

CAN/AM BORDER TRADE ALLIANCE

MAY 1 - 3, 2016 OTTAWA CONFERENCE

SUMMARY HIGHLIGHTS

22ND CONSECUTIVE YEAR OF THIS CONFERENCE

Can/Am BTA is an organization with far-reaching beneficial impact on the important issues of Border Management, Trade, Business and Travel between

The World's 2 Largest Trading Partners: Canada/United States.

"MUST INSURE EXPEDITED SECURE FLOW AT THE US/CANADA BORDER."

Future Can/Am BTA Conferences:

Calgary, AB (w/PNWER)	July 17-21,	2016
Washington, D.C.	Oct. 2-4,	2016
Ottawa, Ontario	May 7-9,	2017

Conference Highlights:

Excellent speakers provided provocative insights plus areas of concern including planned present and future actions.

**Reception held at the U.S. Ambassador's Residence
Hosted by Ambassador Bruce Heyman**

Can/Am BTA was honored to have Canada Border Services Agency President Linda-Lizotte MacPherson and Transport Minister Hon. Marc Garneau attend the full reception. In 1984 Marc Garneau became the first Canadian in space. During his 15 years as a Canadian astronaut, Marc Garneau flew on three space missions ...

Patrick Whalen, a member of the Board, was elected Executive Vice President of Can/Am BTA.

Speakers acknowledged Can/Am BTA's leadership role:

Hon. Ralph Goodale, Minister of Public Safety

"Can/Am BTA brings a lot of expertise on the Border and I will look to Can/Am BTA for advice."

Ambassador Bruce Heyman

"The Can/Am Border Trade Alliance is representative of and reflects the depth and breadth of the Canada-U.S. relationship that is remarkable."

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President Linda-Lizotte MacPherson, Canada Border Services Agency

“Can/Am BTA should take pride in what it accomplishes.”

“The Can/Am BTA Conference is an impressive forum.”

Hon. Bill Owens, Can/Am BTA Senior Advisory Board

“Can/Am BTA is extraordinary with a strong common shared bond.”

Michael Keenan, Deputy Minister Transport

“I compliment Can/Am BTA on its work and initiatives.”

CONFERENCE SPEAKERS AND THEIR MESSAGES

Can/Am BTA again put together a program for this Conference with noted speakers discussing issues and efforts that are timely, relevant and truly matter.

Welcome to the CAN/AM BTA 2016 Ottawa Conference!

INTRODUCTORY REMARKS

Matt Parrott, Director of Transportation, A.N. Deringer Inc.

Can/Am BTA Executive Board

Welcomed all on behalf of Can/Am BTA to its 22nd consecutive annual conference. We have worked hard to provide you with an exciting and informative experience. The U.S.-Canada relationship is unparalleled in human history involving the longest contiguous shared border and over 200 years of peace and prosperity. A number of timely and important subjects, issues and solutions will be discussed by an impressive array of knowledgeable and accomplished speakers. Thank you for participating and enjoy the conference.

BEYOND THE BORDER ACTION PLAN & ECONOMIC COMPETITIVENESS

Hon. Ralph Goodale, M.P., P.C., Minister for Public Safety

The new Government has had a very busy 6 months. Managing the Canada-U.S. relationship is a priority of the Prime Minister’s foreign policy and the Canada Border Services Agency (CBSA), the Royal Canadian Mounted Police (RCMP), and the Canadian Security Intelligence Service (CSIS) are actively engaged. Provided meaningful insight into key priority initiatives: new business plan to expand Pre-clearance, essentially secure what we have and expand Air and implement Land, Sea and Rail (Canadian Legislation expected to be tabled by end of June); complete Entry/Exit; share NO FLY Lists of those who pose risks also insure privacy protected and effect a delisting process; improve economic competitiveness by expanding low-risk traveller programs, build on FAST and add and improve Trusted Trader programs. Progress comes from innovative ideas, effective planning and persistence.

VIEW FROM THE BRIDGES

Lew Holloway, General Manager, Niagara Falls Bridge Commission
Natalie Kinloch, Chief Operating Officer, Federal Bridge Corp.
Stan Korosec, Canadian Gov't. Relations, Canadian Transit Company
Ron Rienas, General Manager, Peace Bridge

Provided excellent insightful perspectives at the border. Shared views of all of the bridges and the capital investments being made and the resulting improvements in border flow as a result. Highlighted process improvements: upgrades of Radiation Portal Monitors; elimination of cash collection by CBP Officers; continued promotion of NEXUS. Cited Needs, Issues and Concerns: must achieve mandatory eManifest for all trucks entering the U.S. (currently 30% of trucks arrive unannounced); serious shortage of CBSA Officers operating Primary Inspection that also poses a safety issue in backing up traffic onto highways; critical need for Canadians using passports to have made available a Vicinity RFID document for use at the shared Land Border that would reduce inspection time 24 seconds per individual in each direction; IT systems' downtime must be minimized. Credo is "help people and goods get there efficiently, safely and securely." Focuses are: risk management regime (ongoing vigilance); proactive traffic management and client payment choice technology.

ENABLING BORDER PROCESSES WITH GLOBAL STANDARDS

Ryan Eickmeier, Senior Director Gov't. Relations, GS 1 Canada

Provided an excellent update of Global Standards Pilots sharing the specifics of tracking and tracing product movements in the supply chain. Reviewed the Asia-Pacific Economic Cooperation initiative; the Business 20 Trade and Investment Task Force; the U.S. International Trade Data System Pilot (ITDS) that reduced products subject to examination by as much as 80% and the about to be initiated Canadian Single Window Proof-of-Concept that will validate the value of Global Trade Item Number, the use of Canada's National Product Registry aimed at delivering faster clearance, easier trade compliance and more efficient deployment of resources.

The Canada/U.S. Border: Major Impact Achievements; Serious Problems Not Acted Upon or Newly Created; and Major Opportunities.

Jim Phillips, President & CEO, Can/Am Border Trade Alliance

Provided specific insights into each of the above categories including what needs to be done to maximize the benefits of the major impacts achieved.

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Major achievements: Pre-clearance Agreement Signed (needs enabling legislation passed in both countries); Ship Rider; NEXUS; Global Entry; FAST card (must keep focused that NEXUS is about number of Land Border crossings made with it not the number enrolled (currently less than 30% of crossings are NEXUS needs to be 60% plus); Designated Trusted Trader Programs (benefits from being designated need to be greatly increased and C-TPAT and PIP need to become a joint program--join one and get both); Cited the numerous extensive improvements made by CBP and CBSA and others in meaningful Beyond the Border progress; and cited the signed Customs Reauthorization Legislation that eliminates cash collection at the border by CBP Officers. **Serious Problems Not Acted Upon:** 1) mandatory eManifests for all trucks entering U.S. legislation is critical for eliminating delays at primary inspection and is a serious security risk; 2) ALL TRUCK DRIVERS should be required to have a VRFID Drivers card coded for differing security levels, i.e., FAST, C-TPAT/PIP, Other, etc. (same technology as current FAST card as it would save 24 seconds per truck that currently are not FAST drivers); 3) Passport Canada should issue a VRFID card for Canadian citizens to use at the land border instead of the Canadian Passport (would save 24 seconds per person in both directions currently Canadians make 70% of all trips and spend 400,000 hours of wait time using Passports); 4) Rail inspections should be performed in the originating rail yard or the destination Rail yard not at the border itself where it is extremely difficult and costly. **Newly Created:** 1) ESTA and ETA should be a single joint program like NEXUS; 2) APHIS wood packaging should be done at origin, i.e., Prince Rupert, and accepted at the border. If exemption is lifted for U.S./Canada only wood packaging movements, inspections have to occur not at the actual border.

CANADA/US INTER-PARLIAMENTARY GROUP

Senator Wilfred Moore, Vice Chair
Wayne Easter, M.P., Co-Chair

Senator Moore and Member of Parliament Easter shared what the Canadian Section of the Canada-U.S. Inter-Parliamentary Group is doing on behalf of Canadians focusing on the border and integrated supply chains and other priority issues. Meetings and discussions held and planned included: all of the Council of State Governments' Regional meetings; Council of State Governments' Annual National Meeting; National Governors Association; Congressional Visits in Washington with 60 members of the House and Senate. Issues at the various discussions included Cyber Security; the economy; economic development; and prescription drug abuse. With the U.S. counterparts, discussions included: joint interest bilateral issues of softwood lumber; Trans Pacific Partnership; water issues; cooperation in International armed conflicts and border security and facilitation. Attending Private Sector/Public Sector collaboration discussions; Governor meetings; state legislator meetings and the U.S. political conventions. All of these are valuable opportunities to collaborate for mutual benefit, to build connections and raise issues.

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Ambassador Bruce Heyman, United States Embassy

Described the very meaningful State visit of Prime Minister Trudeau and the intent to take the economic relationship to the next level. Highlighted the high level discussions that occurred: to expand Pre-clearance in Air and implement in Land, Sea and Rail and the need and effort to pass the final enabling legislation in both countries; highlighted NEXUS; the need to expedite legitimate travel; information sharing involving NO FLY Lists and Entry/Exit. The Ambassador shared that Ship Rider made 447 boardings in 2015. Stated the highly integrated supply chain our two countries benefit from. Urged elimination of the Regulatory differences that are slight but cause great expense and duplication. Reiterated the critical importance of cross border investment in each other's country, Stated belief that Softwood Lumber agreement would be reached. Highlighted the Select USA Summit annual event held for Canadian companies. Stated his deep respect for Canada and Canadians and his appreciation for their friendship.

VIEW FROM TRUCKING

David Bradley, President, Canadian Trucking Alliance
Ontario Trucking Association

Highlighted the Trade activity by mode noting 66% is by Truck. He highlighted his remarks as: **The Good** border automation, risk assessment, FAST/eManifest, In-Transit Pilot, Gordie Howe Bridge, Single Window. **The Bad** (security still trumps trade, supply chain efficiency/reliability, illegal APHIS fees). **The Ugly/Underwhelming** Pre-inspection vs needed Pre-clearance, Labour Mobility constraints in empty trailer repositioning, Trusted Trader benefits are minimal, Trucking Regulatory constraints. Presented the pillars of the ideal future; PIP=C-TPAT one program, One Card for all Truck Drivers (VRFID tiered for various security clearance and access levels replacing CDRP, TWIC and Port Cards, Green Lane as envisioned in Beyond the Border and Regulatory cooperation for modern logistics.

VIEW FROM RAIL

Allan Schepens, SR Manager Border Strategy, Canadian Pacific Railway
Mike Tamalia, Senior Manager Customs, CN

Jointly presented an excellent view for the critical need of Smart Rail Border Management and a collaborative approach. Reiterated the essential need for Canada and U.S. agencies to work together to address current and future issues. Highlighted the overall Rail business, the secure Rail systems, automation with Customs, and emerging CBSA requirements, impacts and possible solutions. CBP and CBSA are not synced on development of Rail cross border systems/technology.

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CBSA at risk of developing redundant Rail targeting and inspection processes with minimal security benefit and high commercial negative impact, i.e., introduction of Large Scale Imaging, consolidated container shipments transiting Canada. CBSA needs to expand discussions with Rail, leverage on CBP scanning technology and experience including data collection and sharing and explore the dual agency use of IRIS shared use of VACIS equipment.

TRANSPORTATION

Michael Keenan, Deputy Minister of Transport

Provided a very articulate reminder that the understanding of how important the transportation system is to the Canadian economy and quality of life is essential. Noted the Memo of Cooperation signed in February with the U.S. Department of Transportation Secretary. Reiterated the full support of Pre-clearance and its expansion. Focusing on determining the key priorities of the next generation utilizing: round tables; engaged discussions relating to Gateways; Trade Corridors; Travellers; Communities; and Waterways to maximize the benefits from the critical role transportation plays. Approach is to identify and work through issues to solve them to enhance efficiency while maintaining security.

BORDER INSIGHTS DISCUSSION

Can/Am BTA Executive Board Members

Bruce Agnew – Tourism and Transportation

Stephen Covey – Rail and Security

Matt Parrott – Trucking and Brokerage

Dr. Bob Perkins – Trade

Pat Whalen – Tourism and Economic Development

Solomon Wong – Airports and Air Activity

A wide-ranging very informative chat on border related activities, issues and ideas.

CANADA BORDER SERVICES AGENCY BEYOND THE BORDER

Linda-Lizotte MacPherson, President, Canada Border Services Agency

The border needs active, effective cooperation between Agencies and stakeholders. Efficient border management enhances market access and greatly affects both countries shared interests and ability to maximize emerging opportunities. We are shaping CBSA's direction and transformation of border management. We must keep Canada safe, but hand-in-hand with expediting legitimate trade and enhance our relationship with the United States (improve, harmonize, increase predictability, expand Pre-clearance, collectively achieve opportunities and seamless facilitation).

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Highlighted: Entry/Exit; CBSA Service Improvement; Simplification; Increasing Intelligence; CBSA must embrace automation and new Technology; Big Data approach with Predictive Analysis.) Identify non low-risk and do so as far away from the border as possible before actual arrival. Improve Trusted Traveller and Trusted Trader programs, roll out Single Window, eManifest, Revenue Management System development and modernize border infrastructure. CBSA meets with CBP regularly continuing to push the border out, enhance risk management and targeting. We must plan the future and establish priorities. Stakeholders need to be an important part and share in the developing of the border's future.

Comments from the participants: severe shortage of CBSA Officers at Primary Inspection; Canada must issue a VRFID card for wide use by Canadian citizens to replace use of their Passports greatly increasing access to Primary Inspection; CBSA should discuss with CBP their experience and details of Rail VACIS activities and whether CBSA could leverage on that CBP experience and even share use of existing equipment in both directions as CBP operates at the 27 Rail entry points into Canada.

EDITORIAL COMMENT: NEXUS use is about number of trips made NOT the total enrollment number (NEXUS card trips are about 30% of total trips and need to be double that but Canadians make 70% of the total trips most using Passports) thus frequent crossers who are not using NEXUS cards should receive a letter from CBSA that simply outlines what NEXUS is, what its benefits are and enclose an application form for voluntary consideration.

eMANIFEST ACI “View from Trade”

Candace Sider, Vice President Reg Affairs Can, Livingston Intl.
Michelle Bunberry Stokes, Mgr. Trade Management UPS-SCS

Our trade environment revolves around and depends on Customs' procedures, tariffs, regulations and handling of documentation. eManifest is the first step, once fully implemented, to moving toward a totally integrated electronic platform that will transform the way trade chain partners do business while enhancing supply-chain security. Pre-arrival submission allows the extension of knowledge to act, automated risk assessment and targeting prior to arrival. It expedites release, reduces costs and improves transit time for Just in Time inventory.

MISSED OPPORTUNITIES SINGLE WINDOW –IID: eManifest requires advance trade data while Single Window provides that data in the Integrated Importer Declaration, which would fulfill eManifest requirements; however, there is no tie in to eManifest as it cannot in its current form accept Single Window IID. **There should be an elimination of duplication and error.** A project's success needs to be defined, i.e., meeting a planned implementation date versus setting an implementation date with design in scope and proven functional operation in place.

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The Highway Mode January 11, 2016 enforcement date was relatively smooth with the Portal operational and third party messages validated and accepted. Compliance rate is high. Cost commitment is high. It is a very complex process.

There are significant issues that must be dealt with: 1) when building the truck cargo, specific trailer ID is difficult; 2) Broker inputs the release data and if truck has to use a different crossing--it is a **big problem**; 3) Trade cannot subcontract another truck to cross with the load--it is a **big problem**; 4) Pre-arrival data is submitted 1 hour prior to actual arrival. Upon arrival if the driver is advised there is a problem and he can't proceed, CBSA gives no information on what the problem is, i.e., is it driver related? is it conveyance related? is it cargo related? or is it broker related?. All stops and a flurry of phone calls fly to all parties to find out who has to fix what. CBSA should change this ASAP.

THE FUTURE OF BORDER MANAGEMENT

Cathy Munroe, Executive Consultant, InterVISTAS Consulting Inc.

Trade growth between Canada and the U.S. continues to grow in both directions. In the Air Mode, in the coming 20 years, International passengers will double increasing by 250 million and domestic passengers will increase by 50% adding an additional 600 million passengers. If the current process and technology don't change, the current Border Officer staff of 24,000 would require 46,000 officers in 2035 and the current Screener staff of 49,000 would require 70,000 in 2035. Major trends to offset the unrealistic staff growth are: automated and streamlined process developments for Trusted Traveller and Trusted Traders, mix of parallel and joint programs, evolving new technology and Public/Private Partnerships and New initiatives being rolled out related to Advanced Information, Information Sharing and Integrated Processing. These involve: pre-arrival security and admissibility assessments; technology to identity verification to eliminate or minimize interventions; integrated assessments with Single Window, Trusted Trader and Trusted Traveller; mutual recognition to eliminate duplication and facilitate movement, particularly In-transit. Outlined 7 specific initiatives developing around the world worth watching including the U.S. Mobile Passport App.

CANADA-U.S. INSIGHT

**Bill Owens Esq., Stafford, Owens, Piller, Murnane, Kelleher & Trombley
Can/Am BTA Sr. Advisory Board – Former Co-Chair House
Northern Border Caucus Senior Strategic Advisor Dentons**

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The American Public is focused on its Southern Border with Mexico to solve problems including stopping illegal entries, drugs and contraband. Trade on the Northern border, while very important to both Canada and the U.S., is generally not understood or even known by the majority of the American Public. Efforts on the U.S./Canada border is focused on improvements and solving problems like the new Canada-U.S.-Canada In-transit Pilot and elimination of cash collection by CBP Officers included in the recently passed Customs reauthorization Legislation. The appetite for Free Trade (TPP and NAFTA changes) is drying up in the U.S. Since 1994 it has not been able to convince the Public that Free Trade benefits the U.S. versus the numerous and high profile plant closings as a result of jobs moving to Mexico and Asia. Currently polls show 29% of Public opposes Free Trade, 26% support it and 45% have no opinion or knowledge. It is very unlikely that NAFTA gets updated or TPP passes. The U.S. and Canada have a unique and critically important relationship and work extensively in cooperation with one another. We must collectively work to insure that no clampdown occurs at our shared Land Border. In closing, highlighted the absolute priority need of the U.S. to invest in its Roadways, Bridges, Ports, Waterways, etc. And as importantly, invest in Skill Training to place existing workforce and to insure the necessary skills are in place to meet the needs of the future.

SUMMARY REMARKS

Stephen Covey, Chief of Security and Police Chief, CN
Can/Am BTA Executive Board

Provided an extremely insightful and concise summary of the subjects, issues, problems and solutions that were presented or discussed during the Conference proceedings. Highlighted an agenda of speakers unmatched anywhere else and the value received from participating in Can/Am BTA’s Conferences. The bottom line is the impact provided to further Canadian and U.S. relationships in plain talk enhances and expands understanding and, most importantly, positive actions. Thanked everyone for attending and closed with the invitation to “See you in Washington, D.C. October 2-4.”

Future Can/Am BTA Conferences

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Jim Phillips, President & CEO

canambta@aol.com

www.canambta.org

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