



International Mobility & Trade Corridor Program Core Group Meeting Summary

April 18, 2019

Meeting packet available at: theIMTC.com/meetings

Meeting location

The meeting was held at Hazelmere Golf & Tennis Club, Surrey, BC.

Meeting attendance

Abbotsford Duty Free Shop: Paul Dickinson

B.C. Ministry of Transportation and Infrastructure [BC MoTI]: Simon Leung, Lina Halwani

B.C. Trucking Association: Lindsay Samson

Bellingham, Port of: John Michener

Blaine, City of: Bonnie Onyon, Michael Jones

Border Policy Research Institute [BPRI]: Laurie Trautman

Canada Border Services Agency [CBSA]: Chris Van Nes, Brad Valentine, Daniela Evans, Ryan Vanderstar, Holly Stoner, Harry Dearing

Cascadia Center for Regional Development: Bruce Agnew

Citizen: Jay Brandt (Retired CBP)

Consulate General of Canada, Seattle: Rob Kerr, Brandon Lee

Dentons Canada: Ellen Kief

Pacific Northwest Economic Region [PNWER]: Matt Morrison

SmartRail: Kenneth Jones

Snohomish County Tourism Bureau [SCTB]: Brad Zorich

Transport Canada [TC]: Jim Wang, Chris Hoff, Jasmir Basi

University of British Columbia [UBC]: Garland Chow

U.S. Consulate General, Vancouver: Katherine Dhanani, Adam Hantman

U.S. Customs and Border Protection [US CBP]: Kenneth Williams, Adele Fasano

U.S. Federal Highway Administration [FHWA]: Sharleen Bakeman

U.S. House of Representatives: Rick Larson (WA 2nd District), Laura Gelwicks (Office of Rick Larson), Kaylee Galloway (Office of Suzan DelBene, WA 1st District)

Vancouver International Airport [YVR]: Jason Tse

Washington Governor's Office: Joe Timmons

Washington State Department of Transportation [WSDOT]: Todd Carlson, Jason Beloso, Cliff Hall, Jay Drye

West Coast Duty Free: Len DaSilva

Western Washington University [WWU]: Edward Alden

Whatcom Council of Governments [WCOG]: Hugh Conroy, Jaymes McClain, Melissa Fanucci

White Rock, City of: Scott Kristjanson

Introduction and welcome

Hugh Conroy – Director of Planning, Whatcom Council of Governments and Manager, International Mobility and Trade Corridor Program

British Columbia-Washington: sustaining binational partnerships

Brandon Lee – Canadian Consul General, Seattle

Brandon Lee: About \$2BN in goods and services and around 400,000 people per day cross the US-Canada border. There has been a 3-fold increase in trade since the North American Free Trade Agreement (NAFTA) was implemented. The Consulate is also very interested in pre-clearance. The U.S.-Mexico-Canada Agreement (USMCA), signed by the three countries in November, is also called the Canada-U.S.-Mexico Agreement (CUSMA) in Canada and the Tratado entre México, Estados Unidos y Canadá (T-MEC) in Mexico. There are anticipated challenges with ratification, especially if the Section 232 Steel and Aluminum tariffs remain. The tariffs were not lifted when USMCA was signed. Washington will be one of the most negatively affected states due to tariffs. China will not bear the brunt of the effects of tariffs like the U.S. and Canada will – China will have a much greater percentage of exemption on the Section 232 tariffs than Canada.

Canada uses the visa process for most foreign nationals, and the electronic travel authorization (ETA) for visa-exempt countries. There is robust border cooperation between the U.S. and Canada along the shared border. Both countries have stopped terrorists, arrested criminals, made travel safer with NEXUS, and are looking to the future with air/land/marine/rail preclearance agreements.

As much focus has been turned to the U.S.-Mexico border, reporting of information regarding the U.S.-Canada border has often been incomplete, taken out of context, or untrue. Soundbites should be contextualized to highlight how agencies on both sides of the border practice good communication

The stream of irregular migration has been a trend over the last several years. From the U.S. into Canada, there were over 40,000 cases of irregular migration last year. Canada would like to enhance the Canada-U.S. Safe Third Country Agreement by closing loopholes and keeping up with technology.

Katherine Dhanani – U.S. Consul General, Vancouver

Katherine Dhanani: The Peace Arch monument at the I-5-Highway 99 border crossing bears the text “Children of a Common Mother.” The relationship between the U.S. and Canada is more than geography – it is a shared culture dating back to indigenous populations. Canada was the first prominent trading partner with the U.S. during the infancy of both nations. It was a Canadian at NORAD in Colorado that shut down air flight nationally during 9/11.

Canada and the U.S. are among each other’s largest trading partners. More than two-thirds of Canada’s exports are bound for the U.S. and Canada is the top export destination for 33 U.S. states.

Preclearance has so far been a great success story. B.C. is unique in the preclearance arena, being the only Province to have preclearance in all modes of travel. U.S. Customs and Border Protection (CBP) agents can

clear ferry passengers in Victoria, airport passengers at YVR, and rail passengers in Vancouver. The NEXUS program has also been a great success in the region.

The USMCA will help its member countries grow the North American economy. There were challenges in negotiating the agreement, but the U.S. looks forward to ratification.

Several organizations have been very important for forwarding cross-border innovation and ideas, such as the Cascadia Innovation Corridor, the Border Policy Research Institute (BPRI) at Western Washington University (WWU), the Pacific Northwest Economic Region (PNWER), and the IMTC.

Regional federal legislative perspectives on U.S.-Canada cross-border travel and trade

Rick Larson – Representative, U.S. Congress

Rick Larson: Representative Larson's second congressional district in Washington State shares 43 marine miles of border with Canada. Andy Anderson, broadcaster and office director for then-U.S. Representative Al Swift, was one of the forbearers of NEXUS. That program started here in the Northwest and has spread across the border. There are challenges here in the northwest corner of the U.S., but they are shared with Canada.

Representative Larson is on the Committee on Transportation and Infrastructure in the U.S. House of Representatives, being chair of the Subcommittee on Aviation.

Washington State is most trade-dependent state in the U.S. – about 40 percent of jobs in the State depend on trade. There was a 200 percent increase in exports to Canada from 1996 to 2016. Transportation, agriculture, and equipment make up about 60 percent of trade with Canada. More than 400 Canadian-owned companies operate in Washington State, supporting 25,000 jobs.

U.S. trade policy should be about setting strong standards and not targeting allies under false pretense. It should try to reflect the economies of today, not to recreate the economies of the 20th century.

U.S. legislation such as the federal authorization bill Fixing America's Surface Transportation (FAST) Act of 2015, the America's Water Infrastructure Act of 2018, and the Harbor Maintenance Trust Fund Reform Act of 2017 help Washington State ports in their critical cross-border transportation roles.

There are forecasted to be 1MM more people by 2035 using airports in Washington State, and these airports need new capital for improving infrastructure. There is debate happening currently in the House over the passenger facility charge (PFC) and allowing airports to take control of their own infrastructure investment, such as SeaTac International Airport recently increasing its PFC to allow for more infrastructure funding.

Environmentally, Representative Larson is focusing on salmon conservation efforts. Governor Inslee recently established the Southern Resident Orca Whale Recovery task force. Canada is also investing in the 5-year comprehensive Whales Initiative. Last year Mr. Larson met with Consul General Lee and others in support of mitigating the environmental impact of increased vessel traffic in the region.

Mr. Larson is interested in protecting Washington State and Canada's mutual energy security. Canada is the U.S.'s largest energy partner. Both countries are working towards renewable energy, and U.S. Congress needs to foster the use of energy storage.

In June 2018 Homeland Security announced a Strengthened Northern Border Strategy, where they outlined that illicit drug trafficking is the biggest issue on the U.S.-Canada border. Illegal immigration and human trafficking are also issues. This makes ongoing federal and local communication and cooperation between the two countries critical.

Edward Alden: Would the USMCA need to be reopened for changes to be made?

Rick Larson: The question should be how well can the U.S. federal administration work with Congress to address the issues that are present. Partners have said they do not want to reopen USMCA.

Matt Morrison: Governors are trying to get a transportation and infrastructure package out of Congress this year. Is that possible?

Rick Larson: Members of Congress are trying the help the president keep his word on passing a \$1 trillion infrastructure package. This package would be more than just roads, bridges, and the like. It would include broadband, school infrastructure, and other elements in the community. Congress will be debating this over the next several months.

Bruce Agnew: Would Congress consider looking at a specific border corridor-type program?

Rick Larson: It will be unlikely that there will be opportunities for policy changes, so the focus will be on using existing programs to more efficiently spread out funding.

Federal border inspection agencies – looking ahead at the Cascade Gateway

Adele Fasano – U.S. Customs and Border Protection, Director of Field Operations, Seattle Field Office

Adele Fasano: Director Fasano has worked for 10 years on the U.S.-Mexican border and brings over 30 years of government experience to her current station at the U.S.-Canada border. She plans to visit all CBP ports-of-entry (POE) in the Seattle Field Office's area of responsibility – Washington to Minnesota.

Staffing at CBP has been an issue, but they are making massive headway in filling stations.

Technology is a significant part of operations and efficiency – in this region, there is NEXUS, FAST, Global Entry. CBP is developing web-based systems, such as automated passport control at airports where passengers can complete necessary data without visiting a Global Entry kiosk. CBP is also developing the ROAM system – a web-based system for allowing marine vessels to be inspect by CBP through facetime on a phone or tablet.

CBP is aware of its impact on people and trade, and as an organization they are committed to operating in the most efficient way possible. Biometrics and securely identifying travelers is important. At SeaTac International Airport CBP will be implementing a one-stop process for immigration and customs examination using facial recognition in the entry and exit processes.

Len DaSilva: Are there plans to expand the CBP Pacific Highway POE and if so, when?

Adele Fasano: There are plans for improvements at Pacific Highway, including adding new inspection booths.

Ellen Kief: Through NAFTA, Canadian business managers and executives use L-1 visas and eligible Canadian workers use nonimmigrant NAFTA Professional (TN) visas to cross the border into the U.S. efficiently. Part of pilot program taking place at Peace Arch is removing the adjudication process for L-1 and TN visas from the POE facility. There has been some feedback that this would be a negative impact for Canadian executives and professionals crossing the border.

Adele Fasano: CBP dedicates a lot of personnel to adjudicating these visas at POEs. Overall, CBP is not in the visa-issuance business – that is more of the State Department’s responsibility. Director Fasano will look into the issue, but currently CBP is still processing TN visas.

Laurie Trautman: Have you seen facial recognition at other airports in the country?

Adele Fasano: Yes, the technology is being implemented at Orlando International Airport and at JFK International Airport in a few terminals. The airline industry has been stepping up in investing and ensuring the technology is implemented.

Edward Alden: At a San Diego border crossing there was a pilot project regarding pedestrian exit systems. What was the outcome of the pilot?

Adele Fasano: The outcome was that the facial technology is not quite ready for certain exit systems, especially for people in vehicles. For now the technology is being focused at airports.

Matt Morrison: Is CBP looking at facial technology for processing cross-border freight in this region?

Adele Fasano: CPB is interested in piloting the technology here. There is an upcoming border conference with all northern border CBP managers where Director Fasano plans to further educate herself on new technology being looked at on the northern border.

Hugh Conroy: Is there any chance of northern border CBP staff being assigned to help out on the U.S.-Mexico border?

Adele Fasano: Most of the high-level activity is happening between the POEs on the southern border. CBP is being overwhelmed by asylum seekers – several thousand individuals can be apprehended each day. There has been a strategy to move some CBP agents from the POEs to help border patrol. Now as traffic backups are occurring at POEs, CBP agents are going back to the ports to help out. This region is

supporting the national crisis at the southern border, but the number of CBP agents from this area being assigned to the south will be low and will not affect operations.

Trade Policies: The USMCA, U.S.-China trade, and implications for the region

Edward Alden - Ross Distinguished Visiting Professor of Canada-United States Business & Economic Relations, Western Washington University

Edward Alden: As a reporter, Mr. Alden covered the original NAFTA implementation. He has written a couple of books on border topics: one on post-9/11 policy impacts in North America and more recently one on U.S. trade policies over the last 50 years and some of the shortcomings that were brought front and center in the 2016 U.S. federal election.

The U.S. tariffs over the last year are the most significant and have produced the most significant response since the 1930s. In addition to imposing the Section 232 Steel and Aluminum tariffs in June 2018, the U.S. federal government also imposed tariffs on \$250BN in Chinese imports in stages under Section 301 of the Trade Act of 1974. Retaliatory measures from other countries due to the tariffs have affected about \$4BN, or 5 percent, of Washington State exports. There has been a 30 percent decline in Washington State exports in certain affected categories, which include products like wheat, dairy, iron, steel, copper, wood, and paper. Outside of Iowa, Washington State has seen the biggest impact from Canadian retaliation.

Another element in these trade policies is the uncertainty companies face with where tariffs might be targeted next and their longevity. There is a long-running World Trade Organization (WTO) case regarding a dispute between the U.S. and Europe on subsidies for large civil aircraft. The case has taken about 13 years to go through the WTO process, and the outcome of tariff retaliatory measures could affect Washington State aircraft, wine, peach, and chair exports to Europe. Canada could also be refreshing its retaliation list from the steel and aluminum tariffs, which could affect apple, pork, ethanol, and wine exports. The U.S. President is also debating tariffs on automobile imports, but Mr. Alden believes this will not happen.

U.S. Speaker of the House Pelosi has expressed interest in opening up USMCA, especially with regards to labor rights enforcement in Mexico and patent protection for new pharmaceuticals. With Canadian threats to not ratify the USMCA, there have been U.S. negotiations over possibly replacing the Section 232 Steel and Aluminum tariffs with quotas.

The U.S. has launched new negotiations with Japan regarding a free trade agreement to reduce the imbalance in trade after the U.S. pulled out of the Trans-Pacific Partnership.

The U.S. and China have been in serious negotiations since January. The U.S. President has held off on further tariffs with China, but it is clear now that all the current tariffs will not be removed, creating uncertainty for companies exporting to China.

Matt Morrison: Is there a way around opening the whole USMCA?

Edward Alden: The Mexican government is in the process of passing legislation to change the stagnation of wages by unions. In the USMCA, labor will be part of the agreement and not in a side agreement as was the case in NAFTA. Mr. Alden is skeptical that the USMCA will be ratified by 2020.

Seattle, WA – Vancouver, BC corridor initiatives

Cascadia Innovation Corridor's Cross-Border Committee

Laurie Trautman - Director, Border Policy Research Institute, Western Washington University

Laurie Trautman: The Cascadia Innovation Corridor (CIC) Conference came out of the 2016 signing of a memorandum of understanding by Washington State Governor Jay Inslee and British Columbia Premier Christy Clark, which was driven largely by Microsoft and other large companies. In the past several years, the annual CIC conference has occurred in Seattle and Vancouver. The CIC has four pillars to bettering cross-border collaboration, which include: growing the region's human capital; investing in transportation and infrastructure; provide funding for new initiatives and support companies; create a policy environment that spurs innovation. The subcommittees are tasked with developing what the focus of regional innovation should be over the next several years.

Matt Morrison - Executive Director, Pacific Northwest Economic Region

Matt Morrison: Mr. Morrison announced that the CIC now has a quarterly steering committee meeting that is co-chaired by former Washington State Governor Christine Gregoire and Greg D'Avignon of the Business Council of B.C. The next meeting is May 2nd at WWU. His subcommittee is looking at the issues of improving labor mobility across the border, increasing participation in trusted traveler programs, and preclearance. There is a white paper out on beyondprecleanance.org that details over 40 strategies for preclearance.

The second major Transportation Border Summit is this Thursday in Washington D.C., where rail, marine, and truck modes will be discussed. There is an effort to develop 5-7 pilots and move those pilots forward.

Mr. Morrison discussed PNWER as a potential binational authority for decision making framework for Washington, Oregon, and British Columbia for topics such as rail, cellphone coverage, and preclearance.

Laurie Trautman: Dr. Trautman had asked CIC subcommittee members to bring forward 1-pagers on ideas for pilots. Hugh Conroy brought forward ideas for NEXUS promotion, continuing promotion of RFID documents, and ways to increase cross-border bus travel as a congestion reduction strategy. The next CIC Conference is October 2nd and 3rd in Seattle.

Ultra High Speed Ground Transportation Study

Jason Beloso – Manager, Planning & Strategic Assessment, Rail Office, WA State Department of Transportation

Jason Beloso: The Washington State legislature allocated \$300k for the ultra high-speed ground transportation (UHSGT) preliminary feasibility study in 2017. The main tasks were to look at the

transportation corridor between Vancouver and Portland, evaluate the technology that would allow 250+ mph trains, preliminarily evaluate costs/revenues/funding, and make further recommendations. The study was assisted by a 23-member non-voting advisory group that included key public and private stakeholders along the corridor.

In 2018 the Washington State legislature, Microsoft, British Columbia and Oregon combined for \$1.4MM towards a business case analysis. In 2019, Washington State Governor Jay Inslee requested \$3.25MM for a UHSGT authority.

The criteria for where to best locate UHSGT, in general, includes: a megaregion with largely populated and economically productive cities/metro areas; 100-500 mile travel distance; regional and local transit connections; congested auto and air networks. WSDOT is projecting about a 30 percent increase in freight tonnage over the next 20 years, which will not fit on the current transportation network, therefore efficiencies are being sought across the network. The Cascadia region between Vancouver and Portland fit the criteria for ultra high-speed rail.

Three rail technologies were reviewed: High-Speed Rail, Maglev, and Hyperloop. The Hyperloop technology is still in development, therefore WSDOT looked more at other two options that are established in the industry.

In their analysis, WSDOT estimates that soon after opening, ridership would be 1.7MM to 2.1MM persons annually. WSDOT determined that 12 round trips daily produced the best modeled outcomes.

The estimated capital costs of developing UHSGT in Cascadia would range from \$24BN-\$42BN. A UHSGT system could generate over 200,000 long-term and construction jobs and generate an increase of \$321 to \$388BN in gross domestic product [GDP] over 20 years.

A survey of 2,400 leisure and business travelers in the Portland-Seattle-Vancouver corridor found that 74 percent would “definitely try” an ultra high speed system. In 26 interviews with large and small businesses, respondents said this would be a great social and economic addition to the corridor.

Through June 2019, WSDOT has been analyzing different station stop scenarios, how to construct and align high speed rail in the region, what economic impacts the system would have, and how to fund such an undertaking. A corridor authority would further these tasks. The Governor and legislature will receive a report by June 30, 2020.

Lina Halwani: Reliability should be a large focus of any future high speed rail.

Jason Beloso: WSDOT is also looking at the possibility of ultra high speed freight, though that was not the focus of this study.

WSDOT chose to look at 250 mph as the test speeds for this study.

Bruce Agnew: In Washington State, the passenger rail vendor is Amtrak with oversight from WSDOT. In recent years the B.C. government stated that passenger rail is a federal responsibility. Could this study and process open the door for B.C. province to help fund the current passenger rail system?

Jason Beloso: There does seem to be a renewed spirit of cooperation between the State and the Province regarding the current Amtrak Cascades rail line.

Jason Beloso: It is too early to tell what ticket prices will look like. The preferential survey collected some data on cost-benefit analysis for using high speed rail versus other modes, but the technology and number of stations are still to be determined, which will affect prices.

BC Ministry of Transportation & Infrastructure and WA State Dept. of Transportation updates

B.C. Highway 11 & 13 border project updates

Lina Halwani - Director Planning, B.C. Ministry of Transportation & Infrastructure, South Coast Region

Lina Halwani: B.C. Highway 11 is being improved near the Sumas-Abbotsford-Huntingdon POE. The scope of work includes major improvements to Vye Rd, where an overpass is being built over the rail crossing. The NEXUS lane heading into Sumas is also being expanded further north. The project is being conducted by the City of Abbotsford. Agencies are working with Canadian Pacific and Southern Railway on the project.

B.C. Highway 13 is being improved near the Lynden-Aldergrove POE. The southbound highway will be expanded from 1 lane to 3 lanes. BCMoTI is also providing room for a southbound NEXUS lane should CBP expand the Lynden POE to include NEXUS in the future. Northbound, a climbing lane for trucks is being built. They are doing excavations on 0 Ave currently and just finished the new Highway 13-3B Ave intersection. A retention pond for drainage near the duty free store is also being constructed.

SR 539, Scoping for SR 548-Bell Rd, WSDOT support and partnerships to sustain IMTC

Todd Carlson – Transportation Planning & Engineering Services Manager, Mt. Baker Region, WA State Department of Transportation

Todd Carlson: The U.S. Department of Transportation Coordinated Border Infrastructure program (CBI) program no longer exists, which provided programmatic funding for border planning activities like the IMTC. There are also no more earmarks in U.S. appropriations bills. WSDOT competes with all other entities to get funding for border projects, such as the near-border SR 548 grade-separation project.

Border-crossing trains must stop at the VACIS just south of Blaine, which cuts off access to Bell Rd from SR 548 for up to 45 minutes. The project will raise the area surrounding the intersection to create an overpass over the railway.

WSDOT is also looking at ways to improve SR 539 through Lynden, especially now that the adjacent CBSA Aldergrove POE has been redeveloped and no longer has permitting restrictions for commercial vehicles. Improvements have already been completed on SR 539 leading up to the Aldergrove POE.

WSDOT continues to provide ongoing support for the IMTC program, recognizing it as a critical medium for fostering relationships between transportation agencies on both sides of the border in the Cascade Gateway.

Recap of March IMTC Border Incident Response Communications Protocol tabletop exercise

Hugh Conroy: A tabletop exercise of the IMTC Border Incident Response Communications Protocol was conducted March 21st in lieu of the IMTC Steering Committee meeting. The exercise was attended by staff of CBP, CBSA, BCMoTI, WSDOT, Royal Canadian Mounted Police (RCMP), Washing State Patrol (WSP), Whatcom County Sherriff's Division of Emergency Management, and Transport Canada. The exercise helped affirm and identify some improvements to the structure of regional, binational communication in the event of a border incident.

IMTC Project List – 2019 Update

Hugh Conroy: The 2019 update to the IMTC Project List is attached in the meeting packet. WCOG staff are recommending to add projects from this list that are located in the Whatcom County region to the WCOG regional transportation plan project list, acknowledging those projects' significance to the regional transportation system.