

Testimony before the House Committee on Homeland Security

Hearing on

The Western Hemisphere Travel Initiative:  
Perspectives of a Community on the U.S.-Canada Border

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Statement of

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## **Introduction**

Thank you Mr. Chairman, and members of the committee for this opportunity to testify this morning. I'd also like to thank Congresswoman Slaughter for her terrific leadership on border management issues. Congresswoman Slaughter has been a tireless and effective advocate for smart border policy. The business community is grateful for all of your efforts.

I look forward to engaging in a meaningful dialogue with you today and am happy to answer any questions you may have.

I am here today in my capacity as Vice Chair of the Board of Directors of the Canadian American Business Council (CABC). I am also the Vice President for Government Affairs at Campbell Soup Company. Established in 1987, the CABC is a non-profit, issues oriented organization dedicated to elevating the private sector perspective on public policy challenges. Our members are key business leaders from both sides of the border. My company is a member of the CABC and is extremely supportive of the work that this organization is doing to enhance the Canada-US relationship. The CABC is the voice of business in the US-Canada relationship, including border issues that affect the entire North American economy. I also represent my company as a member of the North American Competitiveness Council (NACC), the private sector entity of the Security and Prosperity Initiative for North America (SPP). We support the goals of the NACC, and the SPP, to enhance the secure flow of people, goods and services in North America.

Campbell Soup Company is a global manufacturer and marketer of high quality soup, sauces, beverage, biscuits, confectionery and prepared food products. The company owns a portfolio of more than 20 market-leading businesses worldwide each with more than \$100 million in sales. We operate 19 manufacturing facilities in 14 states, and additional facilities in 21 other countries, including two in Ontario, Canada that serve both the US and Canadian markets. The company is ably supported by 24,000 employees worldwide, including more than 15,000 employees in North America.

Mr. Chairman, I am here today to express our commitment to work with you, the Congress, and the Departments of Homeland Security and State to successfully implement the Western Hemisphere Travel Initiative. Let me stress the efficient movement of people, goods and services and a secure border are not mutually exclusive or competing objectives. In fact, they are necessarily intertwined. Significant delays or ineffective border procedures are not just hindrances to trade, they post potential security risks. The safety of our employees, our products and the security of our supply chains is our first priority, and without them, you simply cannot do business.

I am also here, Mr. Chairman, to express our significant concerns about the harm that WHTI could inflict on legitimate commerce, trade and tourism if it is not implemented properly. WHTI does not only affect the border communities and spontaneous travel, but also the entire North American economy. With more than \$1.5 billion in goods and services crossing our land border every single day, involving every state in the Union, it is imperative that we work together to get this right.

The Members of the CABC question the ability for WHTI to increase security if DHS and State do not utilize the time provided by Congress to ask for the necessary resources, conduct pilot projects and to perform an economic impact analysis, including a study of the effect of border delays. We are not seeking delay for delay's sake. We are not seeking an indefinite extension. We are simply saying; take the time and the steps necessary to get it right.

### **Key Concerns**

The CABC is concerned that the US-Canada border crossings are increasingly becoming a competitive disadvantage when compared to the rest of the world and other key trading blocs in Europe and Asia.

Our concerns over the implementation of WHTI are based on experience. Programs like CTPAT, Nexus, FAST, among others, haven't lived up to expectations nor fully achieved their intended benefits to commerce and tourism. Specifically, DHS decided not to implement US-Visit at the land border because of the logistical nightmare it was creating. Is it any wonder, therefore, that the business community lacks confidence in the successful implementation of WHTI under the current timetable?

On December 17, 2004, the Government of the United States and the Government of Canada issued a statement announcing the signing of the Smart Border Declaration. Among other important items, both governments acknowledged in their statements that they were "committed to building a more secure, efficient and modern border...At the heart of the Smart Borders process is the recognition that public security and economic security can be achieved simultaneously and are mutually reinforcing." The CABC is concerned that security concerns are not being balanced with economic prosperity in a risk-based approach to border management. Implementing WHTI without addressing border delays that it will cause does not actually increase security, and may in fact become a new security problem in its own right by creating economic sitting ducks at the busiest crossings.

The US and Canada have the best intelligence sharing and law enforcement cooperation in the world. Further, since 9/11, Canada has spent hundreds of millions of dollars in the war on terror and homeland security. The Harper government is eager to work closely with the Bush Administration on homeland security issues. The business community is not only concerned about the potentially negative impact WHTI will have on commerce, but the current implementation plan's ability to better secure the homeland.

Mr. Chairman, thanks to both the North American Free Trade Agreement (NAFTA) and the closely connected economies of the US and Canada, the North American supply chain for many companies, including my own, are highly integrated. In the automotive industry, a part may cross the border as many as 7 times before it makes its way to the consumer. In the food industry, a vegetable grown in upper Midwest, or flour from New York, may find its way into a product that is processed just across the border in Ontario or Quebec, and then shipped back to the US. So delays at US ports of entry don't just harm Canadian processors – it backs up the entire supply chain, affecting even that Midwestern farmer or New York flour mill. In addition,

delays at US ports have also resulted in trucking companies dramatically raising prices to ship our products, or in some cases, refusing our business because it's just not worth the hassle. And with a cascade of changes at port of entry since 9/11, from staffing shortages, reduced or changing hours of service, mandates for secondary inspection of some products, particularly in the food industry, and of course new fees, its hard to blame some transportation companies from throwing in the towel.

The following concerns must be addressed before full implementation of WHTI can take place:

- Given the uneven and incomplete implementation of the NEXUS, FAST, CTPAT, Canpass, e-passport, Real-ID, Registered Traveler and Transportation worker programs, what assurances can DHS give about its ability to properly implement WHTI at the land border by the summer of 2008 as estimated in the most recent Notice of Proposed Rulemaking?
- The air rule was implemented in January 2007 and we have already seen a variety of problems arise due to staffing shortages at passport agencies and confusion among frequent travelers. With greater commercial interests at stake at the land border and greater logistical challenges with the variety of crossings that exist, how can the business community be assured that DHS and State will be ready to properly implement WHTI by the summer of 2008 as estimated by the most recent Notice of Proposed Rulemaking?
- While we appreciate the administration's efforts to outline a plan of implementation which will address infrastructure enhancements, technology development, and increased staffing - there is still a tremendous amount of uncertainty. The business community needs to anticipate what's coming next in order to properly adapt. This proves difficult to do when there is a lack of transparency with regards to implementation plans.
- The NPRM, published in the Federal Register on June 26, 2007, states that DHS will comply with infrastructure requirements by certifying that "...the necessary passport card infrastructure has been installed and employees have been trained." We appreciate efforts to ensure that proper staffing is in place and that the appropriate documents are issued, but we are concerned about the physical infrastructure of the Canada/US border crossings. How does DHS plan to address the need for additional pull aside lanes for secondary inspections and additional lanes for trusted travelers so that legitimate goods, people and services can cross the border in a timely fashion that does not impede commerce?
- The NPRM addresses Executive Order 12866 which requires the Office of Management and Budget to conduct a cost/benefit analysis of the proposed rule. The assessment focuses on travel and tourism and does not appear to address the larger concerns of the business community and the integrated North American supply chain. How does DHS plan to implement pilot projects to assess the potential impact of WHTI on cross-border commerce so that final implementation of WHTI does not negatively affect our economic prosperity and security?

## **Recommendations**

With the leaders of Canada, the United States and Mexico schedule to meet in Ottawa next month to discuss the Security and Prosperity Partnership and the recent recommendations of the NACC, among other things, what can we expect them to say about WHTI? What progress will there be to report? What will the next steps be following the August meeting?

- The CABC urges DHS to adhere to the goals stated in the Security and Prosperity Partnership and to work together with Canada in an effort to make our common border both more secure and efficient. Through the Security and Prosperity Partnership and the NACC, the government leadership and the private sector have both identified proper implementation of WHTI as a key priority.
- In order to properly implement WHTI at the land crossings, the CABC asks that DHS use the additional time provided by Congress to get it right. As stated in the FY08 House Homeland Security Appropriates bill, the CABC supports the need for DHS to provide the results of pilot programs used to develop and implement WHTI. Specifically, the pilot projects need to address infrastructure and staffing requirements, detailed plans for further implementation, explanation of technology requirements, and test results that ensure operational success.
- We ask that DHS recognize the need to advance the dual objectives of security and facilitation. Enhancing security and improving economic prosperity are mutually reinforcing.
- We ask that DHS acknowledge the tremendous economic impact of border management policy. Canada and the United States enjoy the largest trading relationship in the world which depends upon the efficient movement of legitimate goods, services and people across our common border. Failure to address key border management issues affects the integrated North American supply chain, impacts US and Canadian business, and reflects negatively on North American competitiveness vis à vis the rest of the world.

## **Conclusion**

Thank you again, Mr. Chairman and committee members, for providing me with this opportunity to present the point of view of the larger business community. The CABC is grateful for all of your work and hopes to remain a resource for you and your colleagues in the future. The Council strives to present a continental view in that we look at WHTI as not just an issue that affects the border communities, but as one that affects the North American integrated supply chain and North American competitiveness vis a vis the rest of the world. We believe that it is paramount that the public and private sectors work together to get this right so that we actually achieve greater security and improve our economic prosperity.

Thank you for your time today. I look forward to your questions.