to other destinations, especially the U.S. At the first point of entry to North America, it is essential that Canadian procedures ensure, to the extent possible, that these arrivals pose no threat.

On the cargo side, the bulk of international cargo enters Canada through a small number of seaports and airports. The system must expedite the entry and transfer of low-risk goods destined for either Canada or the U.S, while combatting the problem areas.

3. The Canada-U.S. border

Ensuring that we have a "smart border" will strengthen its effectiveness. In particular, measures to move low-risk identification processing away from the border are essential. These would ease border congestion and allow border authorities to concentrate on high-risk movements.

Canada-U.S. Border Facts

- *Canada and the United States have the largest bilateral trading relationship in the world.*
- *Canadians sell more to the United States than they consume at home.*
- *65% of Canada's manufacturing production and over 86% of its total exports go to the United States.*
- *A truck crosses the border every 2.5 seconds—that's 45,000 trucks a day.*
- *200 million people cross the border every year.*
- *A million dollars a minute of two-way trade flows across the border, totalling over \$700 billion last year.*
- *85% of border crossings are non-commercial in nature.*
- *Eight of the top ten border crossings are either bridges or tunnels.*
- *70% of trade by value is shipped by truck, 17% by rail, 6% by air and 2% by marine.*
- *There are the same number of guards on the border today as there were in 1980.*

Various measures that accomplish this have been in place or under trial for some time on the travellers' side, e.g. NEXUS and CAN-PASS. For commercial movements, Customs Self-Assessment is scheduled for implementation in December 2001. Those programs which have been suspended in the wake of the September 11th events must be reactivated as soon as possible.

Statement of Principles -Coalition for Secure and Trade-Efficient Borders

The three lines of security must be part of an integrated solution. None of these can operate in isolation if they are to be effective. This will require leadership and commitment from both governments at the highest political levels.

This approach has been variously termed a "perimeter" concept or a "zone of confidence". Canadians should not let the debate over terminology or labels obstruct the measures that are needed. The key point is that many of the components that provide the desired solutions are known. In essence, the "perimeter" approach or concept is not a top-down, grandly conceived scheme. It is a bot-

The "perimeter" approach or concept is not a top-down, grandly conceived scheme; rather, it is a bottom-up approach which better coordinates and manages existing practices, and establishes new steps to fill the gaps which are being identified through the collaborative efforts of all concerned.

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Conclusion

Canada and the United States are inextricably linked by geography and economics, and both countries must remain fully engaged in the world community. We must not allow the events of September 11th to impede the economically vital flow of people and goods across our common border.

Since September 11th, the Canadian and U.S. governments have moved quickly and effectively to ensure that people and goods can cross the border with a minimum of delay, while respecting security requirements. However, border-crossing volumes are down since September 11th; if they return to previous levels, serious delays are likely. The current situation is a short-term reprieve-attention is now focussed squarely on the question of how Canada-U.S. border management should evolve.

The current environment is, ironically, creating a window of opportunity for Canadians and Americans to re-evaluate their border relationship and to address issues that pre-date September 11th. The new imperative is the collective security of Canadians and Americans.

At the core, we can no longer think of only the 49th parallel, but must broaden our approach to managing our borders if we are to ensure security. Collaboration and cooperation must take place on a variety of levels within and between both nations: between governments and the business community; between businesses and business associations; and between governments.

Canada's business community, represented by the Coalition for Secure and Trade-Efficient Borders, has a vital stake and an important role to play in the successful resolution of border issues.

Through individual members, the Coalition is carrying a message of cooperation and common purpose to American businesses and business associations. Working groups composed of Coalition members are developing specific recommendations on customs, security and immigration, and transportation reforms to further the agenda. From this perspective, the Coalition will work with the Canadian government and Parliamentarians to ensure that federal officials have the information and input they need from the business community to move forward on this issue urgently.

A Canada/United States of America Accord on Our Shared Border (1995)

Context

Canada and the United States are more than neighbours. Sharing a common past, many interests and objectives, we have become friends, allies and economic partners. Our relationship is a model for the world.

Canada and the United States have been and will continue to be the world's largest trade partnership. Millions of tourists cross the border visiting both countries; and close, longstanding relationships between Canadians and Americans involve relatives and friends visiting each other. In addition, both countries are and will continue to be attractive destinations for people from around the world wishing to immigrate permanently.

As societies we share concerns about the scourge of drugs, about the smuggling of illicit goods, and about the illegal and irregular movement of people into our countries.

Common Objectives

We already have the longest undefended border in the world. We now need to create the most efficiently managed border in the world.

The environment in which our border services operate is rapidly changing. Travel, trade and tourism along our shared border have increased significantly every year. The ability of both governments to respond to the challenges of this new and rapidly changing environment requires that rules, processes and facilities at the border be modernized to facilitate trade and travel, while at the same time adequately protecting the public, and making optimal use of scarce public funds.

We are committing our two governments to work together to find a better way to manage our shared border. Specifically, this means creating a border that:

1. permits commercial goods and legitimate travellers to flow easily between both countries;
2. allows business travellers and commuters to travel unimpeded; and
3. permits friends and relatives in both countries to visit each other with minimal formalities.

Finally, this means focusing our efforts and limited resources more effectively on the illegal or irregular movement of goods and people.

The two governments agree that a joint approach to the management of the border should be guided by the following objectives:

- To promote international trade by:
 - adopting the best practices of each country to harmonize commercial border processes and procedures;
 - developing jointly, the use of advanced technology; and
 - working together to influence the use of standard technology world-wide.
- To facilitate the movement of people by:
 - streamlining processes for tourists and other temporary entrants such as business travellers and temporary workers;
 - providing enhanced services for frequent travellers at remote land border crossings, small airports, and on common waterways; and

establishing common visa requirements and coordinated processes for both countries, where feasible, and to the extent permitted by law.

- To provide enhanced protection against drugs, smuggling and the illegal and irregular movement of people by:
 - sharing responsibility for asylum seekers;
 - focusing our resources on high risk, illegal and irregular activity; and
 - increasing our exchange of information and our use of technology regarding high risk goods and people.
- To reduce costs for both government and users by:
 - developing a strategy for the increased use of common facilities, personnel and other infrastructure in providing Customs and Immigration services.

Specific Initiatives for Immediate Action

In order to assure early progress toward achieving these common objectives, the two governments will appoint a joint steering committee from the Customs and Immigration services (and other agencies as appropriate) to develop an action plan in support of the above objectives and that they should report back on progress within six (6) months.

A list of specific initiatives which should be included in the action plan is set out below:

- the establishment of a joint Canada/United States frequent traveller program, bringing together the US PORTPASS and Canadian CANPASS programs, to be implemented gradually at all major land border sites and airports;
- the use of automated entry devices at selected remote ports of entry;
- permit and telephone reporting systems for private aircraft and boats;
- joint client services and programs to assist the trading community and the travelling public;
- the development of common data requirements and processes to support the introduction of electronic clearance of commercial goods;
- consultations prior to construction or renovation of border facilities, to achieve economies from joint use or sharing of facilities;
- the procurement and sharing of high cost equipment;
- the pursuit of an agreement on sharing responsibility for asylum seekers;
- to explore common visa requirements and coordinated processes for both countries, where feasible, and to the extent permitted by law;
- joint training programs for border personnel;
- the feasibility of cross-designation and sharing of personnel; and
- the sharing of information and expertise to support improved compliance.