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How DHS Might Address the Mission of Trade Facilitation

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… we must work with our international partners and with the private sector to prevent the exploitation of the interconnected trading, transportation, and transactional systems that move people and commerce throughout the global economy and across our borders. At the same time, we must also work with those same partners to ensure the security and resilience of those systems in order to expedite and reduce unnecessary encumbrances to lawful travel and trade that may impair economic vitality.

DHS Quadrennial Homeland Security Review Report, 2/2010

Introduction. In the post-9/11 era, businesses engaged in cross-border commerce have persistently said that "security has trumped trade" to an extent that is damaging to our integrated North American economy. This refrain has grown louder in the aftermath of the deep economic recession that began two years ago. Recent reports from academia, think-tanks, and the private sector have urgently called for new efforts to facilitate cross-border trade in order to preserve our competitiveness within the global economy, and thus preserve our way of life.[1]

Reviewing the birth of the Department of Homeland Security (DHS) and the evolution of its mission, one scholar notes that the primacy of security is by intention—that DHS is "doing what it was established to do."[2] That conclusion was based upon documents up through and including DHS's 2008 strategic plan.

In early 2010, though, DHS published the inaugural edition of the Quadrennial Homeland Security Review Report (QHSR). The QHSR purports to be the document that identifies DHS's vision of what constitutes homeland security and of how that vision is pursued through implementation of various missions. The QHSR is a notable document in that it makes prominent reference to the notion of economic security as being a vital component of homeland security. An excerpt from the QHSR is presented in the sidebar, and the final words of the excerpt show that DHS understands the pitfalls of a security paradigm that throttles trade. Those words also imply a willingness to launch new efforts to expedite lawful commerce. How, then, should DHS proceed, given that it is in essence a paramilitary organization that has thus far maintained a narrower view of security? This article highlights four initiatives proposed by various commentators, all of which can be readily implemented by DHS.

Center of Excellence. The research capability provided by U.S. universities has long been a vital component of the nation's defense-related efforts, and DHS has recognized the value of

1. Examples include: *Toward a New Frontier: Improving the U.S. – Canadian Border*, published in 2009 by the Brookings Institution; *Finding the Balance: Shared Border of the Future*, published in 2009 by the Canadian and U.S. Chambers of Commerce; *A New Bridge for Old Allies*, published in 2008 by the Canadian International Council; and *In Search of Effective Border Management*, published in 2009 by the Canadian International Council.
2. Kathryn Bryk Friedman, "The Border After 9/11—Security Trumps All," *Policy Options*, February 2010, p. 53

Figure 1. Missions of Existing Centers of Excellence

- Risk and Economic Analysis of Terrorism Events
- Foreign Animal and Zoonotic Disease Defense
- Food Protection and Defense
- Terrorism and Responses to Terrorism
- Advancing Microbial Risk Assessment
- Study of Preparedness and Catastrophic Event Response
- Awareness and Location of Explosives-Related Threats
- Border Security and Immigration
- Maritime, Island and Remote and Extreme Environment Security
- Natural Disasters, Coastal Infrastructure and Emergency Management
- Transportation Security
- Command, Control and Interoperability

enlisting academic expertise. It has launched and funded twelve Centers of Excellence (COEs) as a means of commissioning research into specific topics. A list of the missions of the existing COEs (*see Figure 1*) is persuasive evidence of DHS's historical focus upon the tasks of interdiction and counter-terrorism, implemented within a paramilitary paradigm. Nowhere is there an emphasis upon the idea that facilitation of legitimate commerce is crucial to the nation's economic vitality.

A new COE for Trade and Travel Facilitation should be formed, comprised of a set of universities positioned to address the key trade corridors that serve the auto-belt (i.e., the crossings from Ontario to Michigan and New York), New England, and Cascadia.[3] These regional partners are vital because they possess existing knowledge of the dynamics of regional economies and trade flows, and they offer efficient access to crossing points for the purpose of field research.

An advantage conferred upon COE members is the ability to access the internal workings of DHS in a manner typically unavailable to scholars. Examples of such access include: access to data collected in the normal course of operations (e.g., data captured by license plate readers, ACE manifest data) that would be of great use in the design of trade facilitation programs; access to port-of-entry facilities; access to officials (who often are unable to discuss issues with outsiders).

Stakeholder Forums. In a recent article, Chris Sands reviews the manner in which the important trade facilitation initiatives rolled out in the Shared Border Action Plan were actually developed through an extensive stakeholder consultation process that took place in the late 1990s.[4] He also writes about regional variations along the Canada – U.S. border and the concomitant need to craft solutions that are appropriate to the dynamics of a given region. He ultimately advocates that DHS convene port-specific stakeholder committees, leading to mini-action-plans. Expanding upon Sands's idea, we note that the most successful existing port-specific stakeholder forum is the International Mobility and Trade Corridor (IMTC) project, which for 13 years has sought to foster mobility through the Cascade Gateway ports (Blaine, Lynden, Sumas) that serve the I-5 corridor linking B.C. and Washington State. The forum is facilitated by the Whatcom Council of Governments (WCOG), a regional transportation planning entity based in Bellingham, 25 miles south of the border. Within the IMTC framework, municipal, academic, and private-sector stakeholders regularly

3. The Detroit Chamber of Commerce is collaborating with universities in the Detroit region to pursue federal funding for a COE dedicated to trade facilitation, and their effort is the origin of the idea advocated here.
4. *Toward a New Frontier: Improving the U.S. – Canadian Border*, published in 2009 by the Brookings Institution

meet with transportation agencies and security agencies from all levels of government (i.e., state, provincial, federal). The IMTC succeeds because of the following factors:

- *Proximity*. Forums make sense only where the necessary stakeholders are capable of easily attending the meetings. Given the proximity of Seattle and Vancouver to the border, IMTC participants can reach a meeting after a drive of no more than two hours. An onerous burden of attendance (i.e., an airplane ride or a very long drive) will eventually defeat a forum.
- *Facilitation*. The stakeholders must find participation to be simple, with little or no preparation required of them. This implies that tasks are being handled in the background (arranging venues, establishing agendas, memorializing progress, etc.). The quality of the facilitation is crucial. Stakeholders must perceive the forum as neutral, with all viewpoints welcome, so the use of CBP employees as facilitators is inadvisable. At the IMTC, a key to success has been the subject-area expertise, longevity, and neutrality of the facilitation offered by the WCOG.
- *Mindset of participants*. The participants must have a common vision of what they are trying to accomplish—greater cross-border mobility *in combination with* security that CBP deems appropriate. CBP officials might at first be skeptical of a forum's value, in that "civilian" stakeholders are sometimes viewed by security forces with a degree of disdain. While this may have been true in the IMTC's early days, CBP officials are willing participants now, having seen the forum produce real benefits without undermining security.
- *Funding*. The WCOG supports the IMTC with two FTE staff, which obviously represents a cost burden. The WCOG has twice been successful in securing long-term funding from USDOT via contracts tied to six-year highway appropriations programs. The forum would have died years ago if the WCOG had had to scramble each year to secure funding.
- *Motivation*. People must be motivated to participate, and, unfortunately, the best motivation is impediments to mobility as evidenced by congestion and delays. Forums would be most useful at crossings that receive heavy use and that are straining to meet the load, as has been the case at the Cascade Gateway

DHS, in consultation with each relevant state, should identify regional agencies that are appropriate facilitators of new forums. Initial six-year contracts should be executed, so that each forum has a good chance to achieve success. Figure 2 shows groupings of crossings that are likely sites for new stakeholder forums. These groupings incorporate busy crossings, are reachable by bureaucrats, and don't place an undue burden upon any one state/province (each of which likely has a small cohort of staff capable of participating).

Figure 2. Likely Sites for Stakeholder Forums

Group of Crossings	State-Province Pair
Cascade Gateway	WA – BC
Detroit, Port Huron	MI – ON
Buffalo - Niagara	NY – ON
Alexandria Bay, Ogdensburg, Massena	NY – ON
Champlain - Rouses Point	NY – QC
Highgate Springs, Derby Line	VT – QC
Calais, Milltown, Houlton	ME – NB

Trade Facilitation Advisory Panel. Kathryn Friedman notes that DHS has established a number of advisory panels composed of private-sector, academic, and state/local government representatives. These panels provide policy guidance and "real world" feedback within a number of topical arenas (e.g., the National Infrastructure Advisory Council, the Homeland Security Science and Technology Advisory Committee). Friedman points out that no existing permanent panel is focused upon the topic of trade facilitation. She suggests the formation of such a panel, which could offer guidance about how to balance economic and security interests along both borders.[5]

Total Quality Management and Continuous Process Improvement (TQM/CPI). Chris Sands advocates that DHS institutionalize two management practices that have led to gains in efficiency and quality within the private sector. TQM involves creation of channels within DHS such that the entire staff, from front line to headquarters, has a means to communicate suggestions for operational improvement to officials empowered to effect change. Suggestions are evaluated, perhaps pilot-tested, and, if worthy, incorporated into standard practice. An incentive mechanism might exist to reward an employee responsible for a worthy suggestion. CPI is a proactive internal program through which an organization systematically (and continuously) examines its operational processes. CPI begins with a planning phase, in which measurable objectives are established and changes to processes are proposed. Implementation of changes comes next (usually on a pilot scale), followed by an evaluation of processes relative to the initial objectives. If objectives remain unmet, an analysis is undertaken to determine causes, and the planning phase begins again.

Conclusion. The above suggestions offer ways that DHS can strive to address its mission of eliminating unnecessary encumbrances to lawful cross-border trade and travel. In essence, all four suggestions involve the solicitation of advice and/or knowledge. Both the advisory panel and the stakeholder forums are designed to garner the advice of outside constituencies that either are involved in cross-border commerce (i.e., users of the border) or are involved in provision of border infrastructure (i.e., transportation agencies). With respect to TQM/CPI, advice is sought from within DHS's own ranks. Finally, a COE provides a means for DHS to procure research-based advice from academia, targeted to topics of direct concern to DHS.

The advice received via these distinct channels would be useful in different ways. The stakeholder forums would help address port-specific issues associated with infrastructure development (lanes, booths, signage, etc.) and operations (snow removal, emergency notification, etc.) at the busiest crossings. On the other hand, the advisory panel would be a channel through which DHS would converse regarding broad systemic issues. The COE would allow a means to analyze issues at any point along the spectrum, from systemic (e.g., FAST program eligibility) to port-specific (e.g., a queuing model for a new arrangement of booths).

None of these suggestions is particularly expensive. For example, seven stakeholder forums would cost perhaps $1.7 million per year, and the COE for border security launched two years ago has a budget of just $3 million per year. The combined cost of all four suggestions would likely be less than $10 million per year—about two hundredths of one percent of DHS's annual $56 billion budget. Dedicating this proportion of funding expressly to the pursuit of a mission of trade facilitation would surely be a useful counterbalance to the various initiatives undertaken to harden the borders. On a final note, these suggestions obviously imply that a high-level bureau within DHS be tasked with the mission of eliminating undue encumbrances, and it is that bureau that should manage these initiatives.

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5. Kathryn Bryk Friedman, "Governing the 49th Parallel: Recommendations for US Policymakers on Northern Border Governance," presented at a Canada – US Border Seminar on April 12, 2010. See the seminar proceedings at www.wwu.edu/bpri
6. Chris Sands, "Learning from the Front Lines: Implementing CPI and TQM within CBP at the U.S. – Canada Border," presented at a Canada – US Border Seminar on April 12, 2010. See the seminar proceedings at www.wwu.edu/bpri