

At the Fall Plenary meeting of the Transportation Border Working Group (TBWG), in Quebec City on October 27-28, 2010, the Policy Sub-Committee hosted a Roundtable discussion on current status and future prospects of the Can/U.S. FAST program.

In contrast to the conventional format, with presentations from a panel of experts, followed by a Q&A, the objective of the Roundtable was to invoke a more interactive discussion, or dialogue, between the invited guests (key discussants) and all those in attendance.

Resource materials/discussion guide

To facilitate discussion, the following were included in the meeting package:

- a one-page summary of the Government Accountability Office (GAO) Review of the Fast Program at U.S. Northern Border Ports (attached), and
- An agenda for the roundtable (attached).

Introductory remarks

Tony Shallow outlined the rationale for a Roundtable, in the context for TBWG's working interest in the FAST program and introduced the key discussants who were invited to attend:

The GAO report comments on various aspects of the FAST program, on staffing, infrastructure and training challenges, etc., but in its one (1) recommendation for executive action, it states (in no uncertain terms) that U.S. CBP lacks the data to effectively assess the FAST program and determine whether it is achieving its intended benefits.

This, if nothing else, is an affirmation of the fact that FAST is still a work in progress, leaving the door open to more discussion and more collaboration, on both sides of the border, in an effort to optimize FAST and ensure that it delivers the intended benefits.

For us here today, it is an opportunity to add something of a Canadian perspective to the discussion, moreover, it is an opportunity for TBWG, which has long been a champion of data needs, new data sources, and innovative data methods, to consider how it can (best) assist collateral efforts to address, and potentially resolve, these apparent data-deficits.

Each guest we have invited today brings 1st-hand insight, and a somewhat different perspective, but they all share the same goal to get the very best out of FAST.

Key discussants

In addition to those otherwise in attendance, invited discussants included: Andres Lamoureaux and Ralph Bishop, **Canada Border Services Agency**; Jennifer Fox, **Canadian Trucking Alliance**; Ron Rienas, **Peace Bridge Authority**; and Nicolas Vezeau, **Gouvernement du Quebec**.

Summary of the discussion

Andres Lamoureaux briefly reviewed the role of his office in CBSA – covering trusted trader programs (CSA and PIP) as well as how dedicated lanes are managed. Andres mentioned that use of the lane is heavy at a couple of ports, but much lighter at others. One proposal being discussed among CBSA and its industry partners is a test of “de-linking” the CSA (Customs Self

Assessment) and PIP (Partners in Protection) programs. This could enable a greater number of carriers to use a FAST lane. Currently, carriers must be enrolled in both programs.

The session agenda (attached) started with the question of whether infrastructure needed to operate the FAST program was sufficient. Jennifer Fox was asked to recount the users' experience to date regarding FAST infrastructure, and what if anything need be done to improve it.

Jennifer Fox noted that it depends both on the port-of-entry and the direction (north or south) of travel. Basically though, if a port has a dedicated primary-inspection booth, it is not much of a benefit to FAST movements unless there is a dedicated lane for bypassing non-FAST trucks, this is especially true at high-volume ports.

She also noted the role of technology infrastructure. There are transponder readers at all the bridges, and for U.S. bound FAST traffic all C-T PAT trucks must have transponders. Citing the emerging CBSA e-manifest program, under the ACI program, she indicated it would have been nice if CBSA decided to use the same transponders that so many trucks have already been equipped with for the U.S. FAST program components.

Tony next asked Nicolas Vezeau, whose department completed a very thorough survey of regional cross-border carriers and manufacturers, for his thoughts about the view of Quebec freight border users. Nicolas Vezeau cited survey results explaining that, of 1,700 respondents (in Quebec), 72 percent indicated that infrastructure was not a problem, (next two lines in same paragraph, adding that because many Quebec firms are relatively small, they cannot justify the costs of enrollment in and compliance with the FAST program(s).

The Chair followed up with CBSA to ask about the technology-infrastructure concern of the trucking industry. Ralph Bishop responded that, yes, CBSA is looking at transponders (for the e-manifest program) but wanted to finalize the e-manifest data elements first, and then work on the choice of transponder technology.

Andres Lamoureaux followed up on the infrastructure issue to say that CBSA does not own the bridges. Also, only Pacific Highway and Sarnia have dedicated lanes.

Hugh Conroy noted that, while the US GSA report uses "FAST" to refer to the *collection* of programs that drivers, carriers, and shippers subscribe to in order to become eligible users of "FAST lanes," the discussion today has quickly illustrated the multiple programs and conditions that must be complied with for a truck to be considered "FAST" – i.e. eligible to import freight via a FAST lane.

The Chair asked for the operators' perspective from Ron Rienas who noted that the Niagara Bridge constructed a dedicated lane for FAST but trucks get congested on the plaza blocking access to the dedicated lane. Otherwise, funding arrangements between CBP, GSA, and OMB make it very difficult to invest in the needed changes.

Stan Korosec, Blue Water Bridge Canada, came back to the issue of de-linking, noting that Blue Water Bridge Canada would be willing to participate in any field-test or trial program to assess the viability of de-linking. But he would first want to know what the expected processing-time improvement would be. As an example, he asked if an empty truck cleared in the same amount of time as a FAST truck.

Andre Lamoureaux noted the question's relationship to the current border-wait-time measurement initiative and acknowledged that, yes; CBSA needs more data to determine whether there might be an estimated increase in FAST usage if CSA and PIP were de-linked. There are other options to consider as well, like Pacific Highway – do we want that to be a

“FAST/PIP lane?” In their experience to date, CSA clearance is fastest. PARS is about ten seconds longer, however, a less-than-truckload (LTL) movement will often complicate the PARS transaction. FAST-CSA, always works as long as everyone [driver, carrier, shipper] is certified. He stressed once again that CBSA wants to hear other ideas, too.

Stan Korosec referenced proposals to pilot-test border approach lanes dedicated to users of radio frequency identification (RFID) documents pointing out once again that, in considering these things, we need to have data.

Andres Lamoureaux responded, noting that CBSA’s primary interest is maintaining the right balance between national consistency and the need to acknowledge regional differences.

Lew Holloway (Niagara Falls Bridge Authority) stated that the infrastructure component will only get more serious because GSA has said that there is no new funding for non-GSA ports. Since CBP currently has to use truck lanes to process cars, delays times for both trucks and cars will continue to increase as traffic returns to normal levels. Canadian plaza facilities are being expanded and updated at the major crossings without similar upgrades on the US side which significantly reduces the overall efficiency of the crossing. Commercial traffic is negatively impacted because trucks get caught in the long lineups and cannot get to the commercial processing booths.

A.J. Bickford (CBSA) asserted that we need to create more efficiency at existing lanes. Unless lane-building is matched on both sides [of the border], we are back to square one. Otherwise the ability to add lanes is often constrained by geography. And, it is important to recognize that the viability of these programs is not simply a function of having the dedicated lane infrastructure in place.

Brent Gallaugher (Niagara Falls Bridge Authority) noted that bridge operators pay for infrastructure in Canada but, on the United States side, there is money but no action. We need more primary processing.

Lew Holloway suggested that the proper management of infrastructure funding requires a focus on setting priorities. On the U.S. side, money is allocated in different ways. It is not based on port size. Money is being spent on small GSA owned ports with extremely low volumes and there is no funding for antiquated non-GSA owned ports with high volumes. This is in contrast to what is being done in Ontario where 80 percent of the money is being targeted to the 20 percent of the ports with the largest traffic volumes.

Dan McGregor (Transport Canada) asked how ports’ funding processes differed between the U.S. and Canada. Julie Moore (US CBP) answered by first pointing out Circular A-11, the U.S. federal regulation of government leases to private facilities. This policy discourages government from investing significant funds in capital leases, as opposed to operational leases. She otherwise acknowledged that legislative appropriations do, to a significant extent, determine where available funds are directed.

Lew Holloway offered a specific example: The Lewiston LPOE was built in the early 1960’s and requires an estimated \$100 million to rebuild the port to today’s standards, To meet the GSA funding formula to allow the project to proceed, the Niagara Falls Bridge Commission would have to put in about \$50 million. However, even if the NFBC provided the funding to meet the requirements of the GSA funding model, the project still cannot proceed because CBP must pay for tenant improvements and the operating lease on the remaining \$50 million. The problem is, CBP do not have any operating funding available.

Ron Rienas recounted several projects, over the last ten years that have been adversely impacted by the constraints of the border-station design guide

Hugh Conroy noted the need to move ahead on the agenda, to the topic of opportunities for program alignment. Hugh noted that the phrase comes from the bilateral, ministerial dialogue between US Department of Homeland Security and Public Safety Canada and specifically from announcements last year that both countries were interested in pursuing better alignment of US CBP's C-T PAT program and CBSA's PIP program. Hugh noted that, for reasons similar to the de-linking discussion, if process alignments such as a single application were to advance, this may reduce the participation costs for some firms and increase the number of trucks using FAST lanes.

Andres Lamoureaux noted that a single application is being worked on for C-T PAT and PIP. CBSA and CBP are still working out data elements, carrier codes, etc. There could be something in December. Andres Lamoureaux also noted the fact that CBSA has both CSA and PIP. US CBP only has the C-T PAT program. CBSA is looking at focusing its trusted trader strategy under a trusted trader umbrella.

Jennifer Fox asked if PIP and C-T PAT align, then what would CSA align with? The CTA has not taken a position on de-linking yet, however, the current policy is not improving things so we do need to consider alternatives and strategies for improvement. We do need more and better incentives. Manufacturers have made huge investments.

Andres Lamoureaux noted that the US CBP discussion on these issues (C-T PAT & PIP alignment) has been informational and exploratory. Andres Lamoureaux also acknowledged that some companies have invested hundreds of thousands of dollars – but also acknowledged that it is the CSA piece that stops a lot of firms. But at Detroit-Windsor, it is 40 percent CSA traffic. There are significant regional differences. Again, Andres Lamoureaux noted that CBSA is willing to consider creative options, and welcomes suggestions of how to make the programs work better.

Stan Korosec stated that congestion is easy to fix – open up an additional FAST lane.

Jennifer Fox noted that the U.S. has ITDS (International Trade Data System) coming on line. This illustrates that there are emerging opportunities to offer incentives for completing transactions away from the border.

Gordon Rogers (Whatcom Council of Governments), citing the experience of the International Mobility and Trade Corridor Project (IMTC), pointed out that successful outcomes depend on each region's ability to work together. He noted the recently formed executive council between British Columbia and Washington State governments which declared mutual objectives involving infrastructure and regional strategies.

Tony Shallow asked if the infrastructure problem is regionally specific—will the program changes being contemplated help all regions?

Andres Lamoureaux noted that CBSA strives for national consistency. But that approach isn't working for FAST.

Tony Shallow asked if it was fair to say that there are two sets of solutions—that it might be possible to differentiate practice between ports, or regions, while maintaining national program consistency.

Jennifer Fox stated that her association's members complain about inconsistency at different ports. For example, e-manifest initiatives were varied and confusing.

Hugh Conroy noted that it is not only important to evaluate how programmatic flexibility might influence use of the infrastructure, but also to consider the operational latitude given to port directors. He cited the example of the Pacific Highway port of entry. While US CBP there uses the FAST lane and booth to process all trucks when wait times approach one hour (pulling them from the *front* of the queue), CBSA policy does not accommodate this kind of variable use of the lane if it has been identified as a FAST lane and booth.

The Chair noted that time for the session was about up and thanked all participants for their contributions.

Hugh Conroy confirmed that he would draft a summary of the discussion, invite edits from the key discussants, asking them as well to include supplementary materials of interest, and then submit the complete package as a product of the Policy Subcommittee.

Co-chairs' conclusions

- There is no clear indication that the binationally branded "FAST strategy" continues to be evaluated and coordinated binationally. It may be beneficial to **evaluate the framework for ongoing co-management of FAST as a binational security & fluidity program and discuss the potential for improving coordination of goals and strategies** (beyond the driver program). (Some of this might already be happening with regard to better alignment of C-T PAT and PIP.)
- With inconsistent availability of metrics to assess regional differences in FAST volumes, sector-specific participation rates, etc., TBWG could consider supporting the **consolidation of existing regional studies along with available national agency data, to capture regional characteristics of freight flow.**
- Two themes that arose in the discussion were **infrastructure and technology**. In some regions, at some ports, lack of dedicated lane infrastructure is an undisputed deficiency. At other locations, realization of FAST's benefits is less related to infrastructure but technology and emerging information-system initiatives could create opportunities for U.S.-Canada process alignments and new incentive structures for industry. TBWG's work with the border information flow architecture (BIFA) could be a useful tool for indentifying and describing these opportunities.
- It is reasonable to conclude, as suggested at the outset, that the FAST program remains a work in progress. In that regard, formation of the **Trusted Traders Subcommittee** is a clear indication of CBSA's commitment and determination to work with the user community on program enhancements and the delivery of intended benefits.
- **Infrastructure** was a prominent theme throughout, but it is apparent there is more than one dimension to this issue.

In some regions, major ports in particular, the lack of dedicated lane infrastructure is an undisputed deficiency, yet significant investments to date, and an ongoing concerted effort to address those deficits, remains constrained by rigidities in US GSA's Border Station Design Guidelines and the recent onset of severe U.S. government budgetary restrictions.

At other locations realization of FAST benefits is less related to infrastructure and has more to do with the regional traffic mix, or composition of the user population often characterized in terms of two, if not more, distinct elements; i.e., a vertically integrated manufacturing sector and a non-integrated import/export sector.

For the FAST program managers, the real challenge is maintaining the right balance between national program consistency while exploring various traffic management scenarios that might accommodate regional differences.

- There is no indication that formal discussions on **Program Alignment** have advanced beyond initial statements of intent and remain at an exploratory stage. That notwithstanding, effective implementation of ACI/E-manifest in itself will bring about much greater operational symmetry/compatibility with its ACE counterpart, laying a firmer foundation for subsequent discussion of all those various aspects of program alignment and harmonization.
- There was no time to address the **technology support** and **data deficit** issues cited on the agenda, but that need not diminish TBWG's collateral interest, or its potential to provide material support in these matters.

It is clear that technology and emerging information-system initiatives could present opportunities for U.S.-Canada process alignments and new incentive structures for industry. TBWG's work with the border information flow architecture (BIFA) should be a catalyst for such outcomes.

Much the same can be said with respect to the Border Wait Time Technology Evaluation which strives to establish standardized performance metrics that can effectively be differentiated port-port and by Customs classification.

With little time to consider any one of the issues in any great detail, hopefully the roundtable succeeded in providing TBWG members with useful, first-hand insights on the depth and complexity of FAST program management from an "all parties" perspective

It is the intention of the Policy subcommittee to continue this dialogue on an ongoing basis to hopefully engender a greater awareness of ways TBWG might support cooperative efforts to improve the FAST programs, especially when any such proposed improvements would benefit from the involvement of states and provinces.

For questions about this document, please contact TBWG policy subcommittee co-chairs:

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A summary of US GAO's July 2010 report:

CBP Lacks the Data Needed to Assess the FAST Program at U.S. Northern Border Ports

Prepared by Hugh Conroy for the TBWG Policy Subcommittee

Report Scope & summarized findings as Q & A

Q1: Does CBP have wait-time data sufficient for assessing the impact of staffing or infrastructure changes on wait-times?

A1: No. CBP's current wait-time systems are based on questionable methods and are generally considered unreliable.

Q2: What actions has CBP taken to reduce wait-times?

A2: CBP increased northern border staffing 47 percent from 2003 to 2010. Infrastructure improvements, in part related to wait-time reduction, are underway at 35 of the 166 northern border ports.

Q3: Are CBP and FAST-program participants experiencing the benefits of the FAST program?

A3: CBP lacks the data to answer this question –entry data (in ACE) doesn't capture FAST status.

FAST-specific statements & findings

Note: the report overviews CBP's staffing-model and staff-need projections as well as the CBP-GSA infrastructure project selection process. These sections are not covered below.

- The purpose of FAST as described in the report:
 - "The FAST program is intended to secure and **facilitate legitimate trade** by providing **expedited processing** of participants' merchandise in designated traffic lanes at select border sites, **fewer referrals to secondary** inspections, "**front-of-the-line**" **processing in secondary** CBP inspections, and **enhanced security.**" Pg. 11.
 - "Although CBP established the FAST program to **expedite cargo processing** for low-risk shippers and uses the program to help **focus its inspections, targeting resources** on areas of greatest risk, it lacks the data..." Pg. 40.
 - "... the intended benefits of the program—**shorter primary processing** times and **fewer referrals to secondary.**" Pg. 45.
- "CBP officials at the six ports visited told us that additional processing capacity is needed to accommodate projected traffic flows." Pg 30:
- 8 of 10 importers and trade organizations had favorable views of the program but indicated that infrastructure challenges may limit the benefits received. Pg. 46.
 - Only 7 of 122 northern border POEs have dedicated FAST lanes.
- Other "concerns about the FAST program"
 - Cost of enrollment and compliance—especially for small and medium sized firms.
 - Feasibility of compliance for carriers who carry less-than-truckload (LTL) shipments.
 - Driver-related security incidents resulting in carrier-firm suspensions of benefits during investigation period.
- Some port configuration issues limit dedicated access to dedicated FAST lanes and booths. Pg. 34.

Resulting Questions for TBWG

- Which of these goals are common across inspection, transport agencies, and industry?
- Which data are needed to track efforts towards an improved and better aligned program?

Do current cross-border freight forecasts continue to accord with this?

- What are the specific deficits?
- What's the benefit of fixing them?
- Who benefits?
- Who should fund improvements?

Will increased alignment of US & Canadian program components lower costs for firms?

Report conclusions

- Pending and proposed improvements "are particularly important in light of projections regarding the increase in trade between Canada and the United States." Pg. 50.
- "...CBP and participants we interviewed generally believe the program is helpful where infrastructure is sufficient." Pg. 50
- CBP should set milestones for improving FAST data collection so it will have the data "necessary to determine whether FAST shipments are receiving the intended benefits – shorter primary processing times and fewer referrals to secondary inspections.
- Improved data would enable evaluation of whether "benefits are experienced by all FAST participants and what program adjustments, if any, are needed."

While not covered in detail, forecasted freight growth survives as a conclusion.

Dedicated lanes are necessary but are they a *necessary & sufficient* condition for success?

- Which data support pursuit of *bilateral* objectives?
- Which are needed to measure experience of "all users:" inspection, transportation, drivers, carriers, importers?

U.S. - Canada Transportation Border Working Group (TBWG)

Policy Subcommittee

October 27, 2010, Quebec City

Roundtable discussion on FAST – 8:30 – 9:30

Policy Subcommittee Session Agenda

Key additional discussants

- CBSA (André Lamoureux, Pre Border Directorate and Trusted Traders. Ralph Bishop, eManifest and Major Projects Directorate.)
- Ontario Trucking Association (Jennifer Fox)
- Public Border Operators Association (Ron Rienas)
- Direction Amérique du Nord (Nicolas Vézeau)

Roundtable format and process

The intent of this session is to have a structured discussion among colleagues. Written notes will be taken. A summary (not minutes) will be drafted and distributed to participants for any desired edits. Supplementary written comments are welcome. Revisions and additional comments will be compiled and posted as a TBWG Policy Subcommittee product.

Agenda

- 1) **Introduction of invited participants**
- 2) **Overview of GAO report scope and findings.**
- 3) **The lens for a follow-on TBWG discussion:** FAST is binational strategy that relies on the coordination of trade and security programs with adjacent infrastructure and traffic-operations. There are several observations that GAO makes that are not only of interest to TBWG but connected to initiatives that TBWG is working on as part of its action plan or within related working groups. Thus, the GAO report offers TBWG participants a timely opportunity to discuss how their current and future actions relate to this topic—collaborations to optimize FAST—and collectively consider what's next.
- 4) **TBWG action-items** that relate to issues highlighted by the GAO FAST report.
 - a) Infrastructure: Types of needed infrastructure improvements? Are dedicated lanes and dedicated booths the answer?
 - b) Opportunities for program alignment and other operational changes: Is CBSA's recently announced schedule for e-manifest deployment a key ingredient for C-T PAT – CSA program alignments? Are any relevant changes planned for CBP's ACE or e-manifest programs?
 - c) Regional differences: What are the effects of observable differences in regional industries, associated commodity flow, and different client needs (shipper incentives, proportion of truck-load versus LTL, company size, etc.)? How does this affect strategies for maximizing enrollment in FAST programs?
 - d) Cross-border Freight Forecasts: The report (pg. 30) notes CBP's assessment that "additional processing capacity is needed to accommodate projected traffic flows." Is this reflective of a broader consensus given recent work on freight forecasting (also on the TBWG meeting agenda)?
 - e) Border Wait Time working group: How might progress to date illustrate potential solutions to observed data gaps and facility infrastructure management?
- 5) **Trends in bilateral trade facilitation:** Is U.S. and Canadian goods movement strategy static or under review/revision? If the later, how might possible changes affect the ways our countries, states, provinces, and others collaborate to support the desired outcomes? Could the role of FAST program components be diminished or emphasized? (I.e. US CBP Commissioner Alan Bersin's recent remarks about the need for increased process integration and securing of flows *away* from the border, etc.)
- 6) **Adjourn**