

Steering Committee

Hon. Perrin Beatty
President & CEO
Canadian Manufacturers & Exporters

Jim Phillips
President & CEO
Can-Am Border Trade Alliance
Customs and Border Management Group Co-Chair

Ben Trister
Borden Ladner Gervais LLP
Security and Immigration Working Group Chair

Bob Ballantyne
President
Canadian Industrial Transportation Association
Transportation and Infrastructure Working Group Chair

Nancy Hughes Anthony
President & CEO
Canadian Chamber of Commerce

Pierre Gravelle
Consultant, Pierre Gravelle Associates
Customs and Border Management Working Group
Co-Chair

Garth Whyte
Executive Vice-President
Canadian Federation of Independent Business

Coalition Members

Aerospace Industries Association of Canada	Canadian Trucking Alliance
Air Transportation Association of Canada	Canadian Vehicle Manufacturers' Association
Association of Canadian Port Authorities	Can-Am Border Trade Alliance
Association of International Automobile Manufacturers of Canada	Cassels Brock & Blackwell
Association of International Customs & Border Agencies	Food and Consumer Products Manufacturers of Canada
Automotive Parts Manufacturers' Association	Food Processors of Canada
Borden Ladner Gervais	Forest Products Association of Canada
Bureau Veritas Canada	General Motors of Canada
Burns & Levinson Canada	Hotel Association of Canada
Canada Post Corporation	IBM Canada Ltd.
Canadian Advanced Technology Alliance	Information Technology Association of Canada
Canadian Airports Council	Insurance Bureau of Canada
Canadian Association of Importers and Exporters	Japan Automobile Manufacturers Association
Canadian Automobile Association	Morrison Lamothe Inc.
Canadian Chamber of Commerce	OBN Security Consultants
Canadian Chemical Producers' Association	Pacific Corridor Enterprise Council
Canadian Council for International Business	PBB Global Logistics Inc.
Canadian Courier & Messenger Association	Pierre Gravelle Associates
Canadian Federation of Independent Business	Pratt & Whitney Canada
Canadian Fertilizer Institute	Private Motor Truck Council of Canada
Canadian Foundry Association	Procter & Gamble
Canadian Industrial Transportation Association	Railway Association of Canada
Canadian International Freight Forwarders Association	Retail Council of Canada
	Rodair International

Canadian Manufacturers & Exporters
Canadian Nuclear Association
Canadian Pacific Railway
Canadian Paperboard Packaging Association
Canadian Plastics Industry Association
Canadian Society of Customs Brokers
Canadian Steel Producers Association

SGS Canada
Shipping Federation of Canada
The Toronto Board of Trade
Tourism Industry Association of Canada
United Parcel Service
Western Express Cargo Airline

About the Coalition

The Coalition for Secure and Trade-Efficient Borders was formed by over 55 Canadian business associations and individual companies to help the federal government, through dialogue and cooperation with Canadian business, successfully deal with border and security issues. Its purpose is three-fold:

- To recommend measures to facilitate the passage of low-risk goods and people across Canada's borders;
- To recommend ways to strengthen Canadian security, immigration and border management; and
- To increase cooperation between Canada and the U.S. and other allies to prevent the entry of terrorists, illegal immigrants, contraband and illegal goods into our countries.

The Coalition for Secure and Trade-Efficient Borders is one of the largest business coalitions formed in Canadian history, and represents the vast majority of business activity in Canada. Its members are from all sectors, including manufacturing, services, exporting, importing, technology, transportation, retail, tourism, hospitality, energy and agri-business, and represent businesses of all sizes.

The Coalition's steering committee is composed of the heads of three major horizontal associations – Canadian Manufacturers & Exporters, the Canadian Chamber of Commerce, and the Canadian Federation of Independent Business – and the co-chairs of its three working groups on customs and border management, security and immigrations, and transportation and infrastructure. The Coalition and individual members have met the key Cabinet Ministers, Members of Parliament and federal officials, and with U.S. Ambassador Paul Cellucci, and have been working with their counterparts in the United States and other government officials in Canada and the U.S.

The Coalition Released its initial report, *Rethinking Our Borders: Statement of Principles*, on November 1, 2001, which outlined the approach that should be taken to improve security while facilitating trade.

Its second report, *Rethinking Our Borders: A Plan for Action*, built on that framework. It represented the consensus of the Coalition and was designed to provide a practical and workable plan to strengthen the physical and economic security of our two countries' citizens.

This third report of the Coalition for Secure and Trade-Efficient Borders updates the progress made on recommendations outlined in the *Plan for Action* and introduces areas for further improvement in light of the many developments that have occurred over the last two years. It aims to outline the key next steps that the Canadian and U.S. governments need to take to build upon the 30-Point Plan and enhance current programs and policies as well as to introduce new directives that will facilitate the movement of legitimate goods and people across our borders.

The mandate of the Coalition for Secure and Trade-Efficient Borders does not end with the release of this working document. It will continue to collaborate with governments and others to ensure that our borders do not become a barrier to trade, and security is indeed strengthened.

CONTENTS

Introduction.....1

Section 1: Customs And Border Management.....1

Section 2: Security And Immigration3

Section 3: Transportation And Infrastructure.....5

Conclusion – Beyond The Plan6

INTRODUCTION

The Canadian business community formed the Coalition for Secure and Trade-Efficient Borders in September 2001, combining the resources of over 55 of Canada's largest business associations and companies with the shared goal of improving Canada's borders. The Coalition released its initial report, *Rethinking Our Borders: Statement of Principles*, on November 1st 2001. That first report outlined key steps that Canadian business felt should be taken to improve security while at the same time facilitating trade.

The Coalition's second report, *Rethinking Our Borders: A Plan for Action*, was released in December 2001. It built on the initial framework and provided a detailed, practical, and workable plan for strengthening the physical and economic security of both Canada and the U.S. Shortly thereafter, both governments responded with the Smart Border Declaration and 30-Point Action Plan. Since then, many of the priorities originally outlined in the Plan for Action have been addressed and significant progress has been made in key areas by the governments of Canada and the U.S., and by the business community itself.

However, our work is not done. Maintaining the flow of legitimate goods and people across the Canada-U.S. border remains a significant concern to the trade and travel community. Given the importance of our shared border, the governments of both countries, in concert with the business community, must strive for continuous improvement to ensure that our borders do not become a barrier to trade, and security is indeed strengthened.

A new team has taken office in Ottawa and many new initiatives and structures are being implemented that clearly demonstrate an increased emphasis on our shared border and Canada-U.S. relations in general. This focus is both welcome and overdue. These new initiatives will assist the Canadian government in pursuing an active agenda on Canada-U.S. border management and will provide the opportunity to achieve real progress and improvements that will set the stage for many years to come.

This third report of the Coalition for Secure and Trade-Efficient Borders updates the progress made on recommendations outlined in the *Plan for Action* and introduces areas for further improvement in light of the many developments that have occurred over the last two years. It aims to outline the key next steps that the Canadian and U.S. governments need to

take to build upon the 30-Point Plan and enhance current programs and policies as well as to introduce new directives that will facilitate the movement of legitimate goods and people across our borders.

As in the original Plan for Action, this update focuses on three main areas of priority:

- Customs and Border Management;
- Security and Immigration;
- Transportation and Infrastructure.

SECTION 1: CUSTOMS AND BORDER MANAGEMENT

Many of the specific recommendations made by the Coalition have been incorporated into the 30-Point Plan and have been achieved or are being implemented. We commend both the Canadian and American governments and the various parties involved on the achievements made thus far. However, the "30-Point Plan" (now 32 points) is a living document and should continue to be enhanced as required.

Adequate Levels of Resources

Both the Canadian and U.S. governments have made substantial commitments to increasing staff levels at the border since 9/11, including the commitment by the U.S. to add 800 additional staff in 2004. However, the primary goal of staffing all existing primary lanes at peak periods has not yet been achieved. We need a similar commitment from the Canadian government to set service standards and increase staff levels at the border. The Coalition recommends that:

- **Both the Canadian and American governments ensure that all existing primary lanes, including FAST and NEXUS lanes, are fully staffed during critical high-traffic-volume periods;**
- **Both governments dedicate the resources needed to improve the recruitment and training of border staff, and ensure that all personnel understand and effectively apply the most advanced screening and targeting techniques available.**

Our governments have invested substantially in technological infrastructure and have taken steps to maximize the use of advanced technology applications to enhance the flow of traffic. They are also developing Internet-based solutions for

reporting. Both governments must realize that the business community has also invested heavily in technology for programs like C-TPAT, PIP, CSA and FAST. An ongoing concern is the substantial investment in IT capacity that will be required to implement systems like Advanced Commercial Information (ACI) in Canada and Automated Commercial Environment (ACE) in the U.S. The Coalition recommends that:

- **Governments coordinate technology requirements for related programs in order to minimize the amount of investment required by the private sector;**
- **Governments ensure an adequate level of investment in technological infrastructure and information management systems in order to implement all new border initiatives on schedule;**
- **Governments ensure that any new government technological interface requirements do not place a significant financial burden on the business community, and that new user-friendly systems (i.e. Internet-based access systems) also be made available.**

Harmonized Commercial Processing

The Canada-U.S. agreement to harmonize commercial processing and streamline reporting requirements for both countries represents a significant achievement. The creation and implementation of the joint Free and Secure Trade (FAST) program is major step forward. Pre-arrival cargo reporting, which will be harmonized by mode, has also been announced and is scheduled for implementation in both Canada and the U.S. over the next two years. As programs like FAST move forward, we must ensure that they are simplified and expanded where possible and fully supported by both governments in order to ensure widespread adoption by the trade community. Additionally, any new policies and programs must not undermine, but rather enhance and support these initiatives. The Coalition recommends that both governments:

- **Work with all stakeholders and governments involved to implement traffic streaming on approach roads to land borders, and establish dedicated FAST lanes across all major crossings;**

- **Ensure that unprepared shipments are not allowed to impede access to border crossings;**
- **Ensure that the Automated Commercial Environment (ACE) and Advance Commercial Information (ACI) systems are compatible and implemented on schedule in a coordinated and flexible manner.**

Harmonized Processing of Travelers

Expansion of the low-risk traveler identification NEXUS program to most major border crossings has been a key success story of the 30-Point Plan. The addition of NEXUS-Air, now being piloted at a few major airports, will only build on this success. However, the full benefits of NEXUS will only be realized once it is made interoperable at all border crossings and participation has increased dramatically. Government must focus resources on expanding both participation and locations of use as well as streamlining the requirements between programs. Moreover, to encourage participation, the process of applying for the program must be made as user-friendly as possible, including establishment of one common NEXUS card for all related programs, and one NEXUS application form. The Coalition recommends that both the Canadian and U.S. governments:

- **Ensure that all NEXUS programs are interchangeable and recognized at all border crossing points;**
- **Ensure that the registration process for NEXUS is as user-friendly as possible and undertake joint initiatives to promote enrollment.**

Intergovernmental Cooperation and Coordinated Risk Management

Accomplishments to date would not have been possible without significant improvements in Canada-U.S. intergovernmental cooperation. Joint programs, training, and the exchange of targeting officers, including the JPAUs (Joint Passenger Analysis Units) and risk management systems, have been implemented. Another key success is the addition of Point 32 to the 30-Point Plan – a bilateral agreement on science and technology cooperation. Information sharing is now being conducted on key customs data elements, including fraud, and Canadian and U.S. customs officers are undertaking joint inspections at several seaports in both countries.

Intragovernmental cooperation has also been enhanced through the establishment of the Department of Homeland Security in the United States and the creation of the Department of Public Security and Emergency Preparedness and the Canadian Border Services Agency in Canada. However, one key concern is the legislation of separate reporting requirements applied by other government departments. Separate requirements apart from those applied by U.S. Customs and Border Protection could have serious implications for Canadian business including costly and unrealistic regulations and border delays. The Coalition recommends that:

- **Both governments aim to harmonize customs procedures in order to reduce redundancy and inefficiency in the customs process. This includes harmonizing the pre-notification requirements of both the U.S. Food and Drug Administration and Customs and Border Protection, and ensuring that the Automated Commercial Environment (ACE) and Advance Commercial Information (ACI) systems are compatible.**

Bilateral border initiatives, as proposed in our action plan, are of critical importance to the trade and economic relationship between our two countries. Successfully implemented, they will bring substantial benefits to these two trading partners and their respective industries.

It is also of critical importance that government agencies around the world continue to share and integrate best practices.

Role of Business

It is critical that business stakeholders maintain a high profile on this subject. Both governments and the business community itself must devote the appropriate level of attention and resources and be involved at the highest levels to ensure the success of the Plan and its related border programs. We must work together to ensure the security, sustainability, and growth of the most important trade relationship in the world.

The Coalition also emphasizes the importance of the development and dissemination of best business practices for security, and encourages business on both sides of the border to share best practices in order to achieve the greatest level of security possible.

Security must be at the core of business strategies and operational requirements. The Coalition recommends that:

- **Business participate in programs like NEXUS and FAST and invest in the customs systems, programs, technology, and people needed to improve their compliance rate and become both known and low-risk;**
- **Both business and government examine the tax system to determine whether the current tax treatment of expenditures on technological improvements aimed at security enhancement is appropriate.**

Bi-national Consultation

In November 2003, a Bi-national Consultative Committee on customs and border management held an initial meeting in Ottawa. While many business groups and individual companies have their own networks for consultation, there is a definite need for a formal business-to-business capacity to meet collaboratively with the Canadian and U.S. governments to provide high level input on continuing border priorities. The Coalition recommends that:

- **The work of this public/private working group be continued to provide a forum for bilateral public/private discussions on critical and current Canada-U.S. border management issues.**

SECTION 2: SECURITY AND IMMIGRATION

It is critical that low-risk travelers be allowed to move between Canada and the U.S. with as few impediments as possible. Although various programs to facilitate temporary entry have been created and/or further developed in the past two years, the U.S. and Canada have not yet succeeded in harmonizing and simplifying these programs to the extent that only one document, possibly with selected biometric identifiers based on mode, could be used for entry. Additionally, it is important that the U.S. and Canada agree on the preferred biometric identifiers.

Facilitation programs are an example of the limited progress being made on entry matters. However, other positive steps are being taken. They include the greater sharing of information between our countries' agents and Canada's commitment of additional resources to increase the number of immigration officers, which has had a positive effect on

interdictions. In addition, shared border control teams are improving how our countries' officers work together to protect our citizens. There is concern that the recent application of reporting requirements in the U.S. to certain visitors, including some Canadians, has inadvertently discouraged travel. Additional visa requirements have also been imposed on Canadian permanent residents from Commonwealth nations. Furthermore, the process for securing waivers has lengthened considerably and standards have become more restrictive in practice. The potential impact of the US VISIT entry-exit program on cross-border traffic is also a serious concern to the trade community. Positive steps taken include the recent U.S. announcement of the planned suspension of a special registration procedure, including fingerprinting, based on place of birth rather than nationality.

The perception is that the Canada-U.S. border has become more difficult to cross in recent years due to new restrictions and requirements. As a result, some people may be more hesitant to cross the border. This situation must change. The Coalition recommends that:

- **The Canadian government encourage the U.S. to engage in discussions about how to remove real and perceived barriers to the freer travel of legitimate visitors, while maintaining the required level of security;**
- **Governments expand the use of shared border teams to improve upon their benefits;**
- **Both governments ensure that the U.S. VISIT program be implemented in a manner that does not impede the flow of low-risk goods and people;**
- **Both governments expand offshore interdiction of inadmissible travelers at origin.**

Better Risk Assessment and Management

Screening of applicants for permanent residence can be either too lax or unnecessarily harsh, depending on the circumstances. Lack of resources at visa offices puts undue pressure on officers to waive interviews, and when security checks are performed, they often take too long. This slowness of the process has had the effect of delaying the entry into Canada of people whose services are needed in our economy. The Coalition recommends that:

- **The RCMP agree to expedite applications for police clearance certificates when requested to do so by Immigration, and CSIS agree to expedite background checks on immigration applicants under the same terms;**
- **Guidelines and procedures be produced for security screening, with time lines attached, rather than leave issues to the discretion of each officer, to ensure an organized and coherent approach to applying security criteria in a timely manner;**
- **The Canadian government place more qualified, trained, and experienced Canadian immigration personnel in our Embassies and Consulates abroad to ensure that security checks on applicants are the most advanced and of the highest quality in the world.**

Management of Refugee/Asylum Claims

The Canadian and U.S. Governments have entered into a Safe Third Country Agreement, but it is not yet implemented. The continued uncertainty surrounding the execution of the agreement remains a concern. The Coalition recommends that:

- **The governments of Canada and the United States finalize and implement of the Safe Third Country Agreement.**

Document Security

There have been several high profile cases involving Canadians who have had difficulty traveling because officers from the U.S. have doubted the legitimacy of their travel documents. It is of critical importance that the integrity, reliability and security of Canadian travel documentation be maintained. The Coalition recommends that:

- **The Canadian government ensure that the security of our travel documentation meets the highest, most advanced international standards available.**

The Regulation of Canadian Immigration Consultants

The Government recently pre-published amendments to the Immigration and Refugee Protection Regulations concerning the regulation of Canadian immigration consultants. The Coalition recommended the regulation of consultants in its first

report and is pleased to see this long-standing issue addressed.

Information and Data Sharing

Canada and the U.S. have agreed to enhance cooperation between Embassies overseas and routinely and efficiently share information on intelligence and specific data concerning high-risk individuals. We note also that visa policy coordination has been achieved.

Of critical importance to business is that Canada and the U.S. scrutinize the quality and accuracy of customs and immigration data before sharing that data with other governments. The Coalition recommends that:

- **Canada and the U.S. establish appropriate mechanisms to ensure that the accuracy of sensitive information is verified before it is released to other governments.**

Domestic Follow-up

With respect to recent government reorganization, the Coalition acknowledges and supports the redistribution of responsibilities between ministries and the creation of the Canada Border Services Agency. It is critical for the Government of Canada to continue to engage in discussions with the private sector to ensure that border efficiency and the Canadian economy are enhanced, not hindered, by the new structure. The Coalition recommends that:

- **The Canadian government work with the private sector to develop the most suitable, effective and efficient organization needed for Canada to protect its public and economic security.**

SECTION 3: TRANSPORTATION AND INFRASTRUCTURE

Over the past two years, various levels of government have committed new resources to improving border infrastructure, based on recommendations made by the Coalition. This includes \$665 million under the Federal Border Infrastructure Fund and \$300 million under the joint Canada/Ontario Windsor Gateway Fund. To date, however, little has been done to actually improve access to border crossings and major bottlenecks remain. Infrastructure modernization plans must include significant improvements in access and implementation must not be delayed any further.

A Comprehensive Infrastructure Strategy

Canadian and U.S. governments have committed funds for physical and technological improvements at key border crossings and have established a bi-national border infrastructure/modeling group to analyze border congestion on an ongoing basis. The Coalition recommends that the Canadian government:

- **Review the infrastructure funding commitments in coordination with the U.S. to ensure that modernization plans are compatible and that both countries are committing equal and adequate resources to improving infrastructure on both sides of the border.**

Border Management

Smart transportation networks have been introduced to allow for the in-transit electronic reporting of documentation to government officials prior to arrival at the border. FAST and NEXUS are in operation at all major border crossings. A FAST/NEXUS joint enrollment centre is now open at Fort Erie and clearance points away from the border are under study. The key to successful implementation of these programs is improved access to primary booths, which in many cases is limited because of the physical realities of existing bridges and tunnels.

Progress must be made in the short-term to provide pre-approved travelers and commercial shipments direct access to primary inspection booths. Short-term infrastructure improvements and traffic-streaming programs are currently being piloted at the Windsor (Ambassador Bridge) and Sarnia (Bluewater Bridge) crossings. Short-term solutions like these pilot programs must be implemented on both the sides of the Canada-U.S. border to improve access until permanent solutions are developed. The Coalition recommends that:

- **The Canadian Federal government follow through with previous infrastructure commitments as quickly as possible, especially at the critical Windsor/Detroit crossing;**
- **Both governments commit additional funding for physical infrastructure to support the 30-Point Plan and border initiatives, and specifically work with provinces and municipalities to expand access to border-**

crossing facilities at the key border crossing sites across the country;

- **Both governments finalize the decision to establish a new border crossing in South-Western Ontario.**

Improving Security

Transportation security is vastly improved in comparison to pre-9/11 standards. Security measures have been enhanced and integrated with the U.S. for all modes. CBSA is expecting to have 60% of world airlines participate in the advance passenger manifest program by April 2004. However, this is a high priority that will require ongoing work. The Coalition recommends that:

- **Both governments, to the extent possible, harmonize bi-national border clearance and security programs to further increase security for both countries while also simplifying and clarifying the customs process for entering both Canada and the U.S.**

Of concern to the Coalition and to Canadians in general are the measures taken by both governments to enhance security along the vast border we share between actual land border crossing points and airports. It is critical that our governments not only continue to enhance and streamline security at all points of entry with systems flexible enough to cover all modes of transportation, but also address the security threat that exists between border crossing points. The Coalition would also like to make special note of the unique security vulnerabilities that exist in the marine mode of transportation. We support the significant steps our governments have taken to address these vulnerabilities and employ risk management and advanced targeting techniques. Given the massive amount of trade that enters Canada and the U.S. through our seaports, the Coalition recommends that:

- **Both governments continue to work closely together to secure our seaports, and employ the best available technologies and practices to ensure that the Canada-U.S. security envelope is not threatened;**
- **Both governments consider implementation of integrated maritime enforcement teams (IMET's).**

Canada-U.S. and International Cooperation

Inefficiencies and bottlenecks at the border will only be removed through intergovernmental commitment and cooperation. In addressing this problem, Canada and the U.S. have established bi-national border consultation and infrastructure groups to analyze border congestion at the border and develop joint Canada-U.S. solutions. The Coalitions recommends that both the Canadian and U.S. governments:

- **Introduce legislation to implement Accord Processing Zones at land border crossings to establish joint facilities beyond those that straddle the border;**
- **Enhance international cooperation on global transport security;**
- **Expand airport in-transit pre-clearance to all major Canadian and American airports to create improved transit facilities for passengers;**
- **Work with governments, agencies, and business outside of North America to improve the security envelope that is Canada and the U.S.**

CONCLUSION – BEYOND THE PLAN

Our governments are moving in the right strategic direction in terms of management of the Canada-U.S. border and upgrading the security requirements that are so essential for North America's economic and physical security. The recommendations listed above provide a business-driven formula for maintaining the significant pace of improvement realized since the implementation of the Canada-U.S. Action Plan, as well as a solid foundation for looking beyond the Action Plan itself and further enhancing Canada-U.S. border relations and customs processes.

To ensure future access to the U.S. market – a key strategic selling point for Canada in terms of attracting foreign investment – our government must increase the level of cooperation and coordination with the U.S., including educating lawmakers to avoid developing debilitating regulations.

The business community continues to work closely with both governments on each side of the border and strongly supports the Canada-U.S. border agenda. The priorities of both business and government are now aligned and integrated and must top the Canadian Government's agenda.

NOTES