

CAN/AM BORDER TRADE ALLIANCE
OCT. 2-4, 2016 WASHINGTON, DC CONFERENCE
SUMMARY HIGHLIGHTS

23RD 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 U.S./CANADA BORDER.”

Future Can/Am BTA Conferences:

Ottawa, Ontario	May 7-9,	2017
Portland, OR (w/PNWER)	July 23-27,	2017
Washington, DC	Oct. 1-3,	2017

Conference Highlights:

Excellent speakers provided provocative insights.

The Roof Top Reception held at the Canadian Embassy.

Conference Speakers acknowledged Can/Am BTA's leadership role:

Alan Bersin, Assistant Secretary, U.S. Department of Homeland Security

“Can/Am BTA very much a factor in Beyond the Border progress and success.”

“There are stakeholders and there are stakeholders and Can/Am BTA is a leader.”

Gil Kerlikowske, CBP Commissioner

“Highly valued working relationship with Can/Am BTA.”

Ambassador David MacNaughton, Canadian Embassy

“Can/Am BTA is highly respected for its knowledge on border issues.”

“Thanked Can/Am BTA for its ideas and hard work.”

David Kim, Deputy Administrator, FHWA

Can/Am BTA is a great group to reflect on the Canada/U.S. relationship.”

Brian Masse, M.P., Vice-Chair Canada/US Interparliamentary Group

“Can/Am BTA has positively driven many border improvements.”

Peter Friedmann, Washington DC International Trade Lawyer

“Can/Am BTA is exciting and has the most impressive array of speakers and the tremendous information they share.”

CAN/AM BORDER TRADE ALLIANCE CONFERENCE SUMMARY OCT. 2016

CONFERENCE SPEAKERS AND THEIR MESSAGES

Pat Whalen, Executive Vice President
and Board Member CAN/AM BTA
Director, Niagara Global Tourism Institute

Welcomed participants to our 23rd Annual Washington Conference. Cited the benefit that Can/Am BTA always has great speakers. Shared the absolute importance of if you are going to complain to government agencies about the border, you need to have a solution. Described the experiences of crossing the border and the importance of working through the issues. Cited that we must eliminate the disconnects. Thanked attendees for their interaction and valuable input.

CUSTOMS AND BORDER PROTECTION

Commissioner Gil Kerlikowske, CBP

Continuous dialogue with stakeholders is key to success. Beyond the Border Trade issues are highly important. Trade, Border and Economic Security and Immigration are all high profile. Fully recognizes that users want what CBP wants: Security and efficient movement of Low-risk goods and people. Continuing to move toward harmonization. Continuity at the 330 Ports of Entry into the U.S. is being achieved by the Centers of Expertise and Excellence focus. CBP must be adaptive to change by achieving agility and flexibility. Risk Management is the key (assess all and target only those needing it). Cited 3 new initiatives all underway: elimination of cash collection at the border; elimination of paper manifests and reintroduction of the Canada-U.S.-Canada InTransit program. Cited the critical importance of Supply Chain dependability and predictability.

BEYOND THE BORDER – WHAT IT CAN DO

Alan Bersin, Assistant Secretary, U.S. Dept. of Homeland Security

Beyond the Border changed the DNA of the Canada/U.S. relationship. It is a new way of doing business (cooperate and solve the problem) creating a new era. 2015 status report cites an extraordinary list of accomplishments especially biometric screening. While respecting sovereignty, the focus is on North/South flow to achieve logistical efficiency and quality of product and inclusion of State and Provincial agencies. Critical focus on next steps: Single Window to improve efficiency and reduce costs of processing; Pre-clearance full implementation and achievement of benefits such as joint inspection and away from border inspection and sealing; and Coordinated Infrastructure resulting in achieving joint border processing facilities. Energy independence will affect the border mix. Border needs to assist small and medium enterprises. E-Commerce is the driver of the future. A problem that must be eliminated is the lack of infrastructure to clear air cargo (which is a prime mode of E-Commerce).

CAN/AM BORDER TRADE ALLIANCE CONFERENCE SUMMARY OCT. 2016

Suggested U.S. and Canadian Customs Officers be located jointly in Louisville, Memphis and Cincinnati to clear at these hubs. The future lies in recognizing that North America together produces 25% of global Gross Domestic Product.

VIEW FROM QUEBEC

Jean-Claude Lauzon, Quebec Delegate General

Quebec operated with a balanced budget for the past 3 years and will do so for the next 2 years. Quebec has a wide range of activities in and with the U.S. One million people from Quebec have immigrated to the U.S. over time. Every day, 4,500 Quebec businesses operate with U.S. connections that export 72% to the U.S. Quebec has a longstanding very close relationship with the U.S. with a focus on developing local economies. 99% of Quebec electricity production is by Hydro that is clean and renewable.

Brian Searles, Vermont Emissary for Rail Pre-clearance

Leading progress on Rail Pre-clearance (Montreal / Vermont) for the State of Vermont. Working on the phases of: Political passage of the legislation; Capital to fund facilities; Construction; and Implementation and Operation.

FEDERAL HIGHWAY ADMINISTRATION

David Kim, Deputy Administrator, FHWA

Shared excellent insight on the future of Transportation from the 2045 “Beyond Traffic Report”. Cited: by then 45% increase in Freight volume; 7 million added U.S. population; 32 million cars and 16 million trucks will cross the border. New services and technologies will change Transportation Systems and needs. The critical need is to focus now on today’s absolute need to invest in transportation infrastructure, new investments, and in essential maintenance and repair of current infrastructure. Discussed the Canada/U.S. Transportation Border Working Group and the border infrastructure inventory and needs it is developing. Transportation focus to connect and reconnect building Ladders of Opportunity to serve leisure, work, and critical service needs.

THE CANADIAN PERSPECTIVE

Ambassador David MacNaughton, Canadian Embassy

U.S./Canada have experienced a four-fold increase in Trade since the Canada/U.S. Free Trade Agreement was signed.

CAN/AM BORDER TRADE ALLIANCE CONFERENCE SUMMARY OCT. 2016

We have a more effective border and are working on Regulatory Cooperation and enhanced energy cooperation. Canada will spend \$120 Billion over the next 10 years in infrastructure. Public Private Partnerships are very important. Current air pre-clearance processed 12 million passengers entering the U.S. at their originating Canadian airports. Canadian Legislation for the full mode pre-clearance Agreement will pass in early 2017. Regulatory Cooperation momentum and results are very important. U.S./Canada shared energy needs and supply are essential. More cross border new energy infrastructure will be built to service. Achieve more efficient Trade and reduce barriers in the complex border process. CITED REALITY IN MEDIA OF BAD NEWS LEADS. THERE IS LITTLE U.S./CANADA BORDER BAD NEWS. URGED THAT ALL INVOLVED IN THE U.S./CANADA BORDER CROSSING AND DOING BUSINESS ARENA NEED TO TALK ABOUT THE GOOD THINGS AND MAKE THE CASE FOR COOPERATIVE TRADE.

CANADA/U.S. INTERPARLIAMENTARY GROUP

Brian Masse, M.P., Vice-Chair

In Canada, the U.S./Canada border and relations benefit from House and Senate bipartisan approach. Attended the PNWER and State Council of Governments meetings discussing lumber, energy, transportation, and border operations. At the National Governors and Western Governors and Premiers meetings, we discussed internet, cyber security, substance abuse and the importance overall of State level input and interaction. The group attended both the Republican and Democratic National Conventions. In his area of Windsor to Detroit, 8% of all Montreal and 12% of all Toronto produced exports cross into the U.S. **Canadian Border Services Agency lack of primary inspection staffing is an extremely serious problem that must be rectified by the start of summer 2017.** Stressed the fact that the U.S. Northern and Southern borders are distinctly different with vastly different situations needing very different strategies and solutions. In closing, stated: "The U.S./Canada strength is in the interconnection of people, families, and businesses."

CUSTOMS AND BORDER PROTECTION

Colleen Manaher, Executive Director, Planning, Program Analysis and Evaluation, Office of Field Operations, CBP

Provided an excellent and meaningful insight into the direction of the new approaches being developed by CBP. Described the dramatic impact of the total change of thinking and operating (defined as disruptors) by Amazon, UBER, and AirBnB who each quickly ascended to "best in class." Cited the transformation in CBP to elevation of Economic Security/Trade and the need to expedite low-risk while in fact enhancing Public Security.

CAN/AM BORDER TRADE ALLIANCE CONFERENCE SUMMARY OCT. 2016

CBP intends to become “best In class” at the border utilizing a formalized Innovation Process and the Project Zone approach where an interdisciplinary team of experience has been formed, where CBP personnel can present ideas for improvements and/or different or better ways, and the team will assess and evaluate, develop using project management and provide funds utilizing HQ involvement and provide national visibility to utilize results on a CBP wide basis. Described the Business Transformational Initiatives: Entry/Exit; Automated I 94; Automated Staff Scheduling Software; Automated Wait Time Measurement; Described in detail the development and progress of accurate facial recognition biometrics that can transform both land border and air passenger identification processes.

Manny Garza, Director Manifest and Conveyance, CCS, CBP

Presented the Cargo related initiatives: ACE; Single Truck Crossing Automated Fee Payment; Automated Traffic Management Pilot; and eManifest to eliminate paper manifests for empty and other trucks.

TRUSTED KNOWN EMPLOYER UPDATE
SAGE U.S.-CANADA SUMMIT UPDATE

Daniel Ujcz, Counsel, Dickinson Wright

Trusted Known Employer is intended to improve border crossing for intra company employees. The present categories were implemented with NAFTA in 1994 and do not fit the realities of 2016 as there are no technology categories. DHS has initiated a Pilot of 9 companies to pre-register their specific employees and their information to be assessed and approved so when they cross each time, they do not have to go through any further secondary processes at the border.

Strategies. Advocacy. Gateways. Engagement (SAGE) is a focused momentum to do cross border business. Gathered over 50 Canada/U.S. focused organizations in one forum to identify needs and wants. Workshops are being formed to finalize a work plan ultimately to provide advice to our 2 Governments.

VIEW FROM THE HILL and WHITE HOUSE ON CANADA/U.S.

**Peter Friedmann, Washington DC International Trade Lawyer,
Lobbyist and Insider**

The President depends on Congressional make up to determine his outcomes. Predicted House will stay Republican and we will have to wait and see on the Senate election. Affordable Care will be rewritten. President Obama tested the limits of the use of Executive Orders. The Party in power in Congress decides the Government’s direction. Democrats at crossroad as the historical power of Labor

CAN/AM BORDER TRADE ALLIANCE CONFERENCE SUMMARY OCT. 2016

has been shifted to Environmentalists with a definite bias for that constituency's war on coal versus carbon tax. Obama has shifted Federal Agencies toward favoring environmentalists. Democrats on the Hill are in open revolt against that bias, Outlook for TPP is in doubt as Congress and both Presidential candidates oppose it. U.S. West Coast Ports have difficult road with labor negotiations coming up and a new move to require a zero environmental impact at LA/Long Beach. Canadian West Coast Ports operate smoothly without interruptions so look for cargo shifts to Canadian Ports. Truck weight differences (Canada 96,000 lbs) (U.S. 80,000 lbs) continue to prove costly in cross border activity. Amazon and the internet coupled with the U.S. \$800 de minimis value will bring changes to border activity.

RFID for Product Identification and Traceability

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

GS 1 is in 118 countries dealing in global standards. The system has the ability to track from manufacturing to end user over the entire supply chain. Undertaking a proof of concept of improvement impact of data collection. Use of global; standards improve the flow at border crossing. Barcode border use results show returns of \$8 for every \$1 invested. APEC pilots over the last 3 years Australia to Hong Kong wine shipments by sea increased release rate to 73% from 35% and Australia to U.S. boxed beef shipments increased from 43% to 93% saving \$57,000 per shipment. Canadian focus is barcode plus 15 data point generators. Pilot proof of concept for implementation. With much improved efficient flow at lower cost to Customs and lower cost to business awareness is raised. Studying whether use of the Global Trade Item Number (GTIN) code can replace the HS code system.

BORDER INSIGHTS DISCUSSION

Can/Am BTA Executive Board Members

Moderator Pat Whalen, Exec. V.P.,
Bruce Agnew
Gil Duhn
Matt Parrott
Solomon Wong

- Tourism / Economic Development
- Tourism and Transportation
- Supply Chain and Manufacturing
- Trucking and Brokerage
- Airports and Air Activity

H1B Visa immigration limits cause foreign students completing advanced education in the U.S. to have to return home to work. ESTA and ETA should be refined so that a foreign tourist could apply once, pay both fees and receive both for entry into Canada and the U.S. whenever possible. Tourism programs were discussed including the west coast 2 Nation Vacation initiative. Cost recovery is a problem for Ferry operators. Pre-clearance should include joint inspection and use of mobile APPS. Global Country (7 countries belong) is the model for frequent

CAN/AM BORDER TRADE ALLIANCE CONFERENCE SUMMARY OCT. 2016

travelers. Another model is the visitor inputs their data and get answer in 10 days and exceptions are dealt with on an individual basis. Nexus is a very valuable and positive program that needs to focus on getting members who make trips not just total enrollment. Use of a VRFID type card instead of a Canadian or U.S. passport would save 400,000 hours a year of delay at the shared land border and save 100 CBP Officers and 100 CBSA Officers if used in both directions. Trusted Trader “head of the line policy” not working as you can’t get there. Who is to do the new maritime container weighing? Pilots should be used to test new ideas, systems and technologies. C-TPAT benefits need to be enhanced as less inspections and access to FAST lane give little return for the funds expended to join and comply. Centers of Expertise and Excellence for the 10 industries designated are very effective.

INSIGHTS AND OPPORTUNITIES
FIRESIDE CHAT WITH CAN/AM BTA SENIOR ADVISORY BOARD

Past Responsibilities:

- Hon. Bill Owens, Congressman, Co-chair N. Border Caucus**
- Luc Portelance, President, Canada Border Services Agency**
- Tom Winkowski, Commissioner, CBP**
- Moderator: Jim Phillips, President and CEO, Can/Am BTA**

A dynamic discussion and exchange occurred. Going forward on Beyond the Border needs the view of the new Canadian government. Last 15 years have had measured success in border operations. No major incident since 9/11, but it continues to affect and constrain border operations. Perimeter security is the direction and needs to be achieved. Past focus has been on outputs, but should be and needs to be on outcomes. What is the real objective? Baseline of border operations was never done so it’s very difficult to measure outcome improvement. Should now take stock and assess real state of the current border as a base case. Focus on outcomes. Get into specifics. Majority of land border activity occurs at 10 Port locations; 60 small Port locations do 6% of the activity. **National Security and Economic Security are one objective, not two.** Biometrics and facial recognition technology are the key to major border flow and improved public security. Must be clear in our objectives, C-TPAT and PIP should be single application and get both designations. Key to future is a system that tracks trusted border crossers but does not stop them routinely. Progress occurs when you have personal relationships that create trust. We must screen well away from the actual border by relocating Officers inland at originating volume locations to review, observe, and clear. Inspect and seal prior to the conveyance departing on the trip to the border. Appropriate tools and much increased information sharing to make risk assessments is very important.

CAN/AM BORDER TRADE ALLIANCE CONFERENCE SUMMARY OCT. 2016

Beyond the Border served a great purpose, but it is 5 years old. It should be refocused into specific critical elements that need to get done with common sense to really make a difference. It is time to reorganize a joint CBP/CBSA Task Force led personally by the CBP Commissioner and CBSA President to be directed to deliver specifics to finally achieve expedited U.S./Canada shared land border crossing and clearance for low risk cargo and people that also does not lower but will probably enhance public safety. This initiative staffed by key personnel to reassess and realign effort in operations, infrastructure, and policy. We must tell our story and get sophisticated in sharing facts and data. We must insure use of newest technology capability.

Current Western Hemisphere Energy Status and Outlook

Ambassador Roger Noriega, Can/Am BTA Senior Advisory Board Managing Director Vision Americas LLC

Provided an amazing in-depth view of Western Hemisphere Energy status. Critical petroleum sectors are underperforming In several Latin American economies. State controlled energy sectors are hampered by government interference and short-term political agendas such as use of petrodollars to balance government budgets and popular gasoline subsidies restricting investment and improving operations. Discussed Brazil, Mexico and Venezuela. From 1954 to 1997, government of Brazil managed the oil company and was viewed as a trust fund for social programs and took on \$124 Billion of debt. Petrobras is the most heavily indebted energy company in the world. Since 1997, private companies were allowed to compete but the market was never liberalized and domestic content was imposed inhibiting growth and ability to compete. Pemex, the Mexican oil company nationalized in 1938 is an example of how not to run an oil company. 7% of Mexico's GDP is generated by Pemex which has its profits diverted to support government spending. 70% of Pemex's revenues are siphoned off to balance the national budget thus it has no resources to improve infrastructure or to invest in exploration or extraction thus production has seriously declined. Mexico's refining capacity is 850,000 barrels a day the same level it achieved in 1990. Pemex has a \$50 Billion pension debt. Some predict Mexico will become a net importer of oil by 2020. Petroleos de Venezuela (PDVSA) was nationalized in 1974 and decimated since 1998 by having its revenues used to fund ambitious domestic spending and a grandiose international agenda. Venezuela's oil production is 2.1 million barrels a day far below the 3.3 million barrels a day before Chavez. The company borrowed \$50 Billion from China under oil-for-loan contracts. Now the company is ruined and the till is empty. Argentina is the next hot spot for shale drilling. Columbia's production is planning \$13 billion investment by 2020 with oil at \$50 a barrel reaching production of 760,000 barrels a day. Peru oil production has fallen 30% by 2016 due to oil price drop. No new oil deposits have been discovered there.

CAN/AM BORDER TRADE ALLIANCE CONFERENCE SUMMARY OCT. 2016

United States production is at 8.4 million barrels a day down from 9.6 million before the price drop. Shale/fracking has proved to be flexible and able to squeeze out costs and is ready and able to pump more. By the end of 2017, we will again pump 9.6 million a day. U.S. will be the fastest to snap back.

Canada continues to pump so much oil into the U.S. there are not enough pipelines to carry it so rail cars continue to be used. Canada produced 4 million barrels a day today and will increase to 5.5 million barrels a day by 2030. With the Keystone pipeline and other improvements or using other modes of transporting Alberta Oil Sands, the U.S. and Canada are approaching self-sufficiency.

Summary and Closing Remarks

Matt Parrott, Executive Board Member CAN/AM BTA
Director Transportation. A.N. Deringer Inc.

Success is about partnership and cooperation. Two major attributes Can/Am BTA exhibits consistently. The border has come a long way with much more to do. Can/Am BTA is committed to provide solutions and continue its ability to move things along. Thanked the excellent speakers and most of all the participants that add so much to the proceedings.

Can/Am BTA is 25 years old in 2017.
Come join the anniversary celebrations in Ottawa in May 2017 and Washington in October 2017.

Jim Phillips, President & CEO
canambta@aol.com

Future Can/Am BTA Conferences:

Ottawa, Ontario	May 7-9,	2017
Portland, OR (w/PNWER)	July 23-27,	2017
Washington, DC	Oct. 1-3,	2017

MARKET ACCESS DEPENDS ON:

**TRANSPORTATION PLUS CONNECTIONS
= TRADE = JOBS = QUALITY OF OUR LIVES**

**KNOWN LOW RISK GOODS AND
PEOPLE MUST BE EFFICIENTLY
FACILITATED WITHOUT LOWERING**

PUBLIC SECURITY

**CAN/AM BORDER TRADE ALLIANCE IS PROUD
TO ACKNOWLEDGE OUR
2016 WASHINGTON SPONSORS**

CONFERENCE SPONSORS:

CN

INGREDION INCORPORATED

TRANSPORT CANADA

PATRON SPONSORS:

BUFFALO FORT ERIE PUBLIC BRIDGE AUTHORITY

CANADIAN TRANSIT COMPANY

FEDERAL BRIDGE CORP.

GS1 CANADA

NELSON MULLINS

A.N. DERINGER, INC.

BOMBARDIER INC

CANADIAN PACIFIC RAILWAY

ERB GROUP OF COMPANIES

GLOBAL TRADE ASSOCIATES

INTERVISTAS CONSULTING INC.

LIVINGSTON INTERNATIONAL INC.

PUROLATOR INC.

SPEED GLOBAL SERVICES

STANTEC CONSULTING GROUP

CAN / AM BORDER TRADE ALLIANCE

UPS SUPPLY CHAIN SOLUTIONS