

CAN/AM BORDER TRADE ALLIANCE
MAY 6 - 8, 2018 OTTAWA CONFERENCE



SUMMARY HIGHLIGHTS

24TH 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:

Spokane, WA (w/PNWER)	July 22-26,	2018
Washington, D.C.	Sept. 30-Oct. 2,	2018
Ottawa, Ontario	May 5-7,	2019

Conference Highlights:

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

Reception held at the U.S. Charge d'Affaires Residence

Hosted by Matt Boyse

Speakers acknowledged Can/Am BTA's leadership role:

Hon. Marc Garneau, M.P., P.C., Minister of Transport

"Can/Am BTA's thoughtful contributions to foster conversation, shared goals, and efficient flow of Trade and Supply Chains is effective and appreciated."

President John Ossowski, Canada Border Services Agency

"As lead actors in the flow of trade, Can/Am BTA sees precisely what is involved at almost every stage of the process. For that reason, this conference continues to figure prominently on the calendar for anyone with a stake in North American border management."

"Can/Am BTA is a great platform to "test out" some ideas and direction to ensure that we can align and advance our mutual agenda."

Jill Wherrett, Assistant Deputy Minister Portfolio Affairs, Public Safety Canada

"Can/Am BTA's voice on innovation to transform the Border remains strong."

Wayne Easter, M.P., Co-Chair CANADA/US INTER-PARLIAMENTARY GROUP

"Appreciate Can/Am BTA's ability to communicate priorities, work together better and strengthen the Canada/U.S. relationship."

Alicia Duval, Senior Vice President, GS 1 Canada

"Can/Am BTA focuses on the end vision."

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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 2018 Ottawa Conference!

Moment of silence was held recognizing the sudden passing of a very special man, Gord Brown

INTRODUCTORY REMARKS

**Luc Portelance, President, Crosspoint Integrated Strategies
Senior Advisory Board CAN/AM BORDER TRADE ALLIANCE**

Welcomed all on behalf of Can/Am BTA. Can/Am BTA has supported and advances Canada/U.S. Border Management for 26 years. Can/Am BTA matters as it focuses its collective proven trusted expertise to develop early important ideas, formulate initiatives to influence effective implementation. Its extensive border-wide network brings together a broad array of knowledge, skills and expertise to develop next stage of improvements. The speed of change in technology development is a critical element of the Border of the Future. Highlighted the just announced initiative to develop and write a “white paper” titled Beyond Pre-Clearance. Stay tuned!

PUBLIC SAFETY CANADA

Jill Wherrett, Assistant Deputy Minister Portfolio Affairs, Public Safety

The relationship with the U.S. is essential to Canada (trade, defense, sports, entertainment. etc.) We are bound together as friends and allies and we make things together. Public Safety Minister Goodale and Homeland Security Secretary Nielsen are working very closely and cooperatively on: implementing Pre-Clearance; Cyber Security (40 percent of Cyber attacks are focused on the energy sector); Information sharing; Critical Infrastructure; Artificial intelligence; Drones; and the Perimeter Approach. Provided pertinent and insightful overview of; Irregular Migration influx; marijuana legalization; and sharing of best practices.

VIEW FROM THE BRIDGES

**Ken Bieger, General Manager, Niagara Falls Bridge Commission
Natalie Kinloch, Chief Finance & Operating Officer, Federal Bridge Corp.
Stan Korosec, Canadian Gov't. Relations, Canadian Transit Company
Ron Rienas, General Manager, Peace Bridge**

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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: Rainbow Bridge construction of 13 new bus primaries; pedestrian processing upgrade; Lewiston Queenston Bridge new construction of Admin. Building 2020 completion and 15 Primary Inspection Lanes 2023 completion; Ambassador Bridge extensive replacement of railings and sidewalk areas; construction of a new 60,000 sq ft 10 dock CBSA commercial building at the plaza and with the Permit received site clearing and preparation of the new bridge span; Federal Bridges numerous renewal and upgrade projects completed, Old Seaway Bridge piers removed; old Blue Water Bridge Admin. Building demolished; the new Thousand Island \$60 million facility construction; Peace Bridge complete \$100 million re-decking working through the winter and with only 2 lanes alternately operating no traffic delays experienced, VACIS relocated, 8th truck inspection lane added. Described the Pre Arrival Readiness Evaluation initiative that has increased truck throughput and the next phase adding facial recognition and license plate readers. Held a very informative panel discussion on the realities they face: rapid development of technology and implementation of Perimeter Clearance require adaptability to fit into existing and planned facilities; volatile and dynamic new patterns being experienced; traffic volume count down 35 percent from year 2000 levels affecting toll collection to finance Bridge operations while cargo value and number of transactions steadily have increased; CBSA staffing allocation to Ports of Entry is not adequate; impacts of legislation and driver behavior.

COMMODITY IDENTIFICATION CBSA PROOF OF CONCEPT RESULTS

Alicia Duval, Senior Vice President, GS 1 Canada

GS 1 is a neutral user-driven not-for-profit company developing global standards used in 150 countries by 1.5 million companies. Extremely interesting presentation of Global product traceability utilizing the Global Trade Item Number (GTIN) that is critical to efficiency providing a packaging hierarchy digital trail from manufacturing to end user. Provides 1 to many data integrity and full supply chain traceability. The Proof of Concept very successfully simulated the admissions process into Canada by sectors such as: groceries; pharmaceuticals; health care; and medical devices with the ability to identify counterfeit products.

CANADA/U.S. INTER-PARLIAMENTARY GROUP

Senator Michael MacDonald, Co-Chair
Wayne Easter, M.P., Co-Chair

Member of Parliament Easter and Senator MacDonald shared what the Canadian Section of the Canada-U.S. Inter-Parliamentary Group is doing on behalf of Canadians focusing on: the relationship with the U.S.; the border; job creation;

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NAFTA; water; Opioids; blockchain; artificial intelligence; integrated supply chains; North American continent in global competition; and other priority issues. Meetings and discussions held in 2017 and planned in 2018 include: all of the Council of State Governments' Regional meetings; Council of State Governments' Annual National Meeting (50 States); National Governors' Association; New England Governors and Premiers; Congressional Visits in Washington and Ottawa with members of the House and Senate. Issues at the various discussions included: cooperation in a range of natural resources; Cyber Security; and Trade between our two countries for joint economic prosperity.

TRANSPORTATION

Honourable Marc Garneau Minister of Transport

Provided a very articulate reminder of the reality of Canada and the U.S. making things together. Canada does not ever take the U.S. for granted. The Minister serves as Chair of the Cabinet Committee on U.S./Canada Relations. Canada is investing in Border Infrastructure as the key to economic success is access to markets utilizing efficient transportation via effective Trade Corridors. Canada is investing \$2 Billion in the National Trade Corridor Fund that will identify choke points, determine capacity constraints, and quantify priority investment needs. Stressed that implementation of Pre-Clearance at Land, Rail and Marine and the expansion of Air is a must.

UNITED STATES EMBASSY

Matt Boyse, A/Deputy Chief of Mission

The U.S. and Canada have a long standing massive relationship. Summarized the Pillars of Trade Policy and National Security. Discussed enforcing Trade Laws, expanding opportunities of reciprocal free and fair Trade, Highlighted the long history of Canada/U.S. cooperation on our shared border. Looks forward to implementation of Pre-Clearance, shared efficiencies and integrated operations. Cited Can/Am BTA as being front and center.

CANADA BORDER SERVICES AGENCY

John Ossowski, President, Canada Border Services Agency

CBSA has a long history of productive consultations with Can/Am BTA. CBSA depends on the input and co-operation of multiple stakeholders, clients and partners. Our operating environment continues to evolve from rapid changes experienced coupled with major increases in volumes and services. CBSA must manage change:

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unpredictable disruptive trends; rapidly evolving technology; eCommerce explosion opening the door to automation; artificial intelligence; drone delivery; and low- or no-touch border processing. Must deal with unfair Trade practices, facilitate Trade Compliance, and insure how our work fits in the Government's priorities. In order to move CBSA towards a risk-based compliance model, use of innovative technology is being expanded: Kiosks; Trusted Trader Corridor; chain of trust designs; eDeclaration App; enhanced analytical capabilities; and optimizing and automating processes. The goal is to limit the time low-risk people and goods spend at the Border. Delays are very costly at the Border and CBSA needs to be prepared, operationally, to handle what occurs with adaptability and flexibility. CBSA has an enduring partnership with the U.S. and CBP. We have long understood the benefit of working together.

eCOMMERCE INSIGHT AND PERSPECTIVE

Candace Sider, Vice President N.A. Reg. Affairs, Livingston Intl.

Cross Border eCommerce literally with On Line shopping gives you access to the world at your finger tips. In 2017 worldwide 1.66 billion people purchased e-retail sales of \$2.3 trillion stated in U.S. dollars (23 percent of shipments mislabeled) and projected to increase up to \$4.88 trillion in 2021. Growth reflects a 20 percent year over year volume increase moving by all modes of transportation. The World Customs Organization (WCO) is developing a strategic and operational framework comprised of eight principles it has defined, i.e., Advance Electronic Data and Risk Management; Facilitation and Simplification of Procedures; Safety and Security; Revenue Collection; Measurement and Analysis; Partnerships; Public Awareness Outreach Capacity Building; and Legislative Framework.

VIEW FROM TRUCKING

Lak Shoan, Director of Policy, Canadian Trucking Alliance
Kevin Erb, Director U.S. Operations, ERB International

The Canadian Tucking Alliance provided meaningful insight into Supply Chain Impacts, Electronic Logging and the critical Driver Shortage. Trucks move 72 percent of produced goods and make 11 million two-way trucking movements crossing the U.S./Canada Border yearly. The average age of Canadian truck drivers is 47, 15 percent age 25-34 and 22 percent age 55-64. Adjusted for inflation driver wages have grown less than 1 percent per year since 1998. Approximately 87 percent of all trucking Industry productivity gains since 1986 have flowed through to customers in the form of lower prices. Electronic Logging Devices (ELD) effective in the U.S. December 2017 are a major constraining effect on miles driven, fleet profitability, customer selectivity resulting in reducing truck availability thus with increased demand short and long term pricing are substantially up.

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ERB provided an excellent overview of their extensive truck load, less-than-truckload, refrigerated and dry van fleet coupled with their terminals and cold storage facilities operations. They hold membership and security certifications at every level in the U.S. and Canada as well as Food Safety Certifications. 75 percent of their drivers are FAST approved. They have staff dedicated to ACE and ACI manifests and customs clearance procedures to minimize delays. Counter productive issues affecting operations are: excessive loading and unloading delays at inefficient shipping and delivery locations; truck parking filled at those sites due to the delays; adapting to the ELD reality that also more and more finds shortage of parking along routes as trucks must pull over to meet mandatory driver-at-rest requirements. Recruitment of new young drivers and retention of experienced drivers is a critical priority that involves personal interaction with drivers and ensuring their satisfaction.

PRE-CLEARANCE STATUS OF REGULATIONS

Mark Potter, Director General Strategic, Public Safety Canada

As requested, a very excellent, specific and clear presentation was given updating Preclearance Implementation and Canadian Regulations development. Benefits of Preclearance are: expedited transiting of borders; move processing away from congested border crossings; increased efficiencies of logistics, just-in-time manufacturing and storage; addresses security threats at point of departure; and will now satisfy strong market demand for expansion to all modes to facilitate growing trade and travel activity. Expected Implementation timelines are: complete regulations for the Air Mode late 2018; complete regulations for Land, Rail, and Marine Modes late 2019; and complete regulations for full Canadian Preclearance in the U.S. late 2020. Canada and the U.S. are set to test the Protection and Accountability Framework with a joint table top exercise in Spring 2018. Canadian and U.S. officials have formalized the U.S. approach to cost recovery in Canada through signing a joint letter. In 2017, Canada and the U.S. committed to an overarching vision for cargo preclearance and are in the process of drafting a bi-national paper that will include cargo and a forward work plan. Stated Can/Am BTA is an important key group on the shared Canada/U.S. Border.

CBSA BORDER COMMERCIAL CONSULTATIVE COMMITTEE
COMMERCIAL AND OPERATIONS COMMITTEE

Jim Phillips, President & CEO, Can/Am Border Trade Alliance
BCCC Committee Commercial and Operations Trade Co-Chair

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CANADA BORDER SERVICES AGENCY HAS INITIATED COMMERCIAL TRANSFORMATION A MAJOR UNDERTAKING TO ENHANCE EFFECTIVENESS AND ACHIEVE SECURE FLUIDITY AT THE BORDER REDUCING COSTS OF CROSS BORDER BUSINESS AND TRAVEL

Our Committee, responsible for consultations on CBSA Port Operations at all modes, with 19 Stakeholder members, provided input on their: issues; concerns; needs, barriers, CBSA activities causing them delay and extra cost and ideas that would enhance CBSA effectiveness. The Committee Work Group Issues list was summarized within Mode (**THE 5 MODES OF PORT OPERATIONS ARE: DOCUMENTS; MARITIME/SEAPORTS/CRUISE/FERRY; LAND; RAIL; AIR/AIR CARGO/AIRPORTS PLUS ISSUES CBSA WIDE ACROSS MODES.** Each Mode has an identified lead group of Committee members. An initial summary was issued mid-January. Selected issues were assigned Work Groups with specific statement of effort and focus, name of persons assigned, specific desired outcome and a timeline for reporting and completion (ranging from 3 to 12 months). Additional Work Groups are in the process of being created and assigned. The individual issues by mode were described.

CANADA BORDER SERVICES AGENCY

Maurice Chenier, Vice President, Chief Transformation Officer
Charles Slowey, Director General, Commercial Programs

Maurice highlighted that CBSA relies on transformation. Innovation and technology are key to transformation coupled with adaptability, effective management, and leadership. CBSA is assessing what it does and why. With the huge rate of change CBSA is measuring its accomplishments year by year rather than a five year projection of outcomes. VFRID and Wi-Fi will be completed in two years. Doing a Supply Chain analysis to create efficiency and resiliency at the Border. "Doing It Right, i.e., getting the right results to the right person at the right time results in more control and effective operational awareness. Finish what you start. Status Quo is not an option."

Charles discussed CBSA Commercial focus citing processing activity has increased 39 percent over the past four years. CBSA values engagement and development of strong partnerships. CBSA is prioritizing Commercial focused deliverables and short time frames. Described the reorganization of the Border Commercial Consultative Committee into three coordinated focused Committees. Highlighted the use of pilots to evaluate new technologies. Must take advantage of analytics and new techniques. Cited major improvement changes underway and the importance of Single Window and the effort to avoid unintended consequences. Stated Can/Am BTA is a great ally on Border operations.

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VIEW FROM AIR – AIRPORTS - AIR CARGO

Solomon Wong Moderator, Can/Am BTA Executive Board
Gerry Bruno, Vice President, Vancouver Airport Authority
Daniel Gooch, President, Canadian Airports Council
Tyler Macafee, Director Planning, Winnipeg Airports Authority

Panel gave a very informative and effective presentation and discussion. Currently there are 7 billion global air passengers and growing substantially year to year. Highlighted: future of Unmanned Aerial Vehicles (UAV); connected vehicles; artificial intelligence; process convergence; and facial recognition. The direct impact of Canada's Airports: 194,000 jobs; \$13 billion in wages; \$19 billion Gross Domestic Product and \$48 billion economic output that support 355,000 other jobs. Canada Airports in 2017 handled 138 million passengers: 75 million domestic; 34 million international; and 29 million transborder. Growth of air traffic puts demand on facilities for which airports are investing millions, security screening that need reforms, and CBSA inspection both of which organizations need additional funding. Future visions include: Visa Free Transit; One Stop Security; and international to domestic from certain locations without baggage rescreening. Presented a detailed step-by-step "how it will work" Unified Cargo Processing Pilot for Winnipeg Richardson International Airport, the busiest Canadian Airport for cargo freighter flights and major hub for Cargojet. Panel held a very insightful discussion and Q & A with the audience.

A very special presentation was given on renewing the vision for the Canada-U.S. Border Facilitation and Security Relationship entitled "BEYOND PRECLEARANCE INITIATIVE." The original 2002 Perimeter Clearance Strategy and the follow-up 2008 Coordinated Clearance-Point of Departure Determination detailed documents were authored by Gerry Bruno, Solomon Wong, and Jim Phillips. The primary concepts were included in both the Ridge Manley 2002 32 Point Smart Border Plan and the 2011 Beyond the Border Action Plan. A new Border Vision is needed and is to be titled "Beyond Preclearance Initiative" including: a Free-Flow Journey across our shared Border; Moving People and Goods at Speed as a norm; the future of Automated Trucking and Cargo Drones; use of Facial Recognition Biometric to enable virtual free flow for travel into either country and between our countries, etc.; A specific Plan of Action to complete the White Paper in 2018 is operational. A number of Coalition Partners and Organizations are signed on. The Gerry Bruno, Solomon Wong and, Jim Phillips team along with a number of other individuals will be active in developing the content and document.

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Garry Douglas, President & CEO, Plattsburgh No. Country Chamber

Garry has led the Chamber for 26 years harnessing 4,200 companies to pull together as one. He changed the paradigm in thinking to: Establish the Vision; Develop the Plan; and Initiate Action to achieve the desired outcome. In addition to his “day job,” he envisioned and formed the very effective Quebec-New York Trade Corridor and he is the anchor for Can/Am BTA of the Quebec/New York Region of the Canada/U.S. Border. Cited Chambers as excellent catalysts to reenergize an area economy. “If you are small, join something bigger.” Specifically stated that his attendance at the Can/Am BTA 1996 Trade Corridors Conference held in Austin Texas provided him the vision to create the Quebec-New York Trade Corridor. Bi-national Border Regions are “top of the pile” in recognition of the essential importance of a cooperative and strong Canada/U.S. relationship. We are in a period of change and uncertainty and must strengthen our strategic focus on bi-national commitment and cooperative activities to support positive outcomes. Canada and the U.S. make things together, and we are an integrated economy within an economic partnership.

SUMMARY REMARKS

Candace Sider, Executive Board
CAN/AM BORDER TRADE ALLIANCE

Can/Am BTA conferences continually are made up of knowledgeable and effective participants in a dynamic environment with outstanding speakers sharing pertinent expertise and their passion. Ottawa 2018 did it again. Currently there are many opportunities for beneficial and meaningful change in partnership with Governments. Change is a positive opportunity. The chance to achieve meaningful outcomes is worth it. Thank you for participating and we will see you in Washington, D.C. September 30-October 2, 2018.

Future Can/Am BTA Conferences

Spokane, WA (w/PNWER) July 22-26, 2018
Washington, D.C. Sept. 30-Oct. 2, 2018
Ottawa, Ontario May 5-7, 2019

Jim Phillips, President & CEO
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