

## SHARE A HANDSHAKE: MOVE PEOPLE AND CARGO ACROSS BORDERS AND REDUCE REDUNDANT PAPERWORK

### ISSUE

Canada and the United States share a long history of border innovation and excellence. Four major bi-national efforts since the 1995 Shared Border Accord created our current framework for cooperation, culminating in the 2011 Beyond the Border Action Plan. The 2015 Land, Rail, Marine and Air Transport Preclearance Agreement (LRMA) also promises to generate incremental benefits in the coming years.

Much work remains, however, to address a range of processing and policy issues to fully co-ordinate efforts between governments and between the private and public sectors. The Beyond Preclearance Coalition was formed to develop a long-term vision for trade and travel, especially with the still-pending United States-Mexico-Canada Agreement (USMCA), which is expected to be the successor to the North American Free Trade Agreement (NAFTA). The consultations revealed a strong desire to create predictability in border and security processing. More importantly, the border was seen as a place that goods and people flow, not as a single line or step. A shared vision was developed encapsulating a future for the United States and Canada. The Beyond Preclearance Coalition of 41 bi-national organizations is outlined in the Beyond Preclearance White Paper.<sup>1</sup>

### BACKGROUND

The new vision is based on eight major challenges within travel and trade sectors and the services that enable border and security clearances:

*1. Inability to keep up with traffic growth.*

Traffic volumes will continue to grow, nearly doubling across all modes in the next 20 years, with the aviation sector reaching almost 2.5 times more traffic by 2038. The concern is whether our systems will be able to keep up with growth or be limited by insufficient resources, leading to long queues.

*2. Wasted resources from duplication.*

Significant progress has been made in the last 25 years to remove a large portion of paper-based processes, from multiple data-entry to duplicated application forms. More work remains to simplify programs, many of which are separate, requiring almost the same information and are aimed at similar objectives.

*3. Privacy issues must be addressed up front.*

With the proliferation of information sources tied to personal identity or commercial confidentiality, there is the need to improve the performance of the entire system to better manage privacy. Privacy by Design and its seven principles identify best practices that augment existing public agency requirements to conduct privacy impact assessments and do so early in the process.

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<sup>1</sup> <https://www.beyondpreclearance.org/the-white-paper> *Beyond Preclearance: The White Paper October 5, 2018*

#### *4. Ensuring ideas are future-proof.*

Scalability and systems that cannot be linked together are examples of problems still faced as border process requirements evolve. Standalone systems may be desirable for speed of implementation but there is the need to ensure connectivity with future changes to systems.

#### *5. Resilience to evolving threats.*

Dynamic and asymmetric threats are problems faced by public and private sector stakeholders. The resilience of the system to accommodate future shocks through risk-based approaches also further reinforces the need to develop as much efficiency in the system today as possible.

#### *6. Lack of sustainable private-public partnerships.*

From user fees to investments in facilities and requirements, there is a perception of an unsustainable model for funding future changes. The private sector presents strengths in investment, acquisition, technology deployment and research. These may also represent the opportunities to sustain future co-operation.

#### *7. Underuse or overuse of technology.*

In the past two years, there have been focused efforts towards product-based pilot projects. “The blockchain pilot” or the “biometric pilot” are important because they are emerging technologies with benefits. The use case however needs to balance the process, staffing envelope and risk model to ensure the success for new technology adoption.

#### *8. Global competition.*

Finally, the challenge collectively is not the debate over whether Canada or the US stands to gain from future improvements. The economies are intricately linked, as are the cycles of innovation in border and security excellence. The competition is how Canada and the United States, as a joint US \$100-trillion economy by 2038, will remain competitive in the world market. Movement of people and goods include land,<sup>2</sup> sea,<sup>3</sup> air<sup>4 5</sup> and rail.<sup>6</sup>

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<sup>2</sup> Land borders require careful co-ordination of lanes and infrastructure at border plazas. Preclearance offers more flexibility to locate activities away from the physical border. More efforts are needed to ensure traffic can be streamed through the introduction of biometrics to confirm identities, by using mobile technologies to ensure trucks and cars are ready to proceed and by limiting the amount of stops at the physical border in favor of activities before departure, enroute or at a controlled destination upon arrival.

<sup>3</sup> Maritime Container, break-bulk and other commodities shipped to the United States and Canada have experienced significant changes since 2001. Pushing the borders out is largely a success, especially for container movements. More work remains to incorporate clearances for US Customs and Border Protection (CBP) and Canada Border Services Agency (CBSA), and across all government agencies. This will enable intermodal transfers to trucking and rail to move more efficiently from one country to the other.

<sup>4</sup> Cruise passengers are largely air transfers and for certain markets (*e.g.*, Alaska or Caribbean cruises) there is the opportunity to further leverage biometrics further to enhance processing. Same-day entry and exit between countries could be greatly facilitated. Six cruise lines have already started to generate pilot projects on biometrics with CBP and this can be further integrated with air transfers and CBSA processes.

<sup>5</sup> A robust system exists for in-bond air cargo, but similar to the maritime mode, more is needed than just approvals from a customs agency. A government approach is needed to deal with different commodities – specifically agricultural products. Consequently, a future view towards testing out full in-bond air-air and air-truck is needed, as well as advancing air cargo preclearance. Air passengers have several important dynamics due to the rapid growth of traffic, and the large number of biometrics implementations.

<sup>6</sup> Rail is the second largest mode after trucking, moving some 15% of US-Canada trade. One of the major sources of demand for rail movements is shipments moved to rail cars from ports. At the same time, there is US and

A number of key initiatives are already in research or about to begin.<sup>7</sup>

## **NEXT STEPS**

A set of 16 pilot projects with five major themes are recommended to begin immediately as a first step towards realizing the vision of a predictable, secure and integrated border. Pilot projects are modal independent – meaning each transportation mode has the potential to implement pilot projects along five themes:

1. Adopt a Remote Clearance Approach
2. Screen Once, Accept Multiple Times
3. Manage to a Trusted Secure Token
4. Move Away from Fixed Checkpoints to Clearing Flows
5. Harness Big Data

## **NET BENEFITS TO 2038**

- Co-economy Canada & US: \$100 trillion; 460 million residents
- Cargo growth: 2-2.5x
- Travel growth: 1.7-2x
- Border: predictable; secure; integrated
- 38,000 FEWER new officers needed
- New Model: joint governance; tech accelerated; applied research; facilities

## **NET RESULTS – More competitive Canada & US**

- \$13 billion/year travel/supply chain benefits
- Reduced/deferred facility costs
- Potential savings to incremental hires
- 2x – 4x return on investment

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Canadian-origin traffic from North American-based factories, lumber yards, etc. The principle is the same: clear before departure and minimize the activity needed at the border itself. Remote screening and enroute clearance processes could significantly reduce the burden on rail lines at the border to de-stuff containers or rail cars for inspection. Similar to air and cruise ship processing, the model for preclearing passenger trains or clearing upon arrival would greatly benefit from the biometric model of processing.

<sup>7</sup> Key initiatives include: (a) Further integration of passenger vetting and biometrics to ensure that Canada and the United States are not at a competitive disadvantage versus Europe in attracting foreign tourists. (b) Early results demonstrate upwards of 50% throughput benefits compared with the current generation of automated passport control. A unified approach is needed in the preclearance environment. (c) Create a streamlined connections environment. Canada has made major improvements at airports in recent years. Biometrics may provide the ability to better manage connections at US facilities. Further co-operation can be advanced by leveraging excess capacity at new US preclearance sites for Canadian-bound traffic. Joint preclearance could be a stepping stone for full global preclearance starting with allied countries such as the United Kingdom, Australia and New Zealand and potentially be integrated with exit control facilities and systems.

## WHY IT MATTERS TO BC

1. Three of the top 11 busiest airports in Canada: Vancouver, Kelowna and Victoria
2. Common two-hour line-ups at truck crossings
3. Exports of Mining, wood, coal, propane, oil, LNG/mixed goods imports internationally
4. Annual container volume Vancouver ports: 3 million TEU from 27 major marine terminals
5. Cargo value \$200 billion Canadian
6. 898,473 cruise ship passengers in 256 sailings  
(all statistics 2018)<sup>8</sup>

## THE CHAMBER RECOMMENDS

That the Provincial Government working with the Federal Government to support the contributions of the Beyond Preclearance Coalition of 41 bi-national organizations including the Canadian Chamber of Commerce, specifically:

1. Support the six Beyond the Border II Initiatives:
  - i. US-Canada Facial Recognition Pilot Project
  - ii. Single Window eTA/ESTA<sup>9</sup>
  - iii. Conduct Research to support policy making
  - iv. Remote screening of goods and co-location of facilities in the US
  - v. Trusted traveler program integration
  - vi. Rescreening elimination

Submitted by the Kelowna Chamber of Commerce; supported by the Greater Vernon Chamber of Commerce, the Greater Westside Board of Trade, the Peachland Chamber of Commerce, the Summerland Chamber of Commerce and the Penticton Chamber of Commerce.

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<sup>8</sup> <https://www.beyondpreclearance.org/the-white-paper> *Beyond Preclearance: The White Paper October 5, 2018*

<sup>9</sup> eTA – Canada: electronic Travel Authorization; ESTA – US: Electronic System for Travel Authorization, an automated system that determines the eligibility of visitors to travel to the United States under the Visa Waiver Program (VWP).