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## Security and Prosperity Partnership Continues Focus on Border Facilitation

President Bush, Prime Minister Harper, and President Fox met in Cancun, Mexico on March 30 – 31<sup>st</sup> to continue Security and Prosperity Partnership (SPP) tri-lateral discussions. Now in its 2<sup>nd</sup> year, SPP focuses government efforts on ways to deter fraudulent border crossings, and to facilitate the legitimate movement of people and goods.



Associated Press

Under SPP, progress has been achieved in a number of areas benefiting the Perimeter Clearance Strategy, such as:

- Sharing infectious disease related data which will improve response times in the event of a major pathogen outbreak;
- Reducing transit times by 50% at the Detroit / Windsor Gateway;
- Developing uniform data sharing systems to facilitate cargo shipments via marine, rail and highway modes; and,
- Strengthening the refugee determination process between the U.S. and Canada.

At this year's summit, the leaders agreed to a range of priorities, which includes:

- Pursuing competitiveness initiatives that will harmonize and improve productivity of North American industries;
- Developing a continental emergency plan that can deploy resources across borders, where and when needed;
- Preparing incident management plans to ensure a coordinated tri-lateral response to emerging international contagions;

- Continuing with development of Smart and Secure Borders initiatives, which use innovative risk-based strategies to protect North American society.

### COMMENTARY:

#### **Border Issues Are Front and Center at SPP**

Despite political difficulties facing the leaders at home, the SPP continues to be a relevant forum. For the travel industry, this summit was effective in bringing bi-national attention to the Western Hemisphere Travel Initiative (WHTI). Prime Minister Harper raised with President Bush the need for a more coordinated approach, which both meets U.S. security objectives, and at same time maintains streamlined access for legitimate travelers. As a result, agreement has been reached for Department of Homeland Security (DHS) Secretary Chertoff and Public Safety Minister Day to meet in order to find transitional solutions to the WHTI mandate.

#### **Long-term Partnerships Matter**

The Perimeter Clearance Coalition (PCC) support for the SPP can contribute to advancing the U.S. – Canada *Smart Border Declaration*. Consistent with the SPP principles, U.S. and Canadian agencies are making progress in a range of cross-border initiatives, which are contributing to Perimeter Clearance Strategy (PCS) goals. However, the constant challenge for the trade and travel industry will be to convince legislators in both countries to recognize the impacts of border protection measures, before passing laws. Furthermore, as evident from WHTI, time has been lost in finding solutions, which can and should be resolved at the administrative level. In the longer-term, as bi-national solutions are found to facilitating cross-border trade and travel, opportunities may arise to welcome Mexico in this dialogue.

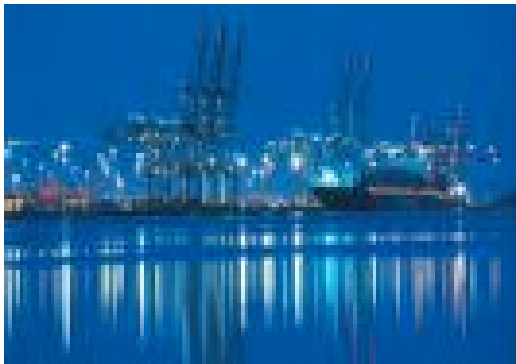
### **Proposed Legislation**

#### **US Congress Debates Seaport Security: SAFE Port Act**

As U.S. legislators become aware of marine related security risks, new Bills appear to be never far behind. Accordingly, the Security and Accountability For Every Port Act, otherwise known as SAFE Port Act (HR 4954) was introduced into the House of Representatives on March 16<sup>th</sup>. The Bill is now before the Homeland Security Committee. HR 4954 has some degree of support with 64 co-sponsors, representing all states with major port operations. A similar Bill has been introduced into the Senate (Nov 2005).

If passed, the SAFE Port Act requires DHS to:

- Develop and implement a strategic plan to enhance marine transport system security;
- Prepare contingency plans to enable trade to resume after a maritime security event that requires the suspension of trade;
- Improve the Automated Targeting System to better identify high-risk containers in the international supply chain;
- Establish standards and verification procedures for securing containers moving through international supply chains;
- Submit a strategy for deploying radiation detection equipment at all ports of entry;
- Require states to provide biographic data on current and future port staff for comparison against terrorist watch lists;
- Pursue uniform standards across government for trade data used by security agencies to increase efficiency and security of port operations; and
- Implement the GREENLANE concept, which refers to the third tier of the Customs Trade Partnership Against Terrorism (C-TPAT). The GREENLANE offers additional benefits for participants who demonstrate a commitment beyond the minimum C-TPAT requirements.



COMMENTARY:

#### **Trade Facilitation Needs More Attention**

The *SAFE Port Act* addresses some concerns of the trade community regarding the compounding, and sometimes conflicting national port security policies. For example, the Canadian Chamber of Commerce recently advocated for a tri-lateral border crossing contingency plan. HR 4954 calls for preparation of such plans, but focuses on expediting marine cargo, rather than taking an explicitly inter-modal approach. In the event of a security incident, the trade community requires clear and timely direction on where to re-route goods, in order to prevent the economic harm that closing borders causes.

HR 4954 also calls for an Office of Cargo Security, and for further industry consultation. While these measures may emphasize supply chain security, the lack of action on previous consultations is glaring. After 2 years, the aviation industry is still waiting for DHS to finalize the Air Cargo Security Plan. Agency observers have commented that DHS is facing large numbers of new mandates from Congress, the complexity of which may be reducing the overall effectiveness of border security programs.

#### **CBP Facilitation Programs Need Stronger Service Level Commitments**

The GREENLANE concept is a welcome addition, and fully supports the PCS. This advanced process concept even provides for equivalent expedited treatment of containers routed via Canada or Mexico to U.S. ports of entry. However, given the stringent criteria for third tier designation, only the most sophisticated firms are likely to achieve this status.

More importantly, in the absence of consistent service level commitments by U.S. Customs and Border Protection (CBP), industry will continue avoiding participation in voluntary programs such as C-TPAT. In fact, the CBP trade attaché in Ottawa recently indicated that only 2.88% of Canadian importers of record are participating in C-TPAT. This low level of participation will not be resolved by making these programs mandatory, which will simply add further compliance costs to an already overburdened supply chain. Instead, CBP can achieve willing industry participation through a stronger public service commitment - one that will withstand the shocks associated with a security incident.

#### **SAFE Port Can Add Needed Security Layer**

Coordinated and appropriately layered implementation of *SAFE Port* can contribute to fortifying port security. Without question however, this will require much stronger industry and foreign government partnerships than currently exist. DHS Secretary Chertoff has recently suggested that this partnership potential can be expanded through engagement with the National Nuclear Security Administration (NNSA). The NNSA is already involved in providing capital and operating funding for radiation equipment being installed in foreign ports.

However, how long after mid-term elections will Congress stay focused on port security? The maritime security sector has garnered attention because of multiple negative reports, mostly from the General Accounting Office (GAO). This publicity, combined with the proposed Dubai Port World acquisitions of U.S. maritime facilities, has made this subject quite topical. In any event, maritime security needs a better strategy, which entails integration across the entire supply chain, which is a fundamental element of the PCS.

## Other Headlines

### French Travel to the U.S. in Chaos

As reported, on Oct 26<sup>th</sup>, 2005, the U.S. commenced requiring Visa Waiver Program (VWP) countries (mostly U.S. allies) to begin issuing biometric enabled passports. While citizens with older passports could continue to travel to the U.S. without a visa, all new passports must comply with relevant U.N. International Civil Aviation Organization standards. France intended to meet this deadline; however, arising from a dispute with unionized staff in the state printing office, the new biometric passports have been delayed.

As a result, French citizens who need a new passport, in the interim, must also obtain a U.S. entry visa. The U.S. Embassy in Paris is facing higher demands, and visa-issuance delays are occurring. The GAO, in a March 2006 report to Congress on visa processes at overseas consulates, states that the delay in Paris is upwards of 116 days. The travel industry is expecting a 30% reduction in French origin travel to the U.S. this Spring, with widespread cancellations of both business and leisure trips. While France expects to begin issuing new biometric passports shortly, industry losses are expected upwards to USD 750 million, with more than USD 200 million attributable to the airline industry alone.

U.S. requirements for biometric enabled passports for citizens of VWP citizens have been known for some time. In deed, the U.S. Administration has been quite flexible in interpreting the relevant legislation, and is working closely with foreign jurisdictions to assist with compliance. However, the travel chaos arising from the French government's difficulty in getting implementation agreements will not be isolated. Introducing new technologies and processes requires time and partnerships, which needs to be better recognized by legislators in the policy-making process.

These events reflect industry worries regarding WHTI. As U.S. – Canada travel markets are much larger, even a small disruption will generate big impacts. The PCC needs to advocate for government to pursue a high publicity WHTI campaign, commencing well in advance of the Dec 31<sup>st</sup>, 2006, air and sea deadline.



### Advanced Information Sharing Gaining Ground at Land and Air Ports of Entry

Goods movement industries are quickly adopting new technologies to facilitate border entry. For commercial vehicles, a key component of this strategy is to provide data in advance of arrival at land ports-of-entry, which is being accomplished through U.S. CBP's e-Manifest system. While currently voluntary, e-Manifest is part of the Automated Customs Environment (ACE) system, which is swiftly changing the way goods move between the U.S. and Canada. CBP intended to make e-Manifest mandatory on Feb 28<sup>th</sup>, however, American and Canadian trucking associations pointed out that adopting e-Manifest has been more challenging and complicated than originally anticipated.

Similarly, Canada Border Services Agency (CBSA) is promoting its Air Carrier Interface (ACI) system, which allows airlines to transmit electronically air import manifests. The objectives of ACI is to provide a balanced approach to expedite the flow of goods, and at the same time secure the supply chain for legitimate movement of commerce. The success of ACI has led a number of leading airfreight operators to invest heavily in automated systems. These investments are improving customer service, increasing border-crossing reliability, and positioning these operators as competitive leaders in the field. U.S. CBP has a similar electronic system for advanced air cargo shipment data.

The willingness of CBP to respond to industry concerns regarding *e-Manifest* reflects a cooperative understanding that, on occasion, sticking to deadlines can create more problems than they solve. In this case, working together to create the most effective solution possible will benefit both government and industry. At the same time, industry must not squander this opportunity, and needs to fully engage in efforts to improve *e-Manifest*, and related facilitation programs. Finally, the PCS fully recognizes that technology solutions will not work in isolation, and that they are most effective when pursued in collaboration with all affected parties.

## Upcoming events

- CAN/AM BTA Spring Annual Meeting in Ottawa, Ontario, April 30 – May 2, 2006
  - Pacific Northwest Economic Region (PNWER) Annual Meeting in Edmonton, Alberta, July 16 – 20, 2006
  - CAN/AM BTA Fall Annual Meeting in Washington, DC, September 10 -12, 2006
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A broad based and varied industry group, formed in 2000, The Perimeter Clearance Coalition is founded on the principle that the private sector has a positive role to perform in assisting the Governments of Canada and the United States to develop better methods to manage our border processes.

The Perimeter Clearance Coalition includes representation from over 400 ports and airport-related entities, border communities, tourism groups and airlines.

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