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## **The Border and a North American Transportation Vision**

**Speaking Notes for  
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**Transportation Border Working Group  
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**Please Check Against Delivery**

I want, first of all, to thank Allan Wilson for extending an invitation for me to join you for this meeting. I'm very pleased to be speaking to you about an issue that is central to the Canadian business community. The mission of the Transportation Border Working Group is to facilitate the safe, secure, efficient, and environmentally responsible movement of goods and people across the Canada-U.S. border. At the Canadian Chamber of Commerce, Canada-U.S. relations is one of our top policy areas, especially the border, which is the focus of my presentation today.

Although all of you know of the Canadian Chamber of Commerce, you may be unaware that we are the largest business organization in Canada, with membership of 175,000 businesses in every region of the country. Our members include both the largest and smallest companies. We are Canada's *Voice of Business* and we work hard with governments to foster a strong, competitive, and profitable economic environment that benefits, not only business, but all Canadians.

Canada and the United States facilitate the largest bilateral trading relationship in the world, with approximately \$1.6 billion in two-way trade and 300,000 travelers crossing the border on a daily basis. Further, Canada-U.S. manufacturing is part of continent-wide operations, with one-third of our bilateral trade consisting of intra-company delivery of input materials. The benefits flowing from this relationship are significant, including 7.1 million jobs in the United States and 3 million jobs in Canada.

Unfortunately, feedback from Canadian and U.S. business shows an increase in border costs because of increased wait times; direct fees for crossing the border; additional and duplicative border programs; additional costs for participating in trusted shipper and traveler programs; and increased inspection times. The extensive layering of these costs has resulted in the 'thickening' of the border which is becoming increasingly more expensive to cross for both cargo and travelers, creating a hidden tax on producers and consumers.

Border and inspection wait times are unpredictable, adding an element of uncertainty that discourages just-in-time manufacturing

and cross-border travel. There is also a cost of becoming a certified trusted shipper. Certification can cost well in excess of \$100,000 yet the benefits of participation are being questioned on both sides of the border. While these programs are expensive, industry supports them if the promised benefits are received. Border fees are also driving up the direct costs of crossing the border. The U.S. Animal and Plant Health Inspection Service (APHIS) fee is applied to cover the cost of inspection for imported fruits and vegetables into the United States. All commercial conveyances and airline passengers must pay the fee, irrespective of the cargo being carried.

Shippers and travelers are increasingly viewing each mode of transportation as part of a multimodal system, a system that must remain efficient and cost-effective to meet the needs of the North American economy. Any given supply chain may contain a combination of a marine or air carrier, a port of entry, a warehouse, a rail service provider, and a truck before it makes it to its destination and one inefficient player can affect the entire chain. Similarly, a traveler may use a combination of international and domestic carriers and ports of entry. With much of Canadian and U.S. manufacturing

and travel being part of continent-wide operations, linked by cross-border supply chains and travel systems, the Canadian Chamber believes strongly that the border should be treated as part of the supply chain and travel system. We all know that when it doesn't work effectively, it has a direct, negative impact on the rest of the system.

With fierce global competition from the Pacific Rim and an integrated Europe, we need a coordinated North American response if we are to compete and win.

### **A National Transportation Strategy**

During the 2008 Federal Election, we called on the political parties of Canada to develop and implement a National Transportation Strategy for the movement of goods and people that:

- Contains a multimodal transportation infrastructure investment strategy;
- Is built on a competitive regulatory and fiscal environment;
- Is economically, socially, and environmentally sustainable; and
- Embodies a North American transportation vision.

The North American transportation vision is twofold. First, it maintains a secure and trade efficient border that facilitates the movement of legitimate goods and people. Second, it establishes a cooperative framework to efficiently utilize and enhance current levels of border capacity and integrate our transportation systems.

Implementing the vision requires coordinated planning and action on both sides of the border, including a series of short-term recommendations listed in *Finding the Balance: Reducing Border Costs While Strengthening Security*, a coalition report released in February 2008. In addition, it requires long-term infrastructure enhancement projects and a framework for a co-managed border.

### **Facilitating the Movement of Low-Risk Goods and People**

Facilitating the movement of low-risk goods and people means adopting a risk-based approach to border management. This concept is well understood and endorsed by Canada Border Services Agency (CBSA) and Customs and Border Protection (CBP). From a business perspective, we see the need to enhance the current model and

recommend that the Canadian and U.S. governments establish goals and develop metrics to drive border agency behaviour and priorities that demonstrate tangible benefits to program participants in trusted shipper and traveler programs. In addition, we would urge that all trusted shippers be exempted from existing and any new border inspections fees such as the APHIS fee. This will encourage more businesses to join trusted shipper programs and concentrate border resources on unknown trade and travel; resulting in a safer North America.

Encouraging further participation in trusted shipper programs and achieving full benefits requires cooperation between the Canadian and U.S. governments. Currently, carriers that want to take advantage of FAST into the United States and CSA-FAST into Canada must to belong to both the C-TPAT and the PIP programs. While positive steps have been taken, we encourage both the Canadian and U.S. governments to achieve full mutual recognition, i.e. Canada and the United States accepting the equivalency of each other's supply chain security programs. Therefore, companies interested in trusted shipper programs will only need to apply to one

program with certification being recognized by both countries, as is done with the NEXUS trusted traveler program.

Regarding NEXUS, the Canadian and U.S. governments should continue to market the benefits of the NEXUS program with the target of one million NEXUS participants within the next 12 months. This includes making the program more transparent. Currently, NEXUS cards can be revoked and renewal denied without explanation. As a result, CBSA and CBP should create a formal review process for NEXUS rejection or revocations, enhancing fairness and eliminating uncertainty without jeopardizing the security of the program.

### **Efficiently Using Current Levels of Border Capacity**

Enhancing border capacity does not always require infrastructure development but rather efficiently using current capacity. A major concern for the Canada-U.S. business community is that not all border booths and inspection areas are operational during peak commercial times at major crossings, increasing wait times and costs. We recommend that CBSA, CBP, and other government departments with border mandates make a priority of offering 24/7 border services

at all major crossings, including the operation of border booths, secondary inspections by both border services and other government departments, and border-related support services.

Another way of efficiently using current border capacity is moving as much processing away from the border as possible because it will allow border officers to focus their limited resources on unknown trade and travel, creating a seamless border for legitimate, low-risk goods and people. Currently, food and agriculture exporters are subjected to border inspections from the United States Department of Agriculture (USDA) and the Canadian Food Inspection Agency (CFIA), and cannot benefit from the trusted shipper programs that fall under CBSA and CBP. Food safety risk management begins far back in the growing and production process, where both Canada and the United States have very sophisticated regulatory standards and enforcement mechanisms. We recommend that the Canadian and U.S. governments commit to the implementation of a pilot program along the Canada-U.S. border to expedite processing of qualified low-risk food importers. We have members ready to sign up today. In addition, because CFIA inspectors already operate under

Memorandum of Understandings (MOUs) with the Food and Drug Administration (FDA) and the USDA and are often present in processing facilities, the Canadian and U.S. governments should commit to the development of preclearance processes for known low-risk food processors. Undertaking on sight inspections by inspectors who have extensive knowledge of the processing plant would increase our food security.

As a result of the implementation of prior notification for imports to the United States under ACE and the Bioterrorism Act, much of the Canadian originated and destined trucked freight that previously moved south of the Great Lakes must now move through Canada, adding significant extra mileage on moves between eastern and western Canada. One trucking company reported additional costs of \$1,000 per load associated with moving shipments through Northern Ontario. Facilitating the movement of goods and people requires efficiently using the North American transportation system. We recommend that the Canadian and U.S. governments work together to simplify data requirements for domestic in-transit freight movements.

Taking advantage of current technology is another way of efficiently using current border capacity. A major frustration for industry is the lack of a single window for importing and exporting reporting requirements. CBSA and CBP are not the sole government agencies responsible for regulations on the import and export of goods but are expected to enforce many of the regulations of other government departments, often using different reporting requirements, in some cases electronic and in other cases paper-based. We strongly recommend that Canadian border-related departments make a priority of adopting an electronic single window and similar action be taken by the U.S. government for their International Trade Data System for border reporting requirements. This will increase information accuracy, creating a more efficient and secure border and can be the starting point of a more long-term strategy to develop a fully secure and interoperable customs system within North America.

In the coming months, vicinity RFID technology will be installed at 39 U.S. border crossings to screen those entering the United States. The technology, being used in trusted traveler cards and enhanced

drivers' licences, has the potential to substantially reduce border wait times and increase security because the traveler's information would appear on the border officer's computer as the traveler approaches the crossing, providing accurate information to the border officer and decreasing the time involved in collecting and processing the documentation. We recommend that both the Canadian government and U.S. government advance the implementation of secure vicinity RFID technology at all major border crossings.

For this technology to be beneficial, documentation with vicinity RFID chips must be in wide circulation. Enhanced drivers' licences, denoting identity, and citizenship, hold significant potential to represent a less expensive and more practical form of documentation than a passport for the many Americans and Canadians whose international travel interests are limited to our two countries. We are encouraged by the progress made by Washington State, New York State, and British Columbia, and the exploratory signs of interest expressed by other provinces and states. The federal, provincial, and state governments in Canada and the United States should dedicate the necessary resources to ensure the development of EDLs is

undertaken and accepted at all border crossings. The implementation must be rapidly deployed to ensure a critical mass of EDLs is in circulation before the June 2009 implementation of the Western Hemisphere Travel Initiative.

### **Efficiently Enhancing Border Capacity**

In addition to efficiently utilizing current border capacity, a North American transportation vision requires efficiently enhancing border infrastructure capacity. A number of our major crossings are aging and require significant infrastructure expansion. For example, the Ambassador Bridge and the Windsor-Detroit River Tunnel, which handle the majority of Canada-U.S. trade and travel, were built in 1929 and 1909 respectively.

While a number of border infrastructure enhancement projects are under way, the current process and coordination on both sides of the border is lengthy and cumbersome. For example, the completion date of a new Windsor-Detroit border crossing has been delayed numerous times and will not be complete until 2013. As part of a North American transportation vision, the Canadian and U.S.

governments, in cooperation with provincial, state, and municipal governments, should increase border investments and coordinate the timely maintenance and development of our border infrastructure. In addition to the Windsor-Detroit border crossing, other priority areas are a new bridge at the Peace Bridge crossing between Buffalo, New York and Fort Erie, and a new Windsor-Detroit rail tunnel as proposed by the Detroit River Tunnel Partnership.

Another crossing to undergo expansion is the Peace Arch, one of the busiest crossings in the British Columbia lower mainland. Construction will significantly reduce the number of lanes available, causing increased wait times at the Peace Arch or alternative crossings. At the same time there will be tens if not hundreds of thousands of additional travelers crossing for the Police and Fire Games in 2009 and the Olympic Games in 2010. We recommend that the Canadian and U.S. governments coordinate and extend the operating hours of the nearby Aldergrove border crossing to compensate for delays during construction. The model used to facilitate the movement of traffic during the upgrade of the Peace

Arch crossing can set a formal framework for future border construction projects.

### **Making this Happen - A Green Light Pilot Project**

A vision for a North American transportation system requires a framework for long-term coordinated action on both sides of the border. We recommend the development and implementation of a Green Light Pilot Project, a co-managed border that would exist at either a dedicated port of entry or co-exist within existing ports, just as NEXUS co-exists within existing airports. The Green Light pilot would be managed by a joint board or agency comprised of representatives from Canadian and U.S. border and infrastructure agencies, chaired by a rotating manager from either country as is done with NORAD. A co-managed border would provide uniform and consistent border planning that coordinates agency resources, provides a secure, expedient, and least intrusive inspection policy for vetted trusted shippers and travelers; links cross-border infrastructure projects, and actually strengthens port (and between port) security, enforcement protocols, and incident responses.

## **Conclusion**

A North American transportation vision recognizes that the border is part of the North American supply chain and travel system, and if functioning efficiently, is an economic enabler for our economies. To ensure proper implementation, we need a border contingency plan to facilitate the movement of prioritized goods and people during and following a full or partial border closure. While positive work is being done on developing this plan we continue to encourage Canada and the United States to further develop and implement a robust border contingency plan.

The border is a key component in the North American supply chain and travel system. We must make sure that it drives the North American economy and strengthens our competitiveness.

Thank you.