

Canada-U.S. Transportation Border Working Group

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Manitoba Trucking Industry

- 425 for-hire trucking companies in Manitoba (greater than 5 units)
- 5 of Canada's top 50 for-hire carriers based in Manitoba
- 95% of goods moved in MB depend on trucks
- Trucking contributes \$1.47B to MB GDP
- Represents 50% of transportation jobs in MB (2007)



Manitoba Trucking Industry

- Operates 15,000 trucks and 20,000 trailers
- Pays \$40,000 in taxes and fees per truck
- 3% of Canada's population and 5.1% of Canadian trucking industry
- MB trade with U.S. = \$21.3B
- Can deliver within 1500 miles of Winnipeg within 36 hours
- MB carriers operate throughout U.S. and CA



Manitoba Trucking Industry



- Majority of two-way trade (by value) between CA and US moves by truck
- 60-70% of cross border truck trade moved by CA trucks





- Recent years focus has been on North American and global trade
- Challenge to be the North American port of entry or corridor of choice
- Forced to focus on efficiencies, productivity, and reliability within North America
- Will make us more competitive and will help reduce GHG emissions





- Border has thickened since 9/11
- More than dozen customs and security programs introduced
- Additional costs and uncertainty heaped on supply chain (C-TPAT, PIP, TWIC, FAST, ACE, APHIS, ACI)
- Little perceived benefit from low risk programs
- Focus has shifted from risk assessment to check everything, everyone, all the time



- Our Goals
 - Need to restore focus to risk assessment
 - Provide real and tangible value-added benefits to people, companies, goods designated to be low risk
 - Appropriately resource the border
 - Commit strategic investment in border infrastructure





- The Challenge
 - Secretary of Homeland Security commented on the US desire for a “real” border or the need for a division between security responsibilities and trade desires
- The Opportunity
 - Secretary stated,
 - *“We need to add the requirements, but we need to do it in such a fashion that doesn't slow down trade, that keeps those trucks moving back and forth, those lines short...”*
 - *“But we cannot achieve safety and security and sacrifice trade. So we have to do it in such a way that trade is facilitated.”*



- Proposed Action

- Develop a new US-Canada working border agreement containing commitments to:

- End duplication of low risk security cards
 - Restore in-transit moves for low risk partners
 - Allow low risk carriers flexibility under new administrative import requirements
 - Employ 25% challenge approach at major crossings
 - Introduce due process/nature justice to C-TPAT
 - Ensure tangible benefits for carriers in low risk programs
 - Permit foreign low risk carriers to reposition empty foreign trailers





- Proposed Action
 - Govt. of CA should create specific ministerial or bureaucratic position with authority for all aspects of the border
 - CBSA needs to ensure its border management programs do not unnecessarily place additional or different requirements compared to US programs
 - CBSA needs to ensure its programs are properly resourced using latest systems and technologies
 - Need to win back efficiency and productivity lost at border





Specific Issues





- July 2009 – CBP ruling requires carriers to provide manifest and entry for all cargo residues entering US
- Previous treated as part of Instrument of International traffic and exempted residues from manifest and entry requirements
- CBP change to protect health and safety of CBP Officers



- Realistic Approach Needed
 - Current practices require manifest to indicate presence of residues.
 - Realistic to expect description of residues
 - Onerous to measure and classify residues
 - Why extend beyond Hazmat if to protect health and safety of CBP Officers
 - Need to know how CBP will determine who owns residues (shipper or importer)





- Recommendations
 - CBP use existing systems to meet objective (ACE – electronic pre-notification)
 - Delay manifest requirement until ACE prepared to accept electronic manifests for empty moves and instruments of international traffic
 - CBP investigate option to allow carriers to transit “cargo residues” coupled with description of cargo residue to meet requirements to identify when officer may be at risk of coming in contact with residue substances that may pose potential health and safety risks



Empty Trailer Movement



- Foreign truck driver can move a foreign empty trailer from one point to another within either CA or US
- **But** must arrive or depart with the same trailer
- Cannot spot unload trailer 1, pick up and move empty trailer 2 to a new dispatch point, and take pre-loaded trailer 3 from dispatch point



Empty Trailer Movement

- Creates duplicate miles
- Creates unproductive delay time
- Results in increased outlays or giving up business
- Promotes inefficiency
- Impairs reliability
- Contributes to unnecessary fuel consumption and GHG emissions
- Not supported in law or regulation
- End result – shippers pay more
- Less competitive



Empty Trailer Movement



- Cabotage is pick-up or delivery of domestic goods by a foreign truck and driver
- Cabotage is not permitted in CA or US
- The movement of an empty trailer is **not** cabotage
- Recommendation
 - US and CA should allow repositioning of foreign empty trailers



Empty Trailer Movement

- Change supported by:
 - CTA and ATA
 - CA and US Chambers of Commerce
 - Canadian Manufacturers and Exporters
 - Canadian-American Business Council
 - Border Trade Alliance
 - CanAm BTA
 - Canadian section of the CA-US Interparliamentary Group



In Transit Shipments

- Good leaving from and arriving in same country are domestic shipments
- Goods moving in transit are domestic shipments that temporarily transit through a foreign country
- In transit movements by CA and US carriers were common practice until post 9/11 period
- Goods were not entered for consumption, offloaded, stored, manipulated or brought to rest in the course of transshipment
- Shipment was handled with minimal documentation, similar to a domestic shipment



In Transit Shipments

- Problems first appeared under FAST as carriers not able to use FAST lanes
- Further problems occurred when in transit movements deemed to be international
- Requirement to present electronic commercial information in advance of arrival at border (ACE)
- Required full commercial invoice information not available from shippers
- Anticipate similar requirements under ACI in Canada



- Recommendations

- Need to eliminate inefficiencies created
- Need to streamline border clearance for in transit shipments
- Need to remove requirement to submit full commercial invoice information for domestic shipments
- Could introduce indicator or code for in transit shipments
- Will increase productivity and create time and cost savings for supply chain in US and CA





- Recent amendment will introduce requirement to provide genus and species for all wood and plant products entering US
- 80 of the 95 Harmonized Tariff Schedule (HTS) chapters impacted
- Extremely difficult, if not impossible to obtain and ensure accuracy of genus and species for many products
- Customs brokers will be required to submit declaration as an original paper document



- Runs contrary to a paperless and electronic border
- Adds one more step in border crossing process (manifest, broker's entry and now new declaration)
- No release until electronic broker entry, e-manifest and paper declaration matched
- Potential for further border delays





- Revised notice incorporated several changes proposed by trade community
- However; if declaration part of entry package trucks will not cross border until declaration is submitted for every product on the trailer
- Potential for significant delays and congestion at border ports
- Recommendation
 - If declaration not received when truck arrives, truck should be allowed to proceed to destination, where goods can await submission of declaration



- Originally introduced “due to the need for increased inspections because of heightened security resulting from 9/11”
- Fees to increase 14% November 1, 2009
- Rationale: to restore user fee collections for commercial vehicles and international air passengers that have diminished as a result of decreases in travel volume
- APHIS fees on all trucks entering the US whether they are carrying agricultural products or not is a cash grab
- 14% fee increase unreasonable



Customs Processes

- ACE works well now, although there were many obstacles to overcome at first.
- If ACI can mimic ACE and also take away from lessons learned, it could be a very beneficial initiative.
- CSA works well however not enough importers in Canada and non resident importers (NRI) in the US participate.



- Security and Trade are both important
- If not kept in balance efficiency, productivity reliability and competitiveness within the North American supply chain will be at risk
- Will exact a toll on the competitiveness of North American made goods
- Contribute to the difficulties of attracting foreign direct investment to North America
- Will have ramifications for US and CA economies





Thank you!

