

PNWER Summit Border Issues Session
Tuesday, July 22, 2014
2:15pm – 5:00pm

Topic I: Border Roundtable with Ambassador Heyman and Ambassador Doer and selected stakeholders on the next generation of Beyond the Border

Moderator: Matt Morrison (Executive Director, PNWER)

Featuring: Honourable Bruce Heyman (US Ambassador to Canada) & Honourable Gary Doer (Canadian Ambassador to the USA)

Welcome by Matt Morrison and overview on first half of session. Each speaker has 2-minutes, followed by Q&A with Ambassadors.

David Francis (Marketing Manager, UPS) *Refer to PowerPoint presentation for specific recommendations and details.*

Streamline Cross-Border Exports for Small Businesses

UPS works hard to help small businesses grow, providing consulting expertise and software solutions to those without in-house resources. 95%of consumers on the planet are outside of the USA and UPS works to share the value of export with its clients. Cross-border trade is a huge frustration as paperwork to export first shipment can take more than 3 hours. Once in transit goods can be held for 1-2 days, and when delivered to customers, additional fees and duty is added. Customers can pay or refuse shipment and then it is up to the business to pay for return shipping or discard the goods. Legislation and policy changes to make duty, taxes, inspection and clearance easier can increase opportunities for small businesses globally.

Honourable Ron Merrifield (Alberta Member of Parliament)

Keystone Pipeline & Beef Labelling Legislation

Reiterated the comments by Ambassador Doer on the Keystone pipeline and reinforced the environmental message, that is not only are there significantly less GHG's emitted through pipeline transport over rail, the safety of pipeline over rail, with recent incidents highlighting this. Alberta government encourages Americans to support Keystone. Also, current meat labelling legislation is damaging joint Canadian-US beef industry up to \$1B annually and goes against World Trade Organisation rules. Ron encouraged the group not to appeal the proposed legislation changes, but to work towards a solution that is in the best interests of the industry.

Chris Sands (Senior Fellow, Hudson Institute)

Sharing of Beyond The Border data

Encouraged the group to share more data about Beyond the Border with academia and think tanks as they have the ability to mine and study big data and provide more findings from the program. Also, the importance of recording more accurate information was discussed. Currently

the value of goods and the port to which it is delivered is the only information collected. Final delivery location would increase robustness of data. Expanding the Beyond the Border pilot projects and expedite cross-border flows of trade and travellers, but also monitoring compliance costs as accumulation of fees is a deterrent for small business growth.

Greg Wirtz (VP Northwest & Canada, Cruise Lines International Association)

Education & Awareness of Visa Requirements

The cruise industry in the PNWER region moves thousands of people cross-border daily in peak season, and the average cruise passenger crosses four borders per vacation. The industry continues to invest in technology to speed passenger flows, but needs help from both the Canadian and US governments to assist the growing number of overseas cruise visitors. In a season, cruise lines turn away more than 500 passengers because of visa issues. A collaborative industry and government effort is needed to help increase education and awareness and streamline visa processes to encourage international tourists.

Jim Phillips (President & CEO, Canadian/America Border Trade Alliance)

Trusted Transporter Pilot

Current border process is a first-come-first-served system of trade that disallows for optimization and does not benefit those who have become trusted transporters and traders. A pilot program similar to NEXUS that prioritizes trusted travellers through the Peace Arch border and allows other transport shipments to slot into spaces as wait times allow could improve optimization and encourage further cross-border trade.

Aaron Canart (Risk Manager, Agribeef)

Cross-border Movement of Cattle

A former pilot project that was a collaboration between the USDA and CFA to allow feeder cattle to move from Canada to the USA gained traction and then fell apart as frustration with regulatory issues made north-to-south cattle movement difficult. The collaboration then tried to move cattle from south-to-north, against the regular flow of cattle but further issues with the CFA increased difficulty. There seemed to be limited accountability and common ground between collaborators and the pilot had no success. Increased interaction, advocacy and technology infrastructure is needed to ensure future projects have possibility for success.

Dave Cowan (General Manager, Butchart Gardens)

Streamlined Visa Process for Low-Risk Travellers

The tourism industry employs 670,000 workers and contributes \$31B to Canadian GDP annually. Neighbouring citizens are the largest tourist groups to each other's nations but overseas travellers are increasingly the largest spending demographic. Similar effort should be put to streamlining foreign low-risk travellers undertaking two-nation vacations as NEXUS business travellers. The European Union, made up of 28 member states, can streamline the visa process

for Chinese travellers, but North America has a disconnected process on different timelines. The suggested Sichuan pilot program (*reference Tourism session notes and PowerPoint presentation*) is not a new or radical idea and would not lead to compromised sovereignty. There are significant opportunities to build on a check once-clear twice visa program for foreign tourists and it should be a priority for Canadian and American governments.

Steve Cryne (Canadian Employee Relocation Council)

Employee Cross-Border Mobility

While NEXUS was a great start, there needs to be increased work to impact systems and policies to move employees cross-border efficiently and effectively. Mobility often gets lost in immigration debates and it is difficult to put proposals forward when immigration is in the forefront of politics. Additionally, mobility and access to talent is imperative to the competitiveness of the North American economy. Of surveyed organizations, 75% found compliance to regulations difficult and 75% reported that visa and migration decisions were inconsistent and reliant upon the border agent seen on any particular day. Another factor is that existing regulations and quotas are out of date. There are so many new occupations and sectors joining the economy the agreement needs to be modernized.

Bob Steele (Director, BC Ministry of Transportation & Infrastructure)

Expansion of NEXUS Interview Screening Process

It has been demonstrated that NEXUS was a successful pilot and it needs to be expanded. Interviews can be conducted at YVR, in downtown Vancouver and in Blaine, WA but wait times often exceed 6-months and for northern and central regions, travel to these appointments is costly and inconvenient. This is similar for other provinces and states. It is suggested that a second pilot project be considered that takes the screening process to where applicants are instead of in-person interviews at Border Agency offices. Three options are: mobile offices, video conference interview or an interview at port-of-entry upon first use.

Bruce Agnew (Director, Cascadia Centre for Regional Development)

Train & Seaplane Cross-Border Transport

Wait times for train border crossings needs to be addressed because despite track upgrades, the process is still slow. The International Mobility & Trade Corridor process is arguably the best cross-border organization in North America and we should apply their best practices elsewhere. The Rocky Mountaineer expansion to Seattle with the “Two Nation Vacation” initiative is a good example. Additionally, seaplane routes to-from the Seattle and Vancouver Harbours is in demand as both Amazon and Microsoft have offices and 50,000+ employees who would use the service.

Comments from Ambassador Heyman:

Beyond the Border is an initiative that inherently has challenges with government budgetary constraints. Revenue generation is needed from other places as budgets don't cover the cost of operations and programs. Unfortunately large user fees, long wait times and other trends may not change soon. Obviously technology can address some issues but the upfront investment to save money later is high. There are 120 border crossings between Canada and the USA with 300,000-400,000 daily crossings. Of the 120 crossings, the smallest 50 account for 5% of traffic and the largest 4 process 50% of traffic. Vertical corridors across the 49th parallel are often heavier traffic than east-west corridors. While eliminating smaller ports is impossible as these crossings are important for the economies of smaller, border towns, there is opportunity to get creative with technology. Additionally, expanding the NEXUS program significantly, beyond 1 million members, is a priority for the USA. North America should consider the definition of whom or what is considered a trusted traveller or transporter, and eliminate renewal interviews for NEXUS interviews. The border process is currently extremely complicated and we can do better. Ambassador Heyman is excited about the next steps and work to be done. There is lots of innovation and creativity occurring at PNWER as there are the opportunities to experiment and try things. Ambassador Heyman looks forward to Beyond the Border 2.0.

Comments from Ambassador Doer:

Ambassador Doer clearly addressed a number of points from presentations –

UPS & Small Business Exports –This is clearly a challenge but he supports electronic paperwork, and advanced approval process within all three North American countries.

One-Check-Two-Clearances Visa Issues –The information provided to passengers is something we're excited to work one. There are a number of issues though: 1- Can you know and/or anticipate ahead of time cross-border travellers, and wait times on any particular day, and 2- the business processes between Canada and USA is not yet aligned. Government and the internet cannot be the only two players, industry needs to be involved in the process. Accepting each other's visas is a bigger process. While the suggestions made are common sense, it's not that simple as each country has a different decision making process and timeline. Additionally, in the USA, Senate and Congress have different opinions on visas and refugee status. Weakness of security for Canada is an issue, and we need to build respect between border agencies to take each other seriously.

Data mining –While increased sharing of data to gain more robust analysis of cross-border trade and traffic is interesting, trying to get agreements on risk and privacy measures between countries with two different constitutions would be difficult. It would be difficult for cabinet ministers and Homeland Security to grant allowances on the balance of risk and privacy as Canada's priority is privacy not more data.

Nexus –Canada supports the project, ideas presented and the use of technology.

Cross-border talent mobility –our country wants more skilled and trained people available and on both sides of the border to support supply chains. It is difficult for Canada to represent a US view as their country has two borders and different immigration issues. Getting bills passed is a different challenge for the USA and a tri-lateral NAFTA agreement is unlikely as politics are a tough challenge to overcome.

Remarks by Gil Kerlikowske (Commissioner, US Customs & Border Protection)

Introduction by Ambassador Heyman: US Customs and Border Protection (CPB) has 60,000 employees and a budget of \$12.4B. CBP protects national security objectives, facilitates trade and travel and economic activities with cross-border and international organizations.

Gil Kerlikowske

The CPB's primary goal is the facilitation of lawful trade and travel. Border security is secondary although neither are mutually exclusive. We encourage and solicit advice from industry, particularly the tourism and trade sectors as collaboration is important as business practices change and CBP fulfils its dual mission. Daily, \$900M of goods crosses from Canada to the USA. The logistics, information, and technology in this processes is extensive and harmonizing these processes is a goal of the office.

Technology is a game-changer for border wait times. CBP enforces laws of more than 48 different federal agencies, including fisheries, wildlife, the USDA and others, with more knowledge and information available, transport flow can be increasingly improved. There already is a joint agreement between the CBP, FDA and industry. Many industries request large amounts of information, and CBP always needs to evaluate why they need it. If there is focus on a simplified and more direct system, CBP can move beyond traditional methods of fax and signatures to electronic forms, but it will require expensive technology investments including RFID, the pre-clearance pilot in Vancouver, Canada and kiosks built in Vancouver. North America has centres for excellence and expertise.

Sovereignty and sharing of information is a complex issue. While there has been suggestion for marketing and perception purposes to change name from Customs and Border Protection officers to Business Enhancement officers, their primary role is safety and security not only for the USA but also Canada. On-time supply chains are important industry factors and the CBP does its best to harmonize the work done by multiple groups and projects. People want to do business in safe and secure environments and in these environs, a willingness to share information occurs. We can do a better job of demonstrating how fees are used, wait times, etc.

Questions & comments from panelists and audience:

Q: Obviously, as of July 2014, there is a lack of US government funds and an increase in politics surrounding immigration issues across the Southern USA border. Can you assure us that the government will attempt to mitigate the damage to the Northern border than these challenges present?

A: Gil –It is a complex problem including the South American political and social climate but I can assure you that no one will be moved from the Northern Border.

Colin Smith –Pre-clearance Is there any potential for a pilot for similar to YVR that would allow pre-clearance at smaller airports? While it is very expensive and requires a full-scale presence of CBP and RCMP, smaller airports could increase flights to US airports.

Curtis (CEO, Vic Harbour Authority) –In airports and other crossings, the brick and mortar physical space of preclearance costs money, but perhaps there is key learnings from the cruise industry and ferries who can process travellers quickly using information and technology.

Jim Phillips (President & CEO, Canadian/America Border Trade Alliance) –While the number of NEXUS members is significant, the number of those members making trips is more important. If we can identify those that cross the border most frequently through a pilot project, we could identify them and contact them for voluntary RFID document participation. This could be a differentiating factor in wait times.

Topic II: PNWER Border Pilot Projects

Co-chairs: Dr. Don Alper (Professor & Director, Center for Canadian-American Studies and the Border Policy Research Institute, Western Washington University) and Simon Gibson (MLA, British Columbia)

PNWER Border Clusters Pilot Project

NEXUS+ for Business Pilot –Matt Morrison (Executive Director, PNWER)

As NEXUS has proven successful, PNWER should use the platform to pilot additional projects, for example trucks, transport drivers could answer questions electronically in advance and expedited in NEXUS lanes. Also, an app that allows ‘will call’ option at border, scanning a passport and license 2+ hours ahead of arrival and use special lanes to speed crossing.

Cross-Border Clusters (Software)

Pilot a talent/people “free trade” zone within the Seattle-Vancouver region as the cluster of software and tech companies have encountered difficulties and challenges crossing borders with laptops, for work etc. By providing more information electronically and/or in advance the risks of slow border crossing can be mitigated. Other similar clusters could be Mill workers in BC and Montana and construction workforce in Alaska and Yukon & Northwest Territory.

Group Discussion:

Ambassador Heyman pointed out there is no government funding of budget allowances to invest in new pilots. How can the private sector get involved (example: YVR's airport kiosk investments)

Can remote locations have unmanned border stations? Boaters send emails to CBP with documents that determine whether they are required to stop at border port or not.

Could NEXUS information be updated as things change (electronically), eliminating 5-year renewal of static information?

Forestry & Mining Cluster (Sen. Mike Cuffe, Montana)

Proposal: A pilot project in Lincoln County and neighbouring BC region to allow employees to work cross-border more easily. Lincoln County has a population of 20,000 but with local sawmills closed to protect grizzly bear habitat there is high unemployment. Across the border in BC, a Canadian sawmill employs 200 workers. A Lincoln County coal mine has 4,000 employees and typically hires 600 people per year. It is within daily commuting distance of Canada but flies in immigrants and other workers. Sharing of cross-border labour would be beneficial to both regions.

Trusted Employer Pilot (Steve Cryne, Canadian Employee Relocation Council) *Refer to PowerPoint presentation*

Proposal: Facilitate better entry of the employees of employers that meet pre-certified eligibility standards in either country; Deliver greater efficiency and predictability, resulting in increased productivity for employers and fewer delays at ports of entry; and create a more efficient deployment of resources for each government. Over 97% of survey participants want a Trusted Employer program, are willing to share compliance records. 75% of respondents would be willing to pay a fee to use the program. As there is strong support, the pilot needs to be put into action as both Canada and the USA are negotiating trade agreements outside of North America and NAFTA is getting left behind.

"Beyond NAFTA Conference" Policy Recommendations (Dr. Don Alper & Laurie Drautman, the Border Policy Research Institute, Western Washington University) *Refer to handout and PowerPoint presentation*

Reducing Wait Times at the Cascade Gateway: Since 2011, \$500M has been spent on border infrastructure in the Cascade Gateway region, yet wait times can still exceed 2 hours at peak times. Analysis has discovered that gathering, scanning and returning documents can account for 1/3 of vehicle inspection time. Promoting and using RFID documents means the handling can be eliminated as scanning and queries are done before vehicles reach booths. Not including NEXUS, less than 5% of vehicles take advantage of RFID card readers. As up to 80% of travellers at the Cascade Gateway are Canadian, if those making the most frequent trips are encouraged to adopt RFID wait times would drastically decrease.

Beyond “Beyond the Border” –Action Plan Next Steps (Kevin O’Shea, Assistant Secretary, Border Action Plan Implementation, Privy Council Office & Bradd Skinner, Attaché to Canada, US Department of Homeland Security)

Kevin: Prime Minister Harper is an enthusiastic supporter of Beyond the Border, as stakeholder engagement is a priority for the government, and this is the first step in transforming Canada/US border management. Beyond the Border is paradigm shifting, but there are finding and legislative issues to deal with. With an agreement to an information sharing treaty and a common approach to screening, Canada need to get to the same system as America has. NEXUS+ could have potential, but other cross-border decision making for business travellers and trusted employer programs are more difficult. Temporary foreign workers is a hard political issue. Pilots for preclearance initiatives need to demonstrate benefits and hope there is a comprehensive agreement that allows these to occur.

Bradd: The ideas at PNWER are very useful, the message has been heard, and hopefully some things are starting to gain traction. How can we expand the NEXUS program and the marketing efforts to reach other travellers? Promotion of RFID and other technology is important, as is active lane management and resource utilization. What are the priorities going forward, and what actions are most reachable in a short period of time?

Question and Answer and Group Discussion

Q: Athletes, musicians and actors all have enhanced and quick border crossing processes. Is it possible to add new and relevant occupations to these lists?

A: Finding out what the best practices are and what is working could address this. Gaining information from ports on what the process is for these occupations is needed.

Q: Can the NEXUS+ concept be explored more as there appears to be significant interest? Can a sub-group or committee flesh the proposal out more via conference call?

A: From Kevin & Bradd –The more information in the proposal, the easier it is for government to understand. Additionally data to support recommendations would help to inform possible policy changes.

Matt Morrison: There needs to be a consistent private sector engagement strategy and mechanisms for small and medium sized enterprises to engage with both countries. PNWER acts as a clearing house, but technology can be used to enhance this. In the next phase there needs to be better, more reasonable engagement beyond a large-scale meeting biannually. Sector specific opportunities for collaboration and interaction is a suggestion for PNWER.

Q: Is batch processing electronically of predictable and repeated shipments of goods a possibility, eliminating resubmission of multiple forms on a declaration by declaration basis? There would be supply chain benefits to this possibility.

Q: There is significant focus on pilot projects, but what is the next step?

A: The initial intent was to use pilots to test innovative approaches before moving full-scale. But some are more successful than others and regulatory changes need to be addressed before scaling can occur.

Bradd: Going forward the screen once, accept twice and inspect once, clear twice initiatives are good ideas, but what does it really mean in practicality? What is the role of government departments and agencies? What are the compliance issues? Metrics in addition to anecdotal evidence will help move policy forward. There also needs to be an intake process for new ideas and proposals. An innovation zone of collaboration with government and private sector would ensure people have access to an easy to use platform with increased visibility meaning the right information is shared across borders, governments, departments and sectors.