

*THE BOARD OF DIRECTORS  
AND  
THE BI-NATIONAL MEMBERSHIP OF THE  
CANADIAN/AMERICAN  
BORDER TRADE ALLIANCE  
( CAN/AM BTA )*

*WISH TO THANK THE EXCELLENT SPEAKERS,  
SUPPORTIVE SPONSORS  
AND INTERESTED PARTICIPANTS*

*WE ESPECIALLY THANK*

*BERTIN COTE*

*MINISTER ECONOMIC AND  
DEPUTY HEAD OF MISSION*

*AND*

*THE CANADIAN EMBASSY STAFF FOR HOSTING  
SUCH A MEMORABLE RECEPTION.*

*ALL YOUR EFFORTS HELPED MAKE THIS  
CAN/AM BTA WASHINGTON, D.C. CONFERENCE  
SUCH A RESOUNDING SUCCESS*

*Can/Am BTA was especially pleased to have  
representatives attend the Conference from  
4 Provincial Governments and many Border States .*

*JIM PHILLIPS  
PRESIDENT AND CEO*

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**CONFERENCE SUMMARY HIGHLIGHTS  
CAN/AM BTA SEPT. 14-16, 2003 WASHINGTON, D.C.**

CAN/AM BTA is an organization with far-reaching beneficial impact on the important issues of Border Management, Trade, Travel and Business between The World's 2 Largest Trading Partners CANADA and the UNITED STATES.

**The next Can/Am BTA Conference Ottawa, Canada - May 2- 4, 2004.  
At the Chateau Laurier**

Conference Speakers recognized CAN/AM BTA's leadership role:

**(Congressman George Nethercutt, Congressman Jack Quinn,  
Congressman Bart Stupak ,  
Co-chairs Northern Border Caucus - U.S. House of Representatives)**

"The Canadian/American Border Trade Alliance's effectiveness and impact is recognized and appreciated. Our presence here today reflects that."

**(Ambassador Cresencio Arcos, Director Int. Affairs, Homeland Security)**

"CAN/AM BTA consistently reminds governments what is realistically needed. Your meaningful input is desired and heard."

**(Bertin Cote, Minister Economic, Deputy Head of Mission Canadian Embassy)**

"The CANADIAN/AMERICAN BORDER TRADE ALLIANCE plays a very important role in the management of the border Canada shares with the United States."  
"It is always a pleasure to address the Can/Am BTA. I look forward to receiving you tonight at the Embassy."

**CONFERENCE SPEAKERS AND THEIR MESSAGE**

**Karen Phillips, V P Gov't. Relations, Canadian National, CAN/AM BTA Exec. Board**

Welcomed attendees and expressed appreciation for their participation in this 10th Year Can/Am BTA Washington Conference. An excellent opportunity to focus on the U.S./Canada relationship. Timely insights provided on U.S./Canada shared goals in a number of areas including Trade, Energy, Homeland Security, Customs and Border Gateways / Corridors.

**Gil Duhn, Mgr. Customs, General Motors, CAN/AM BTA Exec. Board**

Provided a panorama of background and the current status of some key issues. Reminded that the Customs Modernization Act is 10 years old and 2 years have passed since "9/11". General Motors makes 7000 shipments on 1200 trucks a week. The National Customs Automated Prototype (NCAP) has become FAST (Free And Secure Trade) and the process is working well, although driver registration is slow (with a rejection rate of 30% down from 70%). Access to the primary booths is not where it must be although the placard system used in Detroit helps. Infrastructure needs must be addressed with more timely decisions made. An electronic manifest system is needed for the small shippers and package operations. Private Industry must step up and input carriers data prior to arrival.

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**HOMELAND SECURITY - CANADA/U.S. COOPERATION AND BORDER MANAGEMENT ACTIVITIES OF A SMART BORDER FOR THE 21<sup>ST</sup> CENTURY**

**Ambassador Cresencio Arcos, Dir. Office of Int. Affairs, Homeland Security**

Homeland Security international relations overview indicating where we are going and how we get there. We have a special relationship with Canada. We have made great progress. Features of that relationship include: the Ridge-Manley personal relationship and strong institutional activity. While economic integration is a long standing and continuing development, U.S. and Canada are not close to an economic union. Need to harmonize within the U.S./Canada activities related to trade, movement of people and security. We must not disrupt economic security!!! U.S. Customs and Border Protection and Canada Customs and Revenue Agency have an effective and enlightened joint approach utilizing risk management techniques to identify and facilitate low risk goods and people. Utilize an account-based approach.

Infrastructure needs and the capital required must be identified. Listen to the Canadian Government and understand differences. Determine how we deal with true security needs. In the policy arena we cannot be reactive or glandular. Intelligence is the key (not intrusive and privacy sensitive).

International Affairs and policy formulation i.e. how to manage immigration with Mexico, develop a perimeter approach to make the 49<sup>th</sup> parallel (U.S./Canada Border) more seamless for low risk activity, strong support for private sector engagement. Developing a vision of where should we be in 2 years.

Issues are:full control of border; biometrics for entry - 6 months realistic evaluation; labor mobility; U.S./Canada and U.S./Mexico vastly different (Not one size fits all).

**ENERGY - IMPORTANCE OF THE U.S./CANADA ENERGY RELATIONSHIP**

**David Pumphrey, Deputy Ass't. Secretary Int. Affairs, U.S. Dept. of Energy**

U.S./Canada Energy Relationship Overview:

The U.S. and Canada are closely linked in energy systems, integrated into a continental energy market. Canada is the "largest energy supplier" to the U.S. (Canada supplies 17 % of U.S. oil consumption {Saudi Arabia supplies 13% }; Canada supplies 95 % of imported electricity and 94% of imported natural gas). Commitments are in place i.e. Canada is a very secure supplier of energy to the U.S. and the U.S. is a very secure market for Canada in this very important segment of bi-lateral trade. There are 35 natural gas pipelines, 22 oil pipelines and 51 electrical transmission systems that connect our 2 countries. The infrastructure is well served and not vulnerable. Energy activity occurs with minimum gov't oversight and has no physical border in the flow of product. The integrated market benefits from joint technology development by the U.S. and Canada.

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The Oil and Gas Journal now reports the Canada Oil Sands as a recoverable proven reserve of 180 billion barrels which increases North American reserves of oil to 18% of the world supply while reducing the Middle East from 66% to 57%.

Canada supplies 16% of U.S. natural gas usage heavily to the U.S. Northeast. Canada also supplies electricity to 30 states (should be noted electricity flows to both countries depending on need). A joint task force is operational relative to the recent blackout. Their mission is to specifically determine why, where, when, causality and the steps needed to prohibit reoccurrence. Three working groups are active: Electrical Systems, Infrastructure Security and Nuclear Issues.

A North American Energy Market for U.S./Canada/Mexico is being developed. Working groups are formed to focus on: the Energy Picture; Electrical Regulatory; Standards and Labeling; Continental Gas Market and Infrastructure Protection.

**Kathy Deutsch, Senior Analyst, Office of the Americas, U.S. Dept. of Energy**

Electricity Relationship:

U.S. /Canada trade in electricity has steadily occurred since the 1970's currently reaching three quarters of a Billion \$ U.S. per year in value. Canada supplies 94% of U.S. imports of electricity. A portion serves approx.15% of Northeast U.S needs.

Priority focus is on systems restoration and transmission facilities. Operations reliability is stronger by U.S/Canada cooperation and joint developments. We must achieve reliable transmission system. The grid is antiquated and inadequate. The Department of Energy is completing a Transmission Grid Study to identify the bottlenecks, challenges and provide a roadmap for GRID 2030.

**Dr. Barry Gale, Dir. Science&Technology, Fossil Energy,U.S. Dept. of Energy**

Technology Development, Renewable Fuels

“The vibrant cooperative history of the U.S./Canada development partnership reflects a most profound bi-lateral collaboration.”

Discussed carbon sequestration (coal gasification removing hydrogen and carbon dioxide) using fossil fuels in an environmentally responsible way. Cited the operation in North Dakota using coal to produce electricity and sending the carbon dioxide to Saskatchewan.

Discussed the partnership for Hydrogen economy, climate change technology citing the different fuel technology required for transportation. Ballard Company is the most advanced in developing the technology for automobiles. Cited the U.S./Canada Fuel Cell Technology Group, the great flow of cooperative ideas and the work toward common standards and safety codes. Described the development of Mobile Units of Power.

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THE CANADIAN PERSPECTIVE

**Bertin Cote, Minister Economic, Deputy Head of Mission, Canadian Embassy**

Cited the extraordinary times we are living through. Stated determination to address challenges faced when trading and/or traveling across the border. Stressed Canada is continuing to work hand-in-hand with U.S. colleagues.

The one important underlying principle driving NEXUS, FAST and all of the 30 initiatives in the Smart Border is "Risk Management". It is key to creating a modern and responsive management for the border. Industries are highly integrated between the U.S. and Canada and depend on an uninterrupted chain of supply from which millions of workers on both sides of the border benefit. Border delay costs have a direct negative impact on competitiveness in both countries.

The post 9/11 world demands we step up to the plate. We all must continue to know what the risks we face are and segregate the low-risk from other elements of our border users. Described VACIS, IBETS, pre-arrival data, and a number of other elements now present to achieve our common goal of "keeping our borders closed to terrorists and open to legitimate trade and travel."

Cited the single Mad Cow (BSE) case disruption of the integrated beef operations and trade with the reality that when one of us has a problem we both face challenges and serious impacts.

The future lies in cooperating to push the border away from our border back to origins abroad. We need to interdict suspicious travelers before they arrive at our shores. We need to prevent risky cargo destined for the United States and Canada from being loaded for transport.

We must be more creative and energized and encourage private sector involvement through cross-border linkages and networking.

**Mike Cronin, Assistant Commissioner, who served as DMIA Task Force Chairman, was recognized for his leadership and substantial contributions. His knowledge and effectiveness have enhanced U.S./Canada cooperation and U.S. operations. He is very highly respected in his sphere of influence.**

VIEW FROM CUSTOMS AND BORDER PROTECTION

**Jay Ahern, Ass't Commissioner, Field Ops., Customs and Border Protection**

The Field Operations force is now 25,000. Since 3/1/03, CBP has developed the mission, people, policies and unified procedures. Focused to provide improvement for all elements, specialties as well as their stakeholders "One Team One Fight".

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Existing personnel will be cross-trained next spring. The Agriculture specialist position is being maintained. As of October 8, new hires will receive unified basic training as CBP Officers. Smart Border priority is being maintained. NEXUS and FAST dedicated lanes are being rolled out. Radiation Portal Detectors for trucks are being installed.

VACIS machines being installed at 25 locations. The Northern Border has been grossly understaffed but that is being remedied. The objective is to run all existing primary facilities during peak demand periods.

Currently there are 4100 participating companies in Customs and Trade Partnership Against Terrorism (CTPAT). A validation process is underway to insure compliance and develop Trusted Trader status. Overseas manufacturers are being added to CTPAT. We are pushing the borders out to off shore. The Container Security Initiative (CSI) has 19 of the 20 major world ports participating plus 3 others in the next tier. U.S. Targeting Officers are now located at 16 ports. Offshore interdiction of inadmissible people at the origin is being expanded and in the future will be a CSI approach to people.

Pre-arrival and other information acquired under the 2002 Trade Act, (while assisting in security), is critical to expediting and facilitating low-risk goods and people at the borders.

**TRANSPORTATION / CORRIDORS / GATEWAYS TEA 21 REAUTHORIZATION**

**Jill Hochman, Director, Interstate and Border Planning, FHWA, U.S. DOT**

Discussed the Safe Accountable Flexible Efficient Transportation Equity Act (SAFETEA) proposal by the Administration, the reauthorization of TEA21, currently being debated by Congress. Explained the poison pill in TEA21 requiring congressional legislation by Oct. 1, 2003.

(Editorial comment: subsequent to our Conference purportedly the required extension legislation was passed to allow FHWA to continue to provide funds for existing TEA21 prior to the Oct.1 deadline). Deliberations on SAFETEA continue.

Presented an Overview Summary of the TEA21 Borders and Corridors funding. Described the Administration proposal for the coming 6 years, the various fund source matches, and the permitted use of funds under the Section 1806 Multi-State Corridor Planning Program \$496.5 million over 6 years and the Section 1807 Border Operations Planning and Technology Program \$496.5 million (limited to locations within 60 miles of the U.S. borders). Involves bi-national and/or multi jurisdictional groups for studies, safety inspections, technology, information systems etc. Benefits U.S. land border Ports of Entry. Funds can be spent in Canada on bi-national projects.

Recommended frequent visits to web site [www.fhwa.dot.gov/reauthorization](http://www.fhwa.dot.gov/reauthorization)

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**GREEN CORRIDORS AND CLEAN CITIES**

**Greg Dandewich, President, Destination Winnipeg, CAN/AM BTA Exec.Board**

Defined cities as being key integral components of a corridor. The reality is cities are “market nodes” that corridors connect. It is important to utilize a regional view.

Air Quality issues are much more pronounced in cities with their high population concentration. Deployment of alternative fuel vehicle fleets is beneficial. Must provide public awareness for positive impact.

Air contaminants cannot be ignored. Composite material research is important to vehicle weight reduction without compromising safety. Increased trade and transportation activity created increased emissions. Cross border movements are reported to create 3 to11% of total Nitrous Oxide, 5 to16% of particulates and idling trucks waiting to cross the borders 6% of Carbon Monoxide emissions. Use of alternate fuels, longer combination vehicles (Rocky Mountain Double and triple trailers) and reducing empty freight haul mileage are recommended. Efficient border crossings = reduction in emissions and improving environmental impact.

**INVOLVING BORDER COUNTIES AND STATES**

**Jeff Arnold, Deputy Director, Leg. Affairs, National Assoc. of Counties**

There are 3066 Counties in the United States. Counties with international arrival airports and seaports consider themselves “border counties”. Counties are different things in different places. Learning local rules is critical. Coordination and communication are the two critical elements for effective results. County Sheriffs are very involved in situations involving border activities. Intelligence must be strengthened. Counties have air quality responsibility (border related pollution). Small business risk constraints from air quality limits reached by extensive border related vehicles idling. Infrastructure utilized for border crossings are State and County roads in many cases. The northern border is distinctly different from the southern border and their resultant impacts on the counties the border resides in.

Money is limited so key priorities and realistic timelines must be set and then be tackled together. There is a need to “Get everybody in the same canoe”.

**Nolan Jones, Ph.D., Director H.R. Committee, National Governors Assoc.**

“All politics are local”. Reminded of the 1985 meeting in Boise, Idaho of the Governors and the Canadian Premiers when trade with Canada was recognized as extremely important. The Northern Border and a number of other state economies are dependent on the U.S./Canada flow of goods and tourists. The current deficit outlook for states is \$80 billion and growing.

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Governors want a balanced approach. Michigan has big city border crossings while North Dakota border crossings are rural. Each is unique. Key to security is obtaining and sharing intelligence. As a nation holistically, security and facilitation of low risk goods and people for economic security must both be simultaneously achieved.

Border areas shoulder large financial burden for national economic benefit activities. The Federal Government needs to recognize the severity of the situation of border related activity on the local criminal justice systems. The State Criminal Alien Assistance Program was \$550 million, cut to \$400 million yet actually costs \$850 million. Border protection is a Federal responsibility.

**DATA MANAGEMENT IMPROVEMENT ACT (DMIA) TASK FORCE**

**Dominica Gutierrez, Executive Director, Data Management Task Force, DHS  
Jim Phillips, President Can/Am BTA, DMIA North. Land Border T.F. Co-chair**

The 2003 activities and focus of the Data Management Improvement Act (DMIA) Task Force were described. The extensive air, sea and land port observation and fact finding visits were described from New York to California and Vancouver, British Columbia Canada to Juarez, Mexico including Coast Guard cutter harbor patrols in Los Angeles and Long Beach, river patrols in Miami and Border Patrol rides in the desert between El Paso and Santa Teresa, New Mexico.

The focus this 2nd year was Infrastructure / Resources, Information Technology interoperability (52 separate major systems reviewed) and increasing Coordination and Cooperation. Programs included CSI, CTPAT, FAST, NEXUS and SENTRI (Known Traveler and Trusted Trader programs). We need to maximize what we have, leverage technology, develop pre-arrival info off border to determine red light/green light decision upon arrival, ways to improve processes and approaches.

The Department of Homeland Security is interested in learning what users think to make the border crossing process smarter, better and faster.

The Task Force second annual report is due to Congress by Dec. 31, 2003. It will be there! The content will be released at that time.

**HOUSE OF REPRESENTATIVES NORTHERN BORDER CAUCUS**

**Congressman George Nethercutt Jr., Washington State, Co-chair**

Acknowledged John LaFalce, the Congressman who formed the Northern Border Caucus in 1994 in conjunction with the Can/Am BTA. John was in attendance at the Conference.

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The Northern Border Caucus is an active Caucus; meeting with Administration officials, DHS, members of Parliament, the Can/Am BTA etc and is active on issues. The Caucus is a strong team representing the Northern Border. It supports commerce, tourism, economic development and job creation related to bi-national activities and enhanced relations with Canada.

Reiterated the need to provide resources for border management and related activities by the participation of Caucus members on Appropriation and Authorizing Committees.

Reiterated appreciation for the relationship with Can/Am BTA and for the input and advice received.

Advised that the Northern Border Caucus Co-chairs were going to write an editorial piece on the importance of the U.S./Canada relationship for broad distribution in the print media.

**Congressman Bart Stupak, Michigan, Co-chair**

Cited the critical importance of working together. The U.S. and Canada have the largest bi-lateral relationship in the world. The U.S. and Canada make up 5% of the world's population and 33% of the world's economy.

Highlighted: the 10 new Federal laws affecting the Border since 9/11; the successful IBET initiative; the technical improvements from the Border Modernization Act and the staff additions to the Northern Border.

Cited the greater awareness in Congress of the importance of the Northern Border and U.S. Trade with Canada.

Strongly stated the importance of consulting the Private Sector beforehand since we are all in it together.

**Congressman Jack Quinn, New York, Co-chair**

Described the importance to the U.S. of the relationship with Canada.

Reviewed the non-partisan / non-political cooperative approach enjoyed by the Northern Border Caucus. Members of the important Congressional Committees are active in this Caucus.

Discussed the critical importance of shared Smart Border management.

Can/Am BTA was truly honored to have 3 Northern Border Caucus Co-Chair Congressmen speak individually and then interactively dialogue as a group.

## **CAN/AM BORDER TRADE ALLIANCE CONFERENCE SUMMARY SEPT. 2003**

Can/Am BTA honored the Congressmen George, Bart and Jack for their many accomplishments and contributions as Co-Chairs of the Northern Border Caucus.

Jim Phillips met with Congressman Earl Pomeroy, North Dakota, the 4<sup>th</sup> Co-Chair on the following day upon Earl's return to Washington from North Dakota.

Editorial Note: Details and Members of the Northern Border Caucus were included in the Conference handout booklet. (The information can be obtained from our web site [www.canambta.org](http://www.canambta.org) link on our home page)

**Honorable John LaFalce, Founding Chair, Northern Border Caucus** attended the entire conference as a participant. The current Co-Chairs again acknowledged him for his vision.

### **VIEW FROM THE SENATE**

#### **APPROPRIATIONS, COMMERCE, BUDGET, ENERGY COMMITTEES**

**Jarrold Thompson, Legislative Aide to Senator Conrad Burns, Montana**

Provided a flavor of the Senate. Currently very partisan which is affecting the Bills passed. 8 of 13 Appropriation Bills remain to be passed. The Energy Bill is on the floor. The Budget Committee is holding the line on Appropriations spending limit. Needs a super majority to exceed. Commerce is experiencing reauthorization overload. On Highway a 5-month stopgap is being passed. Noted that Chairman changes and Committee membership shuffles are forthcoming. Described the new Coutts/Sweetgrass shared Border facility and the Trade benefits from a great US/Canada relationship.

### **SUMMARY AND CLOSING REMARKS**

**Pat Whalen, CAN/AM BTA Executive Board**

Summary: There is a lot to do but a lot that has been accomplished. Reiterated the Governments need for our input and counsel. We must stay involved and not allow any loss of momentum.

Can/Am BTA is a well-respected voice and we will continue our leadership. We have a long way to go for the U.S. public to become aware of the importance of the Northern Border and Canada relations.

Thanked the speakers and attendees for their presence and participation. Especially thanked the Sponsors whose support is essential. Thanked the members for their support. Look forward to seeing you all at the

Ottawa Canada Conference - May 2-4, 2004 - at the Chateau Laurier.

**CAN/AM BORDER TRADE ALLIANCE APPRECIATES  
THE WASHINGTON, D.C. 2003 CONFERENCE SPONSORS**

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MEMBERS TO ACCELERATE MOMENTUM AND ACHIEVE RESULTS.**

**The OTTAWA, CANADA - CAN/AM BTA CONFERENCE - 2004 IS MAY 2-4**

**Jim Phillips, President & CEO**

# CAN / AM BORDER TRADE ALLIANCE