

**CAN/AM BORDER TRADE ALLIANCE
APRIL 29 - MAY 1, 2007 OTTAWA CONFERENCE SUMMARY
HIGHLIGHTS**

CAN/AM BTA is an organization with a beneficial far-reaching 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.

<u>Future Can/Am BTA Conferences</u>	Anchorage, AK (with PNWER) July 21-26, 2007
	Washington, D.C. Sept. 9-11, 2007
Corridors, Gateways & Economies	Montreal, Quebec Oct. 28-30, 2007
	Ottawa, Ontario Apr.27-29, 2008

The highlight event of this Conference was the Reception held at the US Ambassador's Residence, especially the hospitality of David Wilkins and his gracious wife Susan.

Speakers excerpts acknowledging CAN/AM BTA's leadership role

(Hon. Stockwell Day P.C., M.P., Minister for Public Safety)

"Thanked Can/Am BTA for the good work it does to make the U.S./Canada relationship the best that it can be." "I look forward to being briefed on the Coordinated Clearance – The Point of Departure Determination Strategy being presented today."

(Ambassador David Wilkins, United States Embassy)

"No better friend in Canada than the Can/Am Border Trade Alliance, you represent the true bond between Canada and the U.S."

(Senator Jerry Grafstein, Co-Chair Canada/US Interparliamentary Group)

"The Can/Am Border Trade Alliance is the best advocate for U.S./Canada Border issues."

(Paul Haddow, Director General, International Affairs, Public Safety Canada)

"The Canadian/American Border Trade Alliance was very instrumental in developing the Canada/U.S. Smart Border Accord."

(Amb. Michael Kergin, Advisor on Border Management to Ontario Premier)

"A lot of good work by the Can/Am Border Trade Alliance led to the effective response to 9/11 utilizing "its" frontline experience to give best advice."

(Kristine Burr, Asst. Deputy Minister Transport, Infrastructure, Communities)

"I acknowledge the valuable contributions Can/Am BTA makes to Transport to continually keep the Border at top of mind for Governments."

(Gary Koivisto, Executive Director, Plant Products Directorate, CFIA)

"Can/Am BTA is an effective forum for honest discussion."

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CONFERENCE SPEAKERS AND THEIR MESSAGE

**Greg Dandewich, Director Economic Development, Destination Winnipeg
Can/Am BTA Executive Board**

Welcomed attendees on behalf of CAN/AM BTA. Presented a comprehensive overview of the Agenda, highlighting NEXUS/FAST, Coordinated Clearance-Point of Departure Distribution (formerly Perimeter Clearance) SPP and the Smart Border Declaration. Outlined the potential impact of Western Hemisphere Travel Initiative (WHTI) (if not done right) and the Washington State Drivers License Pilot. Reiterated the importance of the Can/am BTA events as being excellent platforms for members to probe critical issues impacting the Border and the flow of goods, people and investment. Stressed the need for vigilance and active participation to make sure governments make the right decisions going forward.

CANADA/US COOPERATION ON SMART BORDER AND SECURITY

Hon. Stockwell Day P.C., M.P., Minister for Public Security

Effectively stated the critical importance of insuring prosperity as well as security. Provided excellent insight into the commitment to do what was planned, to follow thru to achieve the stated objectives: adding 1000 RCMP Officers; 2500 Provincial and Municipal Officers; budgeting \$1.4 billion for Security related initiatives; providing funds for Border and Gateways; arming CBSA Officers this summer and \$396 million for eManifest plus added funds for Business resumption. Discussed WHTI and the need to know what is acceptable to meet the challenge. The U.S. need is recognized and respected. Solutions must be practical to not delay or impact legitimate travel. Highlighted Washington State's Drivers License pilot. Noted Passport demand is very high. Reiterated NEXUS is a fantastic program. Reported on the impasse of Land Pre-Clearance due to difficult issues of fingerprinting / search / seizure under the Charter of Rights. Continues to look at alternatives. Canada remains committed to achieving Prosperity and Security

**COORDINATED CLEARANCE POINT of DEPARTURE DETERMINATION –
THE EVOLUTION from PERIMETER CLEARANCE STRATEGY**

Jim Facette, President & CEO, Canadian Airports Council

Gerry Bruno, President InterVistas Consulting, Can/Am BTA Exec. Board

Solomon Wong, Vice President Security, InterVistas Consulting

The Canadian Airports Council was instrumental in the formation of the Perimeter Clearance Coalition in 2000. Air growth is averaging 4% a year (supporting 1 million jobs) with some airports at 18% (Toronto handles 31 million passengers growing at 5% a year and supports 45,000 jobs). Provided excellent insight into Airport issues: Cargo Security; EPIL In-transit Departure; Small package handling must be improved. The Legislation for Customs at Airports is from 1987. It must be updated.

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Commencing in 2000 and published in May, 2002 a coalition of 400 Organizations associated with Can/Am BTA, supported development of the "Perimeter Clearance Strategy." While it was not embraced universally, elements conforming to its concepts have been implemented by both governments. Approximately 70% of the strategy concept is implemented: sharing of data; IT integration; Container Security Initiative; C-TPAT; US-VISIT; Citizenship and Immigration Canada's placement of Officers at foreign locations to prevent inadmissible people reaching Canada. DHS is now initiating assignment of Officers at foreign locations for that same purpose.

With the proven need to act before problems reach our sovereign shores, the perimeter is now "the last line of defense" not the place to design for initial action. The coalition is no longer using the term "perimeter clearance." An impactful update of the strategy was presented in power point form entitled **"Coordinated Clearance - Point of Departure Determination."** The detailed strategy report will be completed in September 2007.

TRANSPORTATION

STRATEGIC DIRECTION OF CANADIAN TRANSPORT POLICY

Kristine Burr, Act. Deputy Minister Transport, Infrastructure, Communities

Presented a very comprehensive insight into the need for Transport Policy to be interconnected, flexible, farsighted but never static. Provided insightful perspective of fact that Canada is the 9th largest Exporter and 10th largest Importer in the world. Discussed: Bill C-3 streamlining the International Crossing process while enhancing oversight; the Asia Pacific Gateway and Corridor Initiative (APGCI) (anticipating by 2020 that 25% of marine containers arriving will be destined for the U.S.) reiterated the Security and Prosperity Partnership (SPP) Border priority of facilitating "low-risk" and the importance of the Rail Safety Act.

CANADA/US INTER-PARLIAMENTARY GROUP

Canada/U.S. Relations and Cooperation Activities

Senator Jerry Grafstein

Rob Merrifield, M.P.

Co-chairs Canada/U.S. Inter-Parliamentary Group

In depth and far reaching insight into the critical importance of Canada/U.S. relations. Attended 48 meetings with U.S. State Legislators, Governors, Mayors and Federal elected officials to foster and impact relations between our two countries. The key is to understand how the U.S. Government system works paying attention to detail. Reiterated areas in which the two countries have consensus: Afghanistan is winnable; secure energy; the environment; the Northern Border is vastly different than the Southern Border. They are not the same.

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WHTI is the number ONE issue in Canada. Very interested in the State of Washington Drivers License Pilot. High priority in making the Border efficient. Immigration and Labor Mobility are important issues to fill job growth. Noted the Oil Sands initiative to recapture carbon dioxide. In closing, shared two points of wisdom – politics is about relationships. It is critical that both countries be on the same page.

THE AMERICAN PERSPECTIVE

Ambassador David Wilkins, United States Embassy

Provided a very clear and effective statement on the improvement in Canada/U.S. relations. Diplomacy depends on relationships and trust. Extensive number of U.S. Elected Representatives, Staff and Officials visiting Canada. The President and Prime minister deserve a lot of credit. The WHTI Land Rule should be published in the next month or so (implementation sometime in 2008). The U.S. is committed to making the Border work smoothly and efficiently. Discussed the importance of Intellectual Property Rights and Copyrights (to protect Canada - US innovators and entrepreneurs). Looking to Canada to table a new strong Bill. Made the important and specific points that the North American Competitiveness Council (NACC) IS NOT a North American Union, NOT a common currency and is NOT affecting Sovereignty. IT IS A CONTINENTAL STRATEGY TO REDUCE THE COST OF BUSINESS TO ENHANCE THE GLOBAL COMPETITIVENESS OF THE 3 COUNTRIES. U.S. owes a debt of gratitude to Canada for its efforts in Afghanistan. Thanked the brave Canadian troops. The U.S./Canada relationship is vitally important. Thanked Can/Am BTA for its effective building of stronger ties.

SECURITY and PROSPERITY PARTNERSHIP (SPP)
SECURITY OVERVIEW and NEXT STEPS

Paul Haddow, Director General, International Affairs, Public Safety Canada

In-depth presentation of the Smart Border highlighting the critically important dual agenda of achieving both Public and Economic Security. Stressed that the Border has the potential to be a serious impediment for domestic manufacturing versus offshore. Effective management of the Border must involve and span the entire Government spectrum. SPP is about best practices and eliminating duplication. We must cooperatively avoid thickening the U.S./Canada Border by handling WHTI, SBI and the APHS with common sense. The Border Patrol is discussing SBI for the Northern Border with CBSA and the RCMP (as it is uniquely different than the U.S. Southern Border). SPP has 19 Work Groups that originally identified 400 initiatives. That was too many so the North American Competitive Council (NACC) was formed for the private sector to work with governments to prioritize the way forward with the governments. The Security segment has 5 priorities: Strengthen Competitiveness; Emergency Management Coordination; Pandemic response; Energy Security and achieve a Smart/Secure Border.

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**JOINT PANEL: CUSTOMS AND BORDER PROTECTION and
CANADA BORDER SERVICES AGENCY**

Mike Feniak, Director, Traveller Program, CBSA

John Wagner, Director, Trusted Traveler Programs, CBP

Kin Choi, Director General, Major Projects/Systems, CBSA

Kim Santos, Director, Cargo Control & Release, CBP

Stephen John, Manager, Partner in Protection, CBSA

Jason Leffler, Supervisory Supply Chain Specialist, CBP

Conducted a very informative and innovative “Interactive Session” with Conference attendees. Rules for the session were: that all problems; issues; concerns; ideas and recommendations articulated to the panel were noted. The panel was not expected to respond to “all items” posed but did answer where possible or appropriate.

CBP migrating all current systems to ACE. Complimented the Trade Support Network (TSN) for its work (Brian Bowen is Can/Am BTA's representative on the TSN). Recognized Bob Perkins for his role as a U.S. CBP Trade Ambassador. Highlighted that ACE is open for Ocean and Rail with Broker download for those manifests. Reported that 29 Government Agencies were participating standardizing data elements and transaction sets to result in a seamless cargo control release. Advised that User needs were complex. CBSA is working closely with CBP on eManifest for Canada and has formed eSPN from the Private Sector. eMANIFEST steering committee has been formed . NEXUS has a fully operational Global Enrollment System (1 card, all Ports, all Modes). A machine readable zone is being added to the NEXUS card to make it a secure document. Partners in Protection (PIP) is being upgraded to align with C-TPAT by June 2008 and with the WCO Economic Operator concept.

NEXUS/FAST should have an Enrollment Center near the Niagara Falls Bridges. Response: Discussion is underway to locate space on the U.S. side. NFBC participant suggested closing NEXUS at the Rainbow Bridge and using those personnel to staff the Enrollment Center. (There is a dedicated “NEXUS only” Bridge several miles from the Rainbow Bridge where NEXUS holders have better access).

Concern FAST holders delaying renewal to not move up activation date. Response: data base is being upgraded, then a call for renewals will go out. Any renewal will be for 5 years from original termination date of the current card.

Just received info that ACE wants to reinstate data elements that have previously been agreed to be dropped (carton count, weight, estimated date and time of arrival as well as FAST drivers serial number). Strongly opposed. This will add “a half million key strokes per month for just one company” in this audience. Response: will take it back to Washington.

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What is Governments plan to market NEXUS?

Response: new brochures have been printed for distribution (hopefully at Primary Booths!) see web site www.goborder.com

Suggest Canadian personal exemption be substantially increased from \$50.

Concern about NEXUS and FAST differences for approval.

Response: NEXUS zero tolerance is being reviewed.

Update and Issues - AIR and HIGHWAY ADVANCE REPORTING eManifest

Renate Jalbert, Managing Director Regulatory Affairs, FEDEX Canada

Provided definitive insight into air-side operations. Stressed there were a lot of handovers between entities in the air stream. Citing FEDEX as an example highlighted the significant investment by a company to comply. FEDEX handles "5 million packages a night" from 220 countries, had to tap 28 systems to get the required advance information plus also has to doubly guard against language translation errors. A benefit is they now experience a fraction of 1% examinations versus 2-4% prior to participation. Presented an in-depth slide presentation containing CBSA Compliance Observations i.e. 38% of sampled reports were not within mandated timeframes, 62% had data quality errors and 33,580 cargo/supplementary reports are in reject status. Concern is penalties. Canada inbound volume in 2005 was 60.5 million shipments. CCLA estimates that 5% of courier shipments require post arrival adjustment at an average penalty of \$1000 if imposed thus amounting to \$3.02 billion in penalties. Freight forwarder volume in 2005 was 5.4 million shipments estimated with 20% exceptions at an average AMPS penalty of \$1000 would amount to \$1.08 billion if applied. "The grace period needs to be extended, provide a mechanism for self exception reporting without penalty and provide tangible benefits for FAST, PIP certified carriers."

OVERVIEW OF MANAGEMENT OF THE BORDER

Alain Jolicoeur, President, Canada Border Services Agency

Provided an in depth comprehensive insight of critical elements and priorities. Key is to optimize access while achieving security. Both countries respect underlying security required. Facilitation of low-risk and security can be achieved utilizing advance information, intelligence and risk management scoring. Border management is being transformed. Need to "push the Border out" and interdict non-low risk people and goods at point of departure. CBSA collects \$28 billion/year, is a technology innovator, undertaking major computer initiatives to counter fraud and child pornography. Described the recent Table Top exercise in the West that dealt with 2 crises at once. With regard to WHTI, need to know when day one is and how the final approach will be phased in. Highlighted three initiatives underway: arming Officers (4800 in the next 10 years with 250 in 6 months); broadening the Intel Network and eManifest with the future commercial re-design.

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SECURITY and PROSPERITY PARTNERSHIP/NACC

PROSPERITY VIEW FROM CANADA

Hon. Maxime Bernier, P.C., M.P., Minister of Industry

Provided an excellent insight into the need to improve regulations, reduce paper burden, support opportunities for Business to grow and thrive to result in a better country with reduced debt and lower taxes. The Minister complimented Can/Am BTA for being an effective group of Canada/U.S. entrepreneurs as Business Leaders are the driving force of the economy. Cited the value of a market economy allowing freedom to create wealth and innovate. Canada is open to Business and Trade and needs to compete globally. This requires a Border that facilitates known low-risk people and goods. The Border is a joint effort to achieve Security and Prosperity. WHTI must be done right. APHIS is a serious concern re: collecting at the Border. Described the North American Competitive Council (NACC) and the key effort too identify 5 or 6 key priorities and do them. Asked for advice and input on specific regulatory burdens that Business rates as the most important to change. Urged all to read the NACC Report and provide ideas plus specific suggestions.

SPP/NACC - VIEW FROM THE PRIVATE SECTOR

Karen Phillips, Vice President N.A. Affairs, CN, Can/Am BTA Exec. Board

Presented an extremely insightful understanding of the Private Sector that led NACC to combine strengths for North America to collectively compete in the Global Market. Provided a chronological history of the SPP development (what it is vs. what it is not), its activities and development of 400 initiatives for improvement ultimately forming the NACC for the Private Sector to lead in identifying / prioritizing the top 5 or 6 specifics to be acted upon. Most importantly to be actually achieved! Border issues include pushing the Border out, risk based standards, electronic processes, Law Enforcement cooperation and Business Resumption. The two Presidents and Prime Minister will be meeting in August in Canada to review the NACC report and commit to action.

CFIA and APHIS ACTIVITIES

Gary Koivisto, Executive Director, Plant Products Directorate, CFIA

Don Wimmer, APHIS Attache, USDA, US Embassy

Highly informative and enlightening update on the amazing cooperation on Agricultural Initiatives (including Pests) in the US/Canada Context between Canada Food Inspection Agency and the U.S. Department of Agriculture. Trade Relations is based on Trust and Predictability. Buyer and seller must have precise understanding of shipment. Ag approach is scientific based and complies with International Standards. Risk is growing with increased Global interactivity.

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U.S. and Canada have significant difference in markets, growth products and threats posed. In the past, certain pests were “not” of concern to Canada because of cold winter temps while they would flourish in the southern U.S. However the current growth of hydroponics in controlled temperatures make such pests a threat to Canada as well. Cited the infestation of the Asian Gypsy Moth in which Canada and the U.S. jointly inspect ships in Japan before departure or the ship does not come. CFIA established a US Desk Officer and exchange staff. Moving to electronic certification vs. hard copy Philo Certificates. Import permits on line for eCertification (Joint U.S./Canada). Cooperation continues unabated. Agriculture Trade between our two countries is \$23 billion (Canada exports \$13 billion to U.S. U.S. exports \$12 billion to Canada). There is wide exchange of technical information and site surveys.

PROVINCE OF ONTARIO / BORDER CROSSING FOCUS

Michael Kergin, Special Ontario Advisor on Border Mgt. to the Premier

Provided an extremely interesting perspective about Sub-National involvement. Ontario has 1/3 of Canada’s population, where 1 in 4 jobs are related to Trade with the U.S. Sixty percent of Trade with U.S. originates or passes through Ontario. Ontario moves \$840 million a day or \$35 million an hour of Trade to the U.S. It is critical that we find equilibrium between Secure and Economically Efficient Borders. Security is intimately elastic while Trade is finite affected by cost and ease to move. Intelligent Security and Smart Infrastructure can move Trade. Annual crossing between Ontario and the U.S. is 8 million trucks (currently back to 2000 levels) and 33 million cars (down 20 % from year 2000 levels). WHTI has “chilled” the crossings volume of day trippers. Ontario’s highest priority is Infrastructure to support a smooth Border. Reported that the Detroit River International Crossing (DRIC) Project is on schedule.

SUMMARY REMARKS

Gill Duhn, Manager Customs, General Motors Corporation
Can/Am BTA Executive Board

Can/Am Border Trade Alliance has an effective Agenda that makes a difference! Thanked all of our Speakers and Sponsors for making this Conference such a great success! Progress is being made. Reminded all that we cannot allow backsliding. We must actively insure effective progress continues to be achieved..

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