

FINDING THE BALANCE:

Shared Border of the Future



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Tourism Industry Association of Canada
Transportation Intermediaries Association
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U.S. Travel Association



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Executive Summary

Canada and the United States share a special relationship that is built on common values based on a long history of cooperation, family ties, and friendship. In addition to this strong friendship, our shared border facilitates the largest bilateral trading relationship in the world, with \$1.6 billion¹ in two-way trade and 300,000 travelers crossing the border on a daily basis. Thirty-seven of the 50 U.S. states rely on Canada as their largest export market. Canada's greatest trade partner is the United States, and for the United States, it is Canada. Major benefits flow from this relationship, including 7.1 million jobs in the United States² and 3 million jobs in Canada.³ This unparalleled cooperation has the potential to move our economies back in the right direction.

Unfortunately, the Canadian and U.S. business communities express growing concern over ominous trends referred to as the “thickening” of the border. A “thick” border—which is associated with new or increasing fees and inspections, uncertainty over onerous wait times, layers of rules and regulations from different departments, more stringent requirements once compliance is achieved, and infrastructure impediments—is an expensive border. While Europe moves toward a more integrated border environment, our borders are moving in the opposite direction—the competitive advantage created by the Canada-U.S. free trade agreement of 1989 and the North American Free Trade Agreement (NAFTA) of 1994 is eroding. A sense of frustration exists within the Canadian and U.S. business communities regarding the fact that many practical measures that could reduce border-related costs have yet to be taken.

The current economic downturn magnifies the structural problems in our economies—one of them is the Canada-U.S. border. Inventories and transportation costs are growing, and businesses are cutting back on spending. Increasing border costs add more pressure to businesses' bottom line, discourage cross-border tourism, and threaten more than 10 million jobs that rely on the Canada-U.S. partnership. With one-third of our two-way trade being the intracompany delivery of input materials, we need a coordinated approach from both our governments. Cross-border businesses work together; therefore, the governments should as well. After all, *we build things together*, so the only way to come out of this economic downturn stronger and more competitive is by working together.

In February 2008, the Canadian Chamber of Commerce and the U.S. Chamber of Commerce, in partnership

1 U.S. Department of State. 2008. “Background Note: Canada.”

2 Canadian Embassy to the United States. 2006. “State Trade Fact Sheets 2006.”

3 David L. Emerson, Minister of International Trade Canada. October 5, 2007. “Free Trade Works.” *The Chronicle Herald*.



with 43 business associations, launched a report to improve the 49th parallel. *Finding the Balance: Reducing Border Costs While Strengthening Security* put forth short-term, practical recommendations to make the border more secure and friendly to low-risk goods and people. Many of the recommendations were put in place and we commend both governments for this action. While progress has been made, much more needs to be done.

Once again, the Canadian Chamber and the U.S. Chamber have come together to provide both governments with short-term, practical recommendations to reduce border costs. The recommendations in this new report, *Finding the Balance: Shared Border of the Future*, build on the ones given to our governments in February 2008 and continue to fully embrace a post 9/11 security reality. The focus of this paper is to identify areas to reduce border costs in the short term and to increase the competitiveness of our industries. While not addressed in this report, we recognize that there is a pressing need for governments and industry to come together to rethink how we achieve our joint needs for a secure and trade-efficient border in the mid- to long-term as well.

The recommendations included in this report take into account three major political goals. First, they would make both countries more secure by increasing participation in trusted shipper and trusted traveler programs, allowing border agencies to focus their limited resources on protecting against unlawful trade and travel. Second, they would improve business predictability as it pertains to the border. Third, they would make our integrated economies stronger by facilitating the movement of low-risk goods and people across the border.

This report reinforces the call for action by the Canadian and U.S. governments to act on the practical recommendations collected from industry and outlined here. As businesses seek to tighten supply chains, reduce inventory, increase velocity, and improve product predictability, we must recognize that government plays a critical role in ensuring the efficient and secure movement of goods and people. Improving the supply chains and border access is vital to both the economic recovery as well as our long-term economic health. We view these improvements as an investment in the future of global trade and prosperity. The current economic climate amplifies the urgent need for action—action that delivers a big win for Canadian and U.S. jobs, businesses, and a more secure North America.

Background

Impact of Escalating Border Crossing Costs

Feedback from Canadian and U.S. businesses shows an increase in border costs and a “thickening” of the border resulting from increased wait and inspection times, the imposition of direct fees for crossing the border, increased complexity in regulatory requirements, and costs that arise from participation in trusted shipper and trusted traveler programs.

The layering of these costs has made crossing the border more expensive for both businesses and travelers alike.

The effects of these costly and duplicative border procedures are magnified in the integrated Canada-U.S. economy. Canadian and U.S. companies are at a competitive disadvantage compared with foreign companies that cross the border to enter the North American market. For example, foreign manufactured cars entering North America require a single customs clearance for one shipload of 4,000 cars. For the same number of cars manufactured in Canada and the United States—which cross the border seven times in various stages during the production process—roughly 28,000 customs and security clearances are needed to get the vehicles to market and each vehicle may experience multiple delays each time it crosses the border, adding costs and decreasing efficiency.⁴

Border Wait Times

Border wait times are not what they once were due in large part to a sharp decline in vehicle volume crossing the border. In January 2009, two-way trade between Canada and the United States was \$29 billion, down 31.1% from a year earlier. Truck imports from Canada to the United States dropped 31.3%, while U.S. truck exports to Canada plunged 27.2%.⁵ Despite decreased trade, significant wait times still exist. And this problem is not just a U.S.-bound concern. Shippers and travelers are reporting increased wait times to get into Canada as well.

As our economies begin to recover and the structural problems at the border will result in more excessive delays. We must be prepared for this. It is important to remember the summer of 2007, which saw the longest delays since 2001 for U.S.-bound traffic. For example, the Peace Bridge crossing saw a 32% increase in average inspection time from August 2006 to August 2007. Average wait times at the Detroit-Windsor tunnel almost doubled from May 2007 to August 2007. At the Blue Water Bridge, delays of at least one hour happened

⁴ Vancouver Board of Trade. March 27, 2009. “John Manley tackles border issues at Pacific Gateway.”

⁵ Fuestch, Michele. 2009. “Transport Topics”



on 38 days between July 2007 and August 2007. That same summer, the Ontario Ministry of Transportation put in portable toilets along Highway 402 for stranded travelers. All these 2007 delays happened when overall commercial traffic was down 4% from 2006.⁶ As our economy rebounds, we could see wait times resurge to previous levels and beyond.

Factors that result in unpredictable border wait and inspection times include:

- **Infrastructure Constraints**—Inadequate border infrastructure relative to traffic volumes.
- **System and Technology Malfunctions**—Lack of effective technology and problems with new border technology.
- **Redundant Processes and Procedures**—Increased passenger processing time; frequency of inspections, especially for trusted shippers and travelers; and a lack of clarity of admissibility requirements.
- **Staffing and Training Limitations**—Inadequate staffing and training levels of customs officials.
- **Lack of Public Education**—Travelers and shippers being uninformed about the latest security and document requirements, creating confusion and delays at border crossings.

Unpredictable border crossing experiences have made companies readopt outdated operating practices. Following the signing of the Canada-U.S. free trade agreement, companies reduced warehousing and inventory costs by taking on just-in-time delivery systems. Now, many companies have replaced just-in-time for a just-in-case delivery model.

According to the Conference Board of Canada, companies that do cross-border business are stockpiling inventories because they cannot always guarantee that shipments will be delivered on time. Increasing inventory levels cost billions to industry on a yearly basis. Therefore, high inventory levels cost jobs and growth for companies on both sides of the border. Companies find that the cost of production is actually less expensive than their transportation and warehousing costs due to delays at the border. Where our businesses once had a competitive advantage over global competition, an increasingly open continental Europe and the emerging markets in Asia are outperforming us.

Confusion over admissibility requirements could also lead to greater wait times. In order to maintain a functioning border, shippers must be informed by the Canadian and U.S. governments of reporting requirements. A tremendous communications effort to shippers may need to be undertaken if, for instance, the proposed removal of the exemption from the treatment and marking requirements for wood packaging material (WPM), moving between Canada and the United States, comes into force. If the WPM requirements are not met, the potential to

⁶ Public Border Operators Association

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create delays for all freight crossing the border exists. In this case, governments must explore options to ensure compliance while maintaining fluidity at border.

If we do not resolve the costly and unpredictable border crossing experiences, when our economies recover we will find ourselves back in a situation similar to that of the summer of 2007. Our supply chains and travel systems will be inefficient and unpredictable. The effects will be felt throughout the Canadian and U.S. economies, from major manufacturing and services operations located on both sides of the border to small communities that rely on cross-border tourism. All in all, 7 million jobs in the United States and 3 million in Canada depend on an efficiently functioning border.

Direct Fees for Crossing the Border

There is real concern in both countries that cross-border users may also have to pay more direct fees, adding another layer to growing border costs. The government of Canada is looking over its user fee system, through its Core Services Review, and there is concern that this may lead to more fees applied to businesses to use a variety of customs programs and services. In the United States, there is legislation before Congress on charging a user fee to importers and exporters for using the border, adding to the myriad of other costs.

One example of such user fees is the U.S. Animal and Plant Health Inspection Service (APHIS) fee applied to certain vehicles and people crossing the border 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 or the company's participation in trusted shipper or trusted traveler programs. The total cost of the APHIS fees to cross-border business is \$78 million per year. U.S. border officers must also physically collect the fee from passengers and distribute change, causing further border delays.

What is most frustrating is that these new fees are applied to even our most trusted shippers and travelers, who have been certified low risk by both our governments. Businesses are overwhelmed and are looking for relief, not more regulation and cost.

Costs to Participate in Trusted Shipper and Trusted Traveler Programs

Businesses from all parts of the supply chain are joining trusted shipper and trusted traveler programs such as Free and Secure Trade (FAST), Customs-Trade Partnership against Terrorism (C-TPAT), Partners in Protection (PIP), Customs Self-Assessment (CSA), and NEXUS. Applying for and maintaining certification in these programs is pricey. Becoming a trusted shipper can cost more than \$100,000 in up-front costs and can take two years to become certified. Long-term costs include supporting full-time staff to ensure



global compliance in these programs and future security upgrades. Businesses, Canada Border Services Agency (CBSA), and the Customs and Border Protection (CBP) all recognize the strong security benefit from participation in these programs. While both governments receive the security benefits, companies have never realized the promised commercial benefits. Companies are regularly sent to secondary inspections at the border and subject to paying additional fees. Furthermore, they find that just one security incident ejects them from the program completely. NEXUS cardholders are also frequently being detained in secondary inspections. In addition, when there are major wait times, lineups of vehicles go beyond the entrance of the trusted shipper and traveler lanes; therefore, FAST and NEXUS participants cannot get to their dedicated lanes.

Canadian and U.S. businesses are very concerned about the costs of complying with these programs while not receiving the anticipated benefits. In addition, companies have to be members of multiple programs to become a trusted shipper in both countries. The layering of the programs adds to the complexity and cost of moving goods and people across our shared border. One company reported an annual expense of \$1 million because of the inspections and delays from increased security measures and paying to be a member in multiple trusted shipper programs.

Clearly, border costs are reaching the breaking point and risk becoming an unmanageable burden on Canadian and U.S. job producers. It is in neither government's nor industry's interest to create or to maintain a business environment that enshrines complexity, exacerbates current deficiencies, and encourages jobs to move offshore.

Progress Since February 2008

Considerable progress has been made in both countries since the first coalition report *Finding the Balance: Reducing Border Costs While Strengthening Security* was released. Major highlights include:

- At the April 2008 North American Leaders' Summit in New Orleans, Louisiana, our leaders announced that they will strengthen the trusted shipper and trusted traveler programs and avoid unnecessary inspections.
- The Canadian and U.S. governments now apply similar standards and site validation when approving company membership in Canada's trusted shipper program, PIP, and the U.S. C-TPAT.
- CBSA released its plans for a Single Window framework to bring all border reporting under one electronic system.
- NEXUS membership has reached more than 300,000 participants.
- The Canadian government put Temporary Foreign Worker Units (TFWUs) in Moncton and Toronto.
- Canada and the United States started a pilot project to allow for domestic in-transit freight movements.
- A number of provinces and states such as British Columbia, Manitoba, Ontario, Quebec, Michigan, New York, and Vermont, joined Washington State in offering enhanced drivers licenses or enhanced identification cards.
- U.S. Secretary of Homeland Security Janet Napolitano and Canadian Minister of Public Safety Peter Van

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Loan put in place a Canada-U.S. Framework for the Movement of Goods and People Across the Border During and Following an Emergency.

- Our governments set up a binational interagency Border Wait Time Working Group, which devised an initiative to evaluate and deploy technologies to measure border wait times at Canada-U.S. border crossings. This effort is under way, and initial results are expected by the end of 2009.

These measures are very positive, but more needs to be done. Our governments should always be reexamining the benefits, costs, redundancies, and complexity of border measures. New border initiatives need to be properly funded. And our governments should commit to putting in place the recommendations in this report to ensure that our integrated economies work more seamlessly to create jobs and secure our borders.

Border of the Future

While there will be political pressure on the United States to adopt a uniform border policy, the Canadian and U.S. governments need to keep in mind the degree of integration that binds both countries. The Canada-U.S. relationship is distinct in many respects, including its border challenges. For our businesses to compete, grow, and create jobs, policies that take into account our countries' unique economic and security realities must be put in place.

The focus of this paper is to identify areas to reduce border costs in the short term and to increase the competitiveness of our industry. While not addressed in this report, we recognize that there is a pressing need for governments and industry to come together to rethink how we achieve our joint needs for a secure and trade-efficient border in the mid- to long-term. There are important issues that fall outside of the mandate of this paper that must be taken into account. These include the urgent need to fund and upgrade border infrastructure and to put in place a co-managed border and a coordinated clearance and point-of-departure determination program to ensure that only low-risk goods and people enter Canadian and U.S. soil. While these are not short-term deliverables, efforts must begin in the near term.

With a new U.S. administration and a reelected government in Canada, we have an opportunity to reinvigorate our long-standing partnership while strengthening our physical and economic security. In fact, our leaders have already set the stage for this to happen. During President Barack Obama's visit to Canada, he and Prime Minister Stephen Harper committed to reviewing the management of our shared border. Following that, Homeland Security Secretary Janet Napolitano and Minister of Public Safety Peter Van Loan announced that they would convene high-level government meetings each year to monitor progress on border issues.

We have seen great successes in the past for these for a. The Security and Prosperity Partnership of North America (SPP) initiative clearly showed that both prosperity and security are important to Canada, the United States, and Mexico. The SPP work plan established a trilateral framework that was flexible enough to allow for bilateral action on border measures and enabled direct input from the private sectors of Canada, Mexico, and



the United States through the North American Competitiveness Council (NACC).

The business leaders serving as members of the NACC have been supported by secretariats in each country: the U.S. Chamber of Commerce and the Council of the Americas in the United States, the Canadian Council of Chief Executives in Canada, and the Instituto para la Competitividad in Mexico. In 2007, the NACC offered a detailed report and recommendations to governments in three broad categories: border management, regulatory cooperation, and energy security.

While considerable progress has been made over the past three years, it is not clear whether the SPP or the NACC will continue in their present forms. However, the global economic downturn has made action on the issues that both the framework and the private sector advisory group addressed more urgent than ever. As a result, the business communities from all three countries—either through the NACC or its successor mechanism or through other initiatives such as this report—remain willing to offer strategic advice and support to the leaders.

Growing global competition and the current economic downturn make the adoption of this report's recommendations essential to maintaining Canadian and U.S. competitiveness. We call on the governments of Canada and the United States to commit to deliver on these recommendations within the next 18 months.

Priority Near-Term and Practical Recommendations

How to Make Trusted Shipper Programs Work More Efficiently

We strongly support voluntary trusted shipper programs such as FAST, PIP in Canada and C-TPAT in the United States, which enhance supply chain security without imposing a one-size-fits-all regulatory burden on businesses. Trusted shipper programs allow border agencies to focus their limited resources on unknown cargo—in essence, narrowing the search for the proverbial needle to a smaller haystack.

Businesses on both sides of the border are finding that trusted shipper programs are providing few benefits. Of concern are the increasing rate of inspections and additional border fees put in place without taking into account the risk level of the shipment or the compliance record of the importer. For example, Casco Inc.—a producer and supplier of high-quality food ingredients and industrial products—is C-TPAT certified and PIP approved, employing FAST approved and validated drivers for delivered products and using FDA registered facilities. Despite being a trusted shipper, Casco is still subject to 100% reviews of some of its shipments.

Our governments should work with industry to deliver commercial benefits for members of C-TPAT and PIP programs. Companies that are validated members have voluntarily instituted measures at their own expense to strengthen the security of their supply chains. We recognize that there are also massive security benefits for both nations from these programs; in return, commercial benefits should be extended to industry. Clearly measured and reported commercial benefits, including timelier border crossings, would attract a greater number of participants to the trusted shipper and trusted traveler programs, thereby promoting security and trade. Some of our concerns with trusted shipper programs include:

- It can cost a company more than \$100,000 and take up to two years to become a trusted shipper. However, while major steps have been taken to bring Canada's and the United States' trusted shipper programs closer together, PIP and C-TPAT are not mutually recognized.
- Border user fees, such as the APHIS fee, are applied uniformly on all border shipments and air travelers, irrespective of the risk of the cargo or passenger. Because border security is a national responsibility, costs should be paid for through a budget line item from Treasury or our border agencies, rather than collecting the fees at the border.
- Inspections are costly. The cost of off-loading shipments for inspections at the border can cost carriers several hundred dollars each time, delaying the truck or train, the driver and crew, and all the shipments on board for hours.



- Shipments are inspected more than once between our two countries. A container entering Canada from abroad but destined for the United States may be cleared by Canadian customs at the port of entry—or even inspected—and then inspected again at the U.S. border. If the intermodal shipment goes to the United States via rail, almost 100% of the cargo will be scanned by nonintrusive inspection (NII) technology. This technology penetrates tankers, grain cars, and boxcars using a low-level gamma ray radiation source, generating a radiographic image for each car. As a result, there is little need for duplicative inspections.
- Zero tolerance policy for members of trusted shipper programs discourages participation and unjustly punishes law-abiding companies and drivers. Expulsion should only happen after an investigation determines company and/or driver complicity.
- Less-than-truckload (LTL) carriers cannot participate in trusted shipper programs unless all shipments are from trusted importers.

To give a real-life example, consider the case of Con-way Freight, an LTL carrier. LTL carriers, like Con-way, cannot use a FAST lane for clearance because currently carrier, driver, and all shipments on board must be FAST compliant to benefit. Invariably, there are shipments on the multibill trailers from shippers or to consignees that are not FAST certified. Although Con-way is recognized as a FAST carrier with FAST certified drivers, due to the mixed loads that the company carries it is not able to reap the rewards of the program. This is a similar challenge for courier companies' small packages crossing the border. Due to the nature of multibill and multishipper/consignee trailers being moved, those involved carriers will never benefit from being a FAST certified carrier as they are not able to use the dedicated lanes for FAST.

Our governments should mandate our border agencies to work with industry to make sure that the promised benefits of efficient and predictable border crossings are realized. Not only would trade flow more smoothly, but border agencies could focus their limited resources on unknown trade and travel, making both our countries more secure. As the benefits of trusted shipper programs become more widely realized, more businesses would sign up, promoting security and trade.

Trusted shipper programs should also be expanded to businesses that are regulated by other government departments. Right now, trusted shipper programs are administered by CBSA and CBP, but other departments and agencies also have border and inspection mandates. For example, when the Canadian Food Inspection Agency (CFIA), the U.S. Food and Drug Administration (FDA), and the U.S. Department of Agriculture (USDA) put in place “hold and test” or “minimal risk region rule” border policies, all agricultural food shipments, irrespective of risk, were sent for secondary inspections. Although agrifood shippers would be willing to participate in trusted shipper programs, they cannot justify the cost if they will be subject to many secondary inspections anyway. In the highly integrated Canada-U.S. agrifood industry, one cannot “inspect your way to safety.” Food safety risk management begins far back in the growing and production cycles, where Canada and the United States have very sophisticated regulatory standards and enforcement mechanisms.

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Infrastructure limitations at our land border restrict FAST lane access and consequently the benefits of FAST evaporate in border congestion. At any port of entry, we see two or three lanes leading into the border crossing. At the last quarter mile, those lanes break out into 10 lanes, with a FAST lane designated at this time. We support designated funding to extend the FAST lanes starting several miles away from a crossing and creating more FAST lanes at each land border crossing to move traffic. This would attract industry to the program, move goods faster, and promote security enhancements. We are not calling for major infrastructure investment, although that would be an ideal long term goal. This issue can be solved by designating lanes with barriers to ensure that FAST participants get the facilitation benefits they anticipate.

Recommendations

- ❖ The Canadian and U.S. governments should mandate their border agencies to work with industry to make sure that the anticipated benefits of trusted shipper programs—efficient and predictable border crossings—are realized. To attract greater numbers of participants in trusted shipper programs, we encourage our governments to work with the private sector to deliver further commercial benefits to trusted shippers. Specifically, the Canadian and U.S. governments should:

Put in place goals and metrics to drive border agency behavior and priorities that demonstrate tangible commercial benefits to program participants in trusted shipper programs.

Achieve full harmonization between PIP and C-TPAT, as NEXUS has done with a single application and certification process, and offer increased flexibility for tier-3 C-TPAT participants.

Waive the APHIS fee in all modes of transportation for low-risk shipments and look to the budget process, rather than user fees, to fund border security initiatives.

Ensure that rail and truck cargo inspected, cleared, and secured at a Canadian port are not subject to further inspections at the U.S. border.

Put in place a process to allow LTL carriers access to the FAST lanes by using the one hour prearrival notice to determine risk levels associated with the shipment before it arrives at the border.

Designate FAST Lanes further away from primary inspection to ensure participants in the program get the trade benefits.

Develop a trusted shipper program for small and medium-size businesses that cannot justify the expense of the current trusted shipper programs.

- ❖ The Canadian and U.S. governments should commit to put in place a pilot program along the border to expedite the processing of products that are regulated by other government departments, such as qualified low-risk food importers from Canada and the United States.



How to Make Trusted Traveler Programs Work More Efficiently

We strongly support the NEXUS program as another way to meet the mutually dependent goals of security and trade facilitation. NEXUS is a biometric-based program that expedites border clearance for low-risk, preapproved travelers in Canada and the United States. Applicants go through a detailed registration and interview process and must pass a risk assessment in both countries to be eligible to participate. NEXUS members bypass lengthy customs and immigration lines in as little as one minute, allowing border officers to focus their limited resources on unknown trade and travel.

In the last 18 months, NEXUS enrollment has increased by more than 100,000 participants to reach more than 300,000 members, and our border agencies continue to get 12,000 applications a month. In May 2009, our governments received 16,000 applications, approving on average 3,000 to 4,000 a week.⁷ While we recognize and are encouraged by this progress, we still find that NEXUS lanes have the capacity to handle many more users. We believe that if the program was marketed better, we would be attracting greater numbers of participants. Further, higher levels of spot checking participants at the border remains a concern, making some question the value of the program. Fixing this problem would get more people to join NEXUS.

NEXUS should also be more transparent. Presently, NEXUS cards can be revoked and renewal denied without explanation. Participants are concerned about their inability to request a review of application denial or revocation from the program. Giving NEXUS cardholders the option for an appeal or review process would make the program fairer and would reduce uncertainty without jeopardizing border security.

The NEXUS program could also play a role in facilitating the visa process for business travel between Canada and the United States. Cross-border business, demand for qualified personnel, and the scarcity of skilled personnel has resulted in the need to speed up travel between Canada and the United States for a growing number of executives, professionals, and technical specialists.

Business travelers usually use one of two visas for travel between our two countries: the intracompany transfer visa or NAFTA professional visa. Current rules exempt these visas from getting consular approval. Instead, applicants present their completed documentation at a port of entry where customs officers approve the visa. But, in a number of cases, the qualified person is not granted entry into the destination country. Lack of adequate training for border officers on the visa requirements and the documentation required for entry generally explain the inconsistent treatment of legitimate business travelers.

Expanding the NEXUS program to hold visa requirement information in its secure database would eliminate border inconsistencies because all the necessary documentation would be stored electronically for the border officer to verify. This voluntary option would assure legitimate business travelers that they have predictable access to either Canada or the United States while ensuring that border security needs are met.

⁷ Customs Border Protection, June 2009.

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The United States should also expand its biometric-based Global Entry program to 20 major U.S. airports by the end of 2009. We applaud CBP's efforts to implement this program. Global Entry, like NEXUS, expedites preapproved and certified low-risk travelers through the passport process.

Moving forward, Global Entry should seek to become fully compatible with NEXUS. Currently, Global Entry users in the United States have the option to sign up for NEXUS; we commend CBP for this action. However, Canadians are not afforded the same benefits. If a Canadian leaves from a non-preclearance airport or is coming from an overseas airport into the United States, he or she cannot take advantage of NEXUS benefits. But if all NEXUS holders could use Global Entry kiosks, they would get expedited access. Considering that they have already gone through the appropriate background check, this option should be awarded to all NEXUS members.

Recommendations

- ❖ The Canadian and U.S. governments should enhance their marketing efforts of the NEXUS program to reach a target of 1 million participants. The target number of applicants is ambitious, but it is achievable if more resources for advertising and marketing are available and if key stakeholders are engaged.
- ❖ CBSA and CBP should create a formal review process for NEXUS rejections and revocations.
- ❖ The Canadian and U.S. governments should expand the NEXUS program to include a voluntary option to handle multiple entries for business travelers who need NAFTA visa approval to enter either country. Under this new program, qualified personnel would need to be accepted into the NEXUS program. The enhanced NEXUS Global Enrollment System database would include both the trusted traveler information and essential visa and approval information needed for multiple entries.
- ❖ CBP should expand the Global Entry program to 20 major airports in the United States. Further, CBP should promote mutual recognition between all trusted traveler programs to ensure that a member in one border-crossing program is automatically a member in all.



Preclearance of Goods and People

Our leaders should expand the definition of the border to go beyond its physical location. Alternative trade compliance, product safety inspection, and risk assessment policies can be accomplished at off-site venues, such as inland manufacturing and assembly facilities or warehouses. This option of expanding the border would go a long way to relieve traffic congestion at larger ports of entry, improve supply chain delivery, and reduce costs for both the public and private sectors.

Preclearance is not a new idea in either country. In eight Canadian airports, about 12 million travelers a year⁸ clear U.S. customs within designated facilities, making air travel more secure because passengers are cleared prior to even getting on the plane. The whole travel experience is also more convenient for passengers because they do not have to wait in any customs lineups upon arriving in the United States. Further, preclearance enables transborder flights to U.S. airports that do not have customs and immigration facilities. Preclearance is also available for rail passengers departing from Vancouver, British Columbia (B.C.), on the Amtrak Cascades service and at the Belleville marine terminal in B.C.

The Canadian and U.S. governments should look to expand the preclearance model to other modes of transportation, such as cargo and passenger travel, in other regions of North America. In fact, Minister Van Loan and Secretary Napolitano agreed to renew negotiations to set up land preclearance facilities for trucks at the Buffalo, New York, and Fort Erie, Ontario, border crossing. By moving the inspection and clearance facilities before the border and by having clearance processes done before actually crossing, more cargo can be cleared away from congested bridges where infrastructure constraints inhibit larger customs offices from being put in place. Although negotiations on land preclearance broke down in 2007, legal and sovereignty concerns can be addressed in a similar way as to when our landmark air preclearance agreement was signed.

The Canadian and U.S. governments should continue to expand the preclearance or onboard clearance model to more bus and rail passengers traveling from Canada to the United States and vice versa. With both countries looking at making rail travel faster through infrastructure upgrades and the U.S. administration routing 10 high-speed rail corridor projects, now is the perfect time to test an enhanced rail preclearance model.

Presently, passengers traveling from Montreal to Plattsburgh, New York, and Toronto to Niagara clear customs once they enter the United States. Upon entry to the United States, the train stops and customs officers enter the train. Once all passengers are cleared, the train can continue. The whole process can take 45 minutes to 1 hour, discouraging further travel deeper into the United States. Northbound rail passengers follow a similar procedure. Vancouver to Seattle passengers have a modified preclearance model. Passengers are precleared in the Vancouver rail station, but the train still stops at the border for CBP officers to check luggage.

Bus and marine ferry passengers go through a similar process with wait times stretching several hours at peak travel times. Preclearance will eliminate the unnecessary wait times, making the travel experience more efficient and predictable, while generating much needed tourism dollars for both nations.

8 Government of Canada. 2009.

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Preclearance could also be done in manufacturing and processing facilities. For instance, most major Canadian and U.S. food processors have facilities within one or two hours of U.S. ports of entry. As part of any reputable company's supply chain, food shipments are securely sealed at processing facilities. The seals are often broken at ports for inspections and then replaced with new government seals.

Since CFIA inspectors, operating under the Memorandum of Understanding (MOU) with FDA and USDA, are often in processing facilities (especially for meat and poultry products regulated by USDA), many processes conducted at the border could be done in the production plants. All customs provisions associated with secondary inspections—including pulling samples for further analysis, reviewing documentation, and putting on secure government seals to shipments when they leave the plant—could be done in the processing facilities. Trucks could then be precleared and expedited across the border by amending prior notification procedures to include an indicator that the shipment has been cleared for entry into the United States and that the seal is still intact.

Recommendations

- ❖ The Canadian and U.S. governments should continue to fund customs preclearance in Canadian airports and consider expanding the program to more airports, where appropriate.
- ❖ The Canadian and U.S. governments should start a land preclearance pilot project at the Buffalo, New York, and Fort Erie, Ontario, border crossing.
- ❖ The Canadian and U.S. governments should expand and fund rail preclearance or onboard clearance to rail passenger traffic between Montreal and Plattsburgh, Toronto and Niagara, and Vancouver and Seattle. A similar process should be put in place for bus passengers and be expanded to more marine ferry services providers.
- ❖ The Canadian and U.S. governments should start a preclearance process for manufacturers and food processors. CFIA, FDA, and USDA should begin talks on a pilot program to test this concept with a small group of volunteer processors at one port of entry.



Electronic Reporting of Imports and Exports

Customs agencies in Canada and the United States are moving forward with mandates to collect data electronically from importers and exporters on their shipments for risk assessment purposes. While we support these initiatives, it is unfortunate that other government departments with border mandates are not following suit, leaving businesses with duplicative reporting systems and processes to meet government's various needs. Further, industry is concerned that both governments' new electronic reporting requirements may not take into account the integrated nature of the Canadian and U.S. economies.

A major frustration for industry is the lack of a single electronic filing system for import and export information and documentation. In the United States, there are four systems serving the variety of customs mandates of CBP, FDA, and USDA. In Canada, CBSA and at least 10 other government departments collect import and export information from businesses using a number of formats, including electronic and, in some cases, paper based. Often, the same information has to be transmitted into multiple systems and government departments.

Canada has the Other Government Department (OGD) Single Window Initiative, a CBSA proposal to bring all government departments and agencies under a single electronic filing system. In the United States, the International Trade Data System (ITDS) is supposed to reach the same goal. Progress in both countries has been modest. The Canadian and U.S. governments should dedicate enough funds for a single electronic filing system to be set up in each country and mandate that all government departments participate. A single electronic filing system for import and export information would result in a safer and more efficient and cost-effective clearance process for international shipments. It could also serve as a starting point for a fully secure and interoperable customs system in North America.

In 2005, the World Customs Organization (WCO) adopted the Secure and Facilitate Global Trade (SAFE) Framework at the urging of the United States. Since that time, the United States and 157 countries have agreed to the document, which has been instrumental in facilitating global cooperation on security and the harmonization of customs administration. The success of this effort helps ensure that companies trading globally face consistent and predictable customs requirements. The SAFE Framework provides a mechanism for each country to amend the agreement, rather than set its own standards. It is imperative for all countries involved with the SAFE Framework to use the amendment process to ensure that global standards are established.

In February 2009, CBSA announced to Canadian industry its policy decision with respect to mandatory data elements for the Importer Admissibility Data (IAD) filing as part of its Advance Commercial Information (ACI) program. IAD is similar to the U.S. Importer Security Filing (10+2) for marine shipments but would apply to all modes of transportation. There are some serious concerns with this new approach, particularly as it would impact the land border and North American supply chains. The business community is concerned that this will only lead to a thicker border, border delays, and major disruptions in the supply chain. Because IAD will be mandatory at the first point of arrival into Canada, unless all importer data are reported to CBSA on time, the conveyance, including trucks from the United States, and all its cargo will be denied entry into Canada,

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with limited options to move goods inbound. There is concern that this initiative could dramatically impact business operations within North America and, in particular, hamper the ability to efficiently operate within the integrated market. We are pleased to see that CBSA is continuing to work with industry to address concerns about the proposed new data requirements.

As the United States is currently implementing the Importer Security Filing (10+2) regulation and Canada is reexamining IAD, we see our governments missing an opportunity to work in concert with WCO and reaffirm SAFE as the global standard. Cooperative action is consistent with the SAFE Framework and will in the long term decrease complexity and compliance costs to businesses. In the interest of international commerce, CBP and CBSA should work with the WCO and ensure that the data elements are harmonized.

Another problem is that the introduction of prior notification for imports and exports in the United States through ACE and the Bioterrorism Act eliminated the harmonized Canada-U.S. in-transit movement of domestic cargo from Western Canada moving south of the Great Lakes to Eastern Canada. Instead, carriers now must drive through Northern Canada, adding \$1,000 CDN per load as a result of extra mileage, accident risk, and transit delays. We are pleased that Canada and the United States have entered into a pilot program with the aim of allowing in-transit shipments. Upon completion of the pilot project and as Canada moves forward with ACI, a permanent harmonized in-transit process should be put in place.

The way that the current electronic reporting rules are set up makes short sea shipping operations unfeasible. Short sea shipping is a service where truck trailers are ferried between Canada and the United States. Instead of a truck traveling for more than five hours (466 km) from London, Ontario, to Cleveland, Ohio, short sea shipping will move the goods right through Lake Erie (105 km). Current U.S. rules classify short sea shipping ferryboats as vessel driven, requiring 24-hour electronic manifests before cargo is loaded on the vessel, even though the exact same shipment would only need one or two hours of notice if ferried by truck or rail. Short sea shipping is not viable under the current rules. Short sea shipping operations should be treated the same way as truck and rail.



Recommendations

- ❖ The Canadian and U.S. governments should provide funding to the necessary government departments and agencies to ensure that they put in place the OGD Single Window Initiative in Canada and the International Trade Data System in the United States and mandate participation from all relevant government departments and agencies.
- ❖ As the Canadian and U.S. governments move forward with new electronic advanced reporting requirements for industry, they should work together and take into account the shipment risk and integrated way that their economies work together and give consideration to trusted shippers and travelers. Any changes to advanced data requirements should:
 - Take into account the risk level of the type of shipment.
 - Require a single submission of data elements without duplication.
 - Not call for companies to give data that they do not have and cannot reasonably obtain.
 - Have clear and consistent definitions of data elements.
 - Follow global harmonization of advanced electronic cargo information, such as the World Customs Organization's SAFE Framework.
- ❖ The Canadian and U.S. governments should simplify data requirements for domestic in-transit freight movements.
- ❖ The Canadian and U.S. governments should launch a private sector-driven short sea shipping pilot project in the Great Lakes area under the same entry and clearance requirements as truck and rail modes.

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Increased Staffing, Training, and Hours of Services at Border Crossings

A major concern for the Canada-U.S. business community is that not all border booths are open during peak commercial and leisure travel times at major crossings, causing lengthy wait times. Just-in-time manufacturing practices become impeded, and business travelers and tourists are discouraged from going to Canada or the United States.

Traffic patterns, especially for commercial traffic, are largely predictable, and those patterns, rather than time of day, should drive staffing levels. Equally important is having secondary inspectors on-site when needed and having border-related support services available to users. A major frustration for businesses is the limited hours of operation of other government departments with border mandates that inspect cargo, such as CFIA, FDA, and USDA. A number of companies have reported that this problem is worse on weekends when shipments can be held up until an inspector reports to work on Monday. For example, because of separate CBP and FDA inspection procedures, Casco Inc. must send shipments across the border when both FDA and CBP personnel are on duty. As this forces Casco's trucks to cross the border during the limited times each day when FDA is on-site, this needlessly increases the volume of traffic at the border during peak daytime periods.

Similarly, Customs' help desks that answer carrier and importer questions on border services or new border requirements need to be able to give information quickly to businesses or else shipments could be significantly delayed. Border, inspection, and support services should be offered on a coordinated basis at major crossings to allow traffic to flow smoothly and securely between Canada and the United States. Many businesses work on 24/7 schedules, and border services at major crossings should work in sync to better meet their demands.

Having accurate border wait time information would also help the Canadian and U.S. governments allocate the needed resources to ports of entry. Each border crossing measures wait times differently by picking a random point on the highway and counting how long it takes a vehicle to cross the border from that point. However, vehicles beyond the officers' line of sight are not included in the data, further supporting the need for a fully automated system. Providing an accurate, independent, and universal method of measuring wait times is needed to create staffing models, allocate border resources, improve security, and facilitate trade. Last year, as a part of its Model Ports Project, CBP put in place the Automated Wait Time Data system at all major airports. It is an independent, real-time, and accurate system for measuring wait times at U.S. airports. We applaud this effort and urge both the Canadian and U.S. governments to take similar steps at all major border points.

When approaching any border crossing, we find that many crossings are operating below capacity. Both commercial and leisure crossings suffer from understaffing that puts upward pressure on wait times, costing industry billions and decreasing the probability that cargo and tourism traffic will even approach the border. Increasing staffing levels during peak operation periods is essential. A recent report issued by Canadian Sen. Colin Kenny states that CBSA needs 2,300 more employees. This is a drastic number for our two countries that



rely heavily on trade. In addition to hiring and training more staff, current staff must be trained more effectively. Adjusting officers to meet the demands of the queue should be common practice, and both training and the use of an accurate staffing model would alleviate some of these issues.

To further alleviate congestion and understaffing, part-time and seasonal workers should be hired at major border crossings. When the private sector experiences peaks in demand, they pull from part-time labor to move product. CBP and CBSA could benefit from a similar staffing model. We recognize that border officers require considerable training and skills; however, recently retired officers and local law enforcement could be trained to handle these peak crossing hours. Further, part-time staff could handle paperwork, document filing, and other nonsecurity-related work, allowing active officers to work in the field.

Funding for major ports of entry should be increased to guarantee adequate staffing and extended hours of service and to upgrade our technology and infrastructure so that officers can more efficiently monitor the flow of people and commerce. The Putting Our Resources Towards Security Act (PORTS Act, H.R. 1655), introduced by Rep. Silvestre Reyes, is a step in the right direction. We encourage members of Congress to co-sponsor this legislation. The PORTS Act would:

- Provide for 5,000 additional CBP officers, allowing for an increase in total officers by approximately 30% over five years.
- Provide for 350 additional support personnel and 1,200 agriculture specialists at CBP, which would help ensure that officers would not be pulled away from inspection duties to perform specialized or administrative work.
- Authorize \$5 billion over five years for the General Services Administration (GSA) to address infrastructure deficiencies at our land ports of entry in tandem with CBP.

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Recommendations

- ❖ The Canadian and U.S. governments should put in place an independent, real-time, and accurate wait times measurement system at all major border points, modeling it after the U.S. Automated Wait Time Data system.
- ❖ The Canadian and U.S. governments should work together to develop accurate staffing models for border services that reflect and respond to demand, including those of other government departments with border mandates to do inspections and offer support services 24/7 at major border crossings.
- ❖ Canadian and U.S. border agencies and other departments with border-related mandates should provide continuous and effective training for border staff to make sure that they are used more efficiently and according to border-crossing demand.
- ❖ Other government departments with border mandates should cross-designate CBSA or CBP to handle their inspection and clearance functions in situations where they are not able to provide enough staffing resources to meet travel demand.
- ❖ Canadian and U.S. border agencies should hire part-time and seasonal workers at their border crossings—such as retired border or law enforcement officers—who could handle paperwork, document filing, and other nonsecurity-related work, allowing the active officers to work in the field.
- ❖ The U.S. Congress should pass the PORTS Act, and the Canadian government should follow with similar legislation.



Achievement of a Critical Mass of Cross-Border Travel Documentation

One of the most recent developments at the border was the full implementation of the Western Hemisphere Travel Initiative (WHTI) on June 1, 2009. Following lengthy consultations, we are pleased to see that NEXUS and FAST cards, Pass Cards, enhanced drivers licenses (EDLs), and enhanced identification cards (EICs) are deemed WHTI compliant along with the passport. During the early stages of WHTI implementation at land and seaports of entry, it is vital that our governments get a critical mass of WHTI-compliant documentation into the hands of the general public. Without a critical mass, travelers could proceed to the border without proper documentation, causing added congestion, or they could avoid cross-border travel and tourism all together. We are pleased to see that 300,000 people are enrolled in NEXUS and that 1 million people have Pass Cards.

The 300,000 people that cross the Canada-U.S. border daily are a mix of commuters, commercial users like truck drivers, business travelers, and casual travelers and tourists. WHTI could work well if all travelers know the benefits of the different types of compliant documentation and purchase the document that best meets their needs. Passports, FAST, NEXUS, EDLs, EICs, and Pass Cards all have different benefits and should be marketed to the right traveler group as follows:

- Passports are for people who have international travel interests.
- FAST cards are for truck drivers.
- NEXUS cards are for frequent travelers and business users.
- EDLs, EICs, and Pass Cards are for casual travelers and tourists whose international travel interests are limited to only a few countries.

There is still some confusion over new document requirements under WHTI, and many travelers may be avoiding the border altogether. Our governments need to put in place a more targeted marketing strategy that educates the public about WHTI rules and matches each traveler segment with the right travel document. CBSA and CBP launched in the fall of 2008 and winter of 2009 advertising campaigns in Canada and the United States to remind travelers about document requirements for entry (land) into the United States after June 2009. While we support the flexibility being shown, the interim proof of citizenship standard, which changed in June, may further confuse travelers and complicate the implementation of the final proof of citizenship standard unless a stronger public relations campaign is in place.

In addition to marketing the different documents, our governments need to make sure that each document is readily available. Enhanced drivers licenses, denoting identity citizenship and vicinity radio frequency identification (RFID) technology and security features, hold real potential for being a less expensive and more practical form of documentation than the passport for the many Americans and Canadians whose travel interests are limited to only a few countries. EDLs are critical for ensuring that WHTI is smoothly implemented and that the security needs of North America are met while facilitating the movement of people, goods, and services across our borders.

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We are encouraged by the progress made by a number of provinces and states that offer EDLs. In Washington state, the EDL costs only an additional \$15 compared with a regular drivers license. New York state, Michigan, and Vermont also offer EDLs. British Columbia, Ontario, and Quebec recently started offering EDLs, Manitoba started its EIC program, and a number of other provinces are moving forward with their own EDL or EIC programs.

One of the limitations of EDLs, EICs, and Pass Cards is that they are available only for land and sea travel but not for air. Therefore, someone who travels to the United States via land using an EDL but needs to return to Canada in an airplane needs a passport. A broader, more universal acceptance of EDLs, EICs, and Pass Cards is needed to facilitate travel in all modes of transportation across the Canada-U.S. border

Since 2005, when WHTI was first announced, we have been calling for flexibility in the document requirements for children. Children in both Canada and the United States have the lowest passport ownership rate of any demographic group. The implications of improper implementation in this area are broad and include legitimate travel by families with children, children on school day trips, and children participating in cross-border sport activities. We strongly support the alternative document requirements created for Canadian and U.S. citizen children under the age of 16. However, we continue to recommend that the alternative be applied to children age 16 and under not as currently stated in the final rule as children under age 16.

We would like to applaud the U.S. Department of Homeland Security and the U.S. Department of State for implementing many of the changes suggested by the private sector when adopting the final rule. Such considerations included recognizing the difference in demographics between the international airline traveler and those traveling in an uninterrupted loop cruise originating in the United States, as well as the clarification on the documentation requirements for workers aboard Mobile Offshore Drilling Units (MODUs) attached to the United States Outer Continental Shelf (OCS) traveling from the United States to and from MODUs. These are two areas where the public-private partnership was clearly utilized, and we look forward to continued support and cooperation moving forward with full implementation of WHTI.



Recommendations

- ❖ The Canadian and U.S. governments should put in place a marketing strategy in partnership with key stakeholders that informs the public of the new WHTI rules and matches each traveler segment with the respective travel document, through such pieces of legislation as the Travel Promotion Act.
- ❖ The federal, provincial, state, and territorial governments in Canada and the United States should devote the necessary funds to begin offering U.S.-approved enhanced drivers licenses and enhanced identification cards.
- ❖ The Canadian and U.S. governments should make sure that EDLs, EICs, and Pass Cards are accepted at all border crossings.
- ❖ The Canadian and U.S. governments should make Pass Cards compliant documents for air travel between both countries and should begin a process of determining how EDLs and EICs could be further refined to become a compliant document for air travel between our two countries.
- ❖ The Canadian and U.S. governments should review the documentation requirements for children written as under age 16 to read the age of 16 and under.
- ❖ The Canadian and U.S. governments, border agents and agencies should practice flexibility during the initial implementation stages of the full WHTI, with a strong emphasis on doing it right versus doing it fast. The end of the summer, following tourist season, would be a great time to reevaluate WHTI's implementation.

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Technology to Speed Up and Secure the Border

The United States is almost done installing vicinity RFID technology in every border lane to screen people entering the country at 39 land crossings, representing 95% of U.S. border traffic.

Vicinity RFID technology transmits a number, with no personally identifiable information included, to a secure government database providing border officers with the necessary information to make critical decisions about passengers entering Canada and the United States. It is also expected to dramatically decrease border wait times. For example, the average wait time at the Peace Arch crossing was 65 minutes in 2007. If all border crossers had identification containing RFID vicinity chips, such as in a trusted traveler card, an EDL, or an EIC, and if all booths were equipped with the technology readers, the average wait time would have decreased to 8 minutes. If all the border crossers had RFID proximity chips as in a passport, then the average wait time would have decreased to 26 minutes because the border officer would still need to swipe the documentation. Nonetheless, the wait time decreases substantially.⁹

Secure vicinity RFID technology completely eliminates the need to process the documentation because the passenger's information appears on the border officer's screen as the vehicle approaches the border. Today, it can take 8 seconds for a border officer to gather a passenger's documentation and another 15 seconds to process the information.¹⁰ Multiplied by a thousand border crossings a day, it is no surprise that we have lengthy wait times. Secure RFID technology speeds up and secures the border travel experience.

Recommendation

- ❖ The Canadian government should commit the necessary funds and put in place a timeline for installing secure vicinity RFID technology in all lanes at all major crossings that is consistent with the technology used in the United States.

9 USVISIT Time Study provided by CAN/AM Border Trade Alliance

10 Public Border Operators Association



A Border Contingency Plan

A pandemic, a natural disaster, or a terrorist incident could lead to partial or full closure of the border. The importance of the border to 10 million jobs calls for a strong contingency plan to deal with such an event as the aftermath of 9/11 showed. While progress has been made, Canada and the United States have not put in place a border contingency plan and accompanying communications strategy. We strongly support a plan to prioritize what should be expedited across the border during and following a full or partial border closure so that cargo and people that must get across during an emergency can do so.

An example of where an effective and efficient cross-border capability needs to exist is with nuclear medicine products such as those supplied by MDS Nordion. Medical radioisotopes are critical for medical diagnosis and treatment and are relied upon for thousands of medical procedures each day in Canada and the United States. These products are shipped either direct to the point of use (a specific hospital for a specific patient, for example) or are shipped in bulk to a U.S. radiopharmaceutical manufacturer. The radiopharmaceutical manufacturer then processes the isotope into a final use formulation for sale in the United States or for transport back to Canada. Medical isotopes decay very quickly and can, in a matter of hours, be rendered unusable for their intended purposes. Efficient logistics, especially cross-border capability, is critical at all times to health care on both sides of the border.

In May 2009, Secretary Napolitano and Minister Van Loan put in place a Canada-U.S. Framework for the Movement of Goods and People Across the Border During and Following an Emergency. We are very pleased with this announcement and look forward to getting the details of a formal border contingency plan in place.

The Canadian government has been working closely with industry to create a formal plan for the movement of goods and people during and following an emergency. It has a prioritization framework and a mechanism for communicating with industry to determine what should cross the border and when. Building on the May 2009 framework, we urge the Canadian and U.S. governments to put in place a border contingency plan, like what is being done in Canada, to cover all land, air, and marine ports of entry between both countries. It is critical for our security that this gets done immediately.

Recommendation

- ❖ The Canadian and U.S. governments should work together, with their regional agencies and with the business community on both sides of the border, to immediately put in place a plan to manage the movement of goods and people during and following a full or partial closure of the border.

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Border Infrastructure and Presidential Permits

As mentioned throughout the report, we are focusing on short-term recommendations that help promote the balance between security and trade facilitation. With that said, there is a large opportunity to promote the building of better infrastructure between our two countries. Because infrastructure requires long-term planning, we have chosen not to comment on it in this report, except to recognize that it is a major component related to border efficiency and security. However, there are some short-term solutions that would help promote the process of building better infrastructure faster. The Presidential Permit process is one of those issues ready for a new path forward.

Presidential Permits are required for the construction, operation, and maintenance of certain facilities at the borders of the United States with Canada and Mexico. Permits are required for the full range of facilities at the border, including land crossings, bridges, pipelines, tunnels, conveyor belts, and tramways.

Once the lengthy application process is complete, the U.S. Department of State requires studies to support the application and that the applicants provide other documentation to relevant federal and state agencies for their comment. This process can involve the General Services Administration, the Department of Transportation's Federal Highway Administration, the Department of Homeland Security's Bureau of Customs and Border Protection, the Environmental Protection Agency, the Department of the Interior's Fish and Wildlife Service, and the Coast Guard. At the state level, appropriate agencies, including those responsible for the environment, parks, wildlife, highways, and historic and cultural preservation must be consulted. Once this long, consultative process is complete, the U.S. Department of State publishes a notice in the *Federal Register* for public comment as well as the approval of diplomatic notes and construction contracts. This process can take years to complete, leaving many projects stuck in a sea of paperwork.

This is an exhaustive and bureaucratic process that requires applicants to consult early in order to meet deadlines and not miss funding opportunities. In addition to the process on the U.S. side, any project on the Canada-U.S. border requires close coordination and planning with the government of Canada as well as with sponsors and federal, state, and local authorities in both countries.

It is in the interests of Canada and the United States to enhance the infrastructure along the border. Therefore, it is imperative that the Presidential Permit process be streamlined to move along important infrastructure projects at the Canada-U.S. border. We strongly support reforms to this process to ensure that projects move forward at a faster pace.

Recommendation

- ❖ Canada and the United States should develop a task force to review the process for bilateral infrastructure projects. This group should focus on streamlining and aligning the permit process to make sure that projects move forward at an appropriate pace.



Going Forward

The efficiency of the Canada and the U.S. border is of critical importance to both countries, their people, and all businesses on both sides of the border.

Canada and the United States not only share a common border but also common goals—to ultimately ensure the prosperity, security, and well-being of our people. As a cornerstone of our economic relationship, NAFTA has created a competitive advantage for us that cannot be overlooked. The first coalition report released by the Canadian Chamber and the U.S. Chamber put forth specific recommendations to enhance our bilateral partnership. Considerable progress was made as a result of the 2008 *Finding the Balance* report, as well as through the Security and Prosperity Partnership and the work of the North American Competitiveness Council. It is reassuring that the views of the private sector on how to enhance competitiveness and to strengthen the well-being of North Americans have been taken into account in the past few years. We hope that mechanisms like these continue to allow a role for the private sector to help ensure that our border remains a dynamic and effective path for cooperation. We call on both governments to reengage the private sector to ensure that the dialogue and action continues.

Measures to enhance the competitiveness of the North American economies have always been at the forefront of policymaking. However, it becomes critical during the current economic juncture as the global economy is in a recession and in the most serious financial crisis since the Great Depression. Canada and the United States must continue to enhance their own competitiveness as more and more countries open their markets to the global economy. Therefore, we must accelerate efforts to make significant progress on the short-term practical measures outlined in this report to minimize costs, reduce barriers, and cut inspection times so that people and goods move smoothly, efficiently, and securely across our border. We must take advantage of the competitiveness offered by NAFTA, unite around our common goals, and unleash the potential of our long-standing friendship.

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