

***CANADIAN AMERICAN BUSINESS COUNCIL***  
***Presentation to the***  
***Council of State Governments***

***WHTI: A Business Perspective***

*March 1, 2008*  
*Detroit, Michigan*



## About the Canadian American Business Council

The CABC is the voice of business in the world's most prosperous relationship. Established in 1987, the council is a non-profit, issues-oriented organization dedicated to elevating the private sector perspective on issues that affect our two nations.

Our members are key business leaders and stakeholders from both sides of the border. The Council's activities include high-level briefings on issues of current concern, assistance with practical trade and policy challenges, significant networking opportunities and informative seminars.



## CABC 2008 Policy Priorities

- The Council promotes the unique relationship between Canada and the U.S.
- The Council stands for facilitating the movement of legitimate goods, services & people across our common border
- The Council promotes the importance of Canada and the United States working collaboratively to achieve a secure, safe, reliable and sustainable North American energy supply
- The Council promotes the importance of free trade and opposes protectionism
- The Council promotes North American competitiveness vis-à-vis the rest of the world



## The WHTI Challenge

- Erosion of Canada's privileged position in US
- Lead agency for bilateral relationship is no longer State Department
- Once unique aspect of Canada is gone, impact cascades to other agencies
- Land border is therefore increasingly difficult to traverse - with measurable negative impacts on North American business
- The U.S. Department of Homeland Security is moving forward with *early* implementation of the Western Hemisphere Travel Initiative (WHTI) in the face of Congressional opposition and concerns raised by the Government of Canada. DHS is not sufficiently concerned with border delays and economic dislocations.
- "It's time to grow up and recognize that if we're serious about this threat, we've got to take reasonable, measured but nevertheless determined steps to getting better security." *DHS Secretary Michael Chertoff* [January 17, 2008; [www.dhs.gov](http://www.dhs.gov)]
- Politics of immigration, homeland security and free trade complicate the situation for Canada



## Complicating Factors on WHTI

- Issue fatigue
- Competing priorities from major stakeholders (e.g. CAFE standards)
- General view that the battle is over
- Enhanced Driver's License/Real ID implementation
- Immigration Policy discussions
- Election year politics



## The Border is Becoming More Expensive

- Increased wait times
- Direct fees for crossing the border
- Additional and duplicative border programs
- Additional costs for participating in trusted shipper and traveler programs
- Increased inspection times



## What Causes Increased Wait Times

- Inadequate border infrastructure relative to traffic volumes
- Limited primary inspection lanes being operational during peak hours because of inadequate staffing of Canada Border Service Agency (CBSA) and U.S. Customs and Border Protection (CBP)
- Increased processing times for passenger vehicles
- Inspections of increased frequency and duration for all cargo and travelers – including those deemed to be low-risk
- Lack of clarity on admissibility requirements
- technological issues with CBP computers, particularly with the recent introduction of the Automated Commercial Environment (ACE) program
- Exacerbation of the above challenges by currency fluctuations that increased cross border shopping

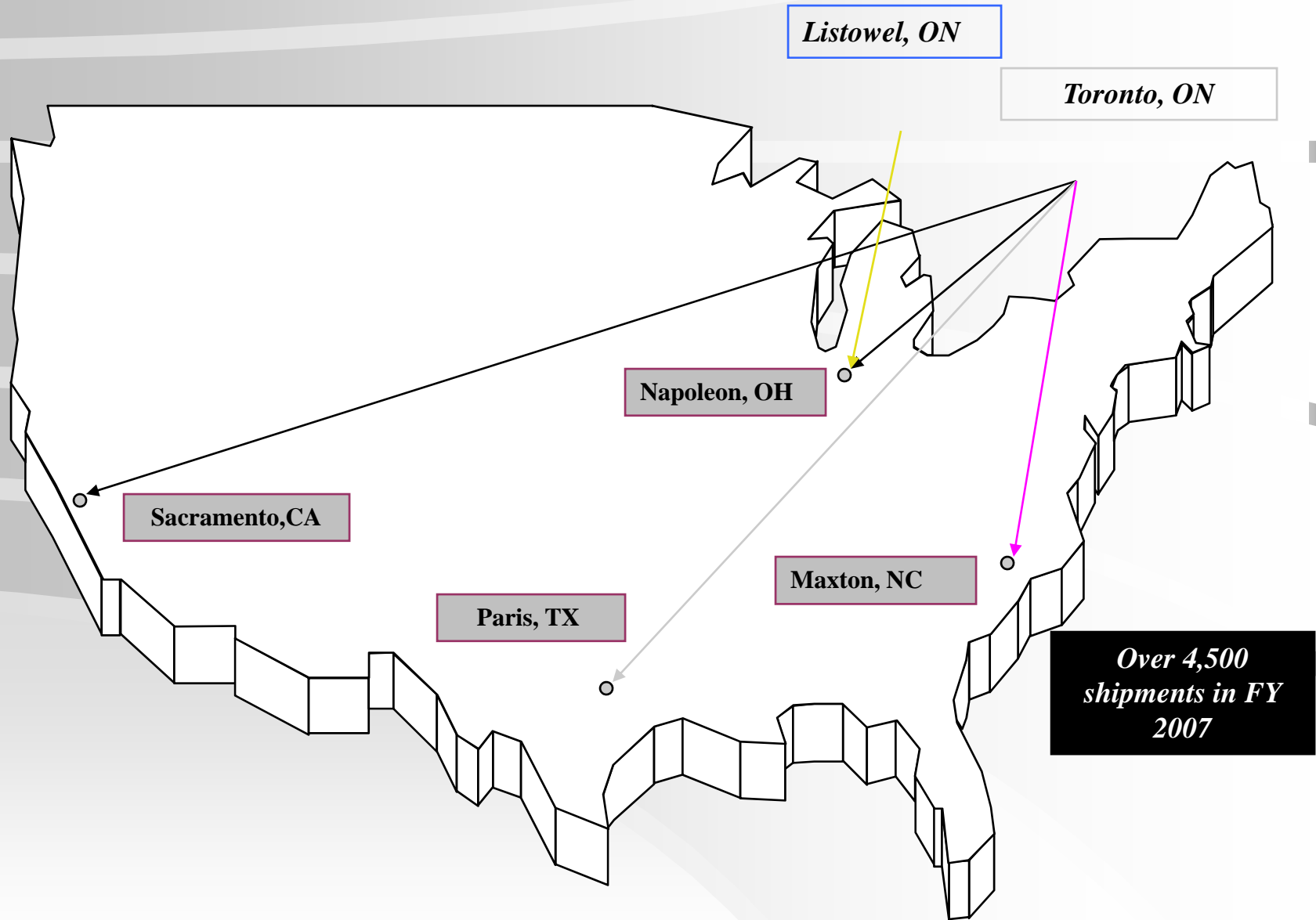
Source: Finding the Balance, 2008 - Canadian Chamber of Commerce, CABC

## Campbell's Soup Case Study

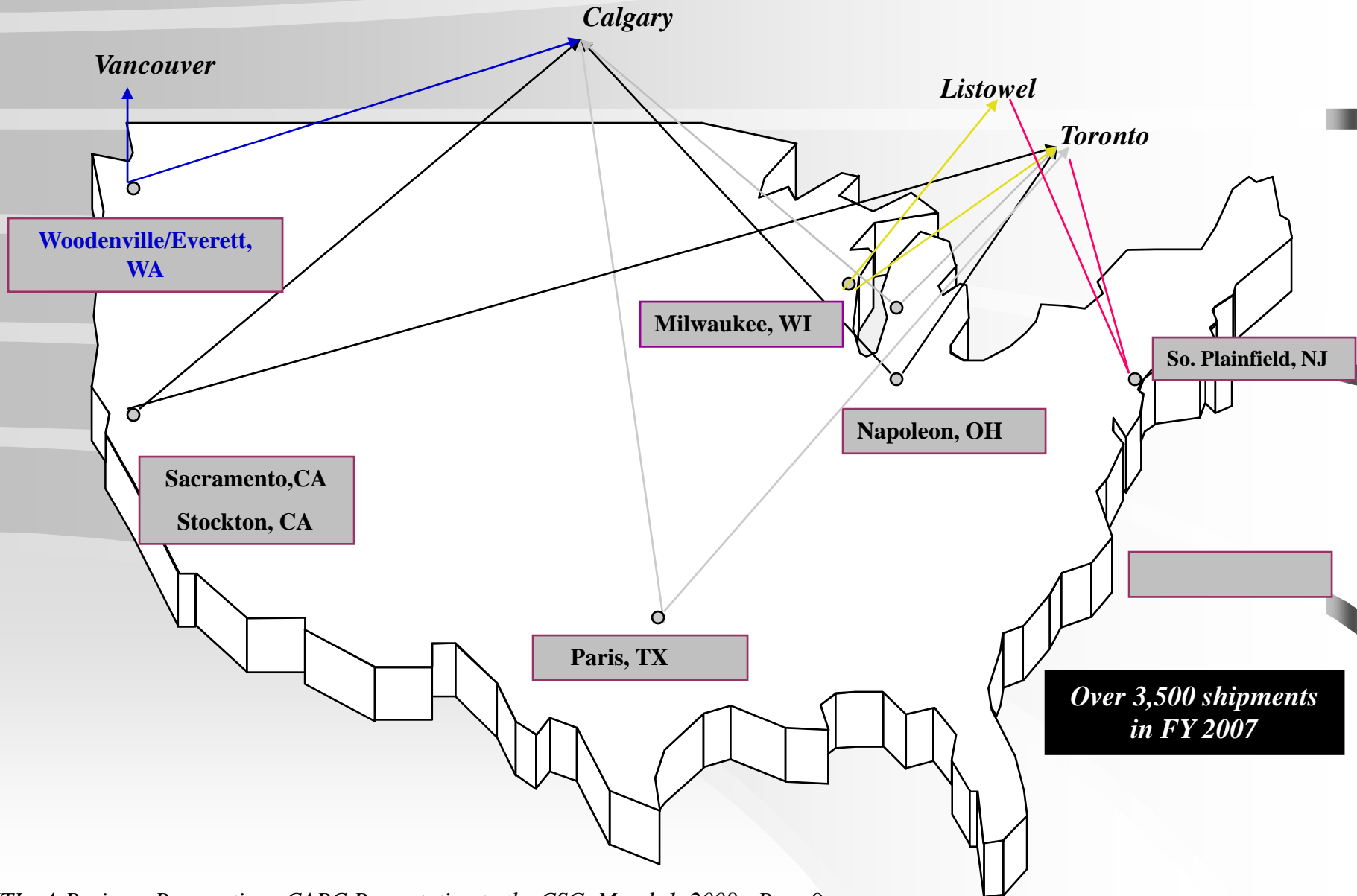
- \$7.3 Billion Global Food Manufacturer of Soup, Sauces, Beverages, Broths, and Baked Good
- North America is a Single Market – 23 Facilities in 14 US States and Ontario
- Highly Integrated Supply Chain – Canadian Products Contain US Ingredients
- Nearly 8,000 Shipments Cross US-Canada Border Annually – Frozen and Shelf Stable Products – “Just In Time”
- Member of North American Competitive Council – US Section -- Strong Supporter of the SPP & CABC



# Campbell Soup from Canada Trade



# Campbell Soup to Canada Trade



## The Campbell Soup Experiences at US-Canada Border since 9/11

Creation of US Dept. of Homeland Security – APHIS Transfer to New Agency  
Results in Massive Loss of “Human Infrastructure” – Retirements, Loss of Hours  
of Service, etc.

US Reaction to “Mad Cow” Disease – Mandatory Secondary Inspections – Even  
of “Trusted Shippers” Strain Infrastructure and Dramatic Increase in Border  
Delays

Infrastructure Often Can’t Respond Well to Unannounced Changes at US Ports  
Frequent (Most Recent – Avian Flu)

New APHIS Fees and WHTI Mandates Add New Complexities – and Congress is  
Considering More (Import Food User Fees)

## Another Strain on Border Trade

### *Paperwork Requirements to Export to US*

1. Invoice
2. Manifest packing slip
3. Bill of Lading
4. Hazardous Materials Form<sup>1</sup>
5. OGA Form<sup>2</sup>
6. Customs Form 3461 – Release Document.
7. Customs Form 7501 – Customs Entry Form.
8. Canada Customs Export document.
9. NAFTA Certificate of Origin.
10. Marking Waiver<sup>3</sup>
11. Foreign Shipper's Declaration<sup>4</sup>
12. Manufacturers Affidavit<sup>4</sup>

<sup>1</sup> *If exporting flammable/explosive materials*

<sup>2</sup> *If regulated product*

<sup>3</sup> *If not finished consumer good*

<sup>4</sup> *If goods originally purchased in US*



**10 minutes  
wasted time  
per day  
=  
1 week a year**

Source: Linamar Corporation

## Why Campbell's is Concerned about WHTI

- US DHS Secretary Michael Chertoff (Jan. 17, 2008, to AP):  
*"Until people get the message, there will be some delays."*
- Delays Mean:
  - Increased costs of shipping products, ingredients to US, especially frozen, perishable products that idle at US border
  - Possibility that third party shippers will again refuse business and/or impose new surcharges in anticipation of delays
  - Disadvantage Canadian suppliers and businesses vis a vis US and other foreign competitors of ingredients and commodities due to higher border-related costs, and unreliability of meeting "just in time" supply chains.
  - Make North American products less competitive against Asian, EU competitors – Almost 80 percent of cross-border trade is *intra*-company.

## The Need – Create a Vision of the US-Canada Border Relationship: Some Possible Solutions

- In conjunction with WHTI implementation, launch land pre-clearance centers or pilot projects -- move customs processes and congestion away from border (NACC Recommendation)
- Consider new Joint Border Commission on US-Canada border – modeled after successful US-Canada Commission on Boundary Waters with powers to resolve infrastructure expansion issues
- Move more quickly to electronic data processing, and harmonize documentation and create a common Customs System (NACC)
- Reconsider structure, mission, composition of Dept. of Homeland Security – e.g., possible return APHIS-AQI to USDA (proposed by US Sen. Diane Feinstein, D-CA)

## What's Next

# Thank You

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