INTERNATIONAL FALLS, MINN.
PORT OF ENTRY TO CANADA
Why do we have a Border

noun \ˈbȯr-dər\: A line separating two countries, administrative divisions, or other areas

- The current border originated with the Treaty of Paris in 1783
  - 45th parallel/St Lawrence-Great Lakes
  - A line drawn due west from the northwestern point of Lake of the Woods to the Mississippi
- The Treaty of 1818 was signed between the US/UK to resolve standing boundary issues
  - Due south from the northwestern point of Lake of the Woods to the 49th parallel
  - The Northwest Angle was created when the northwestern point was found
- The Canada/US border is the longest international border in the world shared between the same pair of countries at 5,525 miles
- The US/Mexico border is 1,933 miles long
Why do we cross the Border

Canada was the US' largest goods export market in 2013 ($300B)

Exports to Canada account for 19% of overall US exports in 2013

Michigan led the nation in trade with Canada in 2011 - $6.3B

Top exports in 2011 include:

- Vehicles $50B
- Machinery $47B
- Agricultural Products $21B
- Electrical Machinery $27B
- Mineral Fuel and Oil $18B
- Plastics $13B

Canada was the 2nd largest supplier of goods to the US in 2013 ($332B)

Canadian goods represented 15% of the total US imports

Texas was the top importer from Canada in 2011 - $12.6B

Top imports in 2011 include:

- Mineral Fuel and Oil $104B
- Vehicles $58B
- Machinery $21B
- Agricultural products $20B
- Plastics $10B

Source: Press Release from the Office of the United States Trade Representative
Top countries for US imports (2013):
- Canada $332B
- China $440B
- Mexico $280B
- Japan $138B
- Germany $115B
- South Korea $ 62B
- United Kingdom $ 53B
- Saudi Arabia $ 52B
- France $ 45B
- India $ 42B

Top countries for US exports (2013):
- Canada $300B
- Mexico $226B
- China $122B
- Japan $ 65B
- Germany $ 47B
- United Kingdom $ 47B
- Brazil $ 44B
- Netherlands $ 43B
- South Korea $ 42B
- France $ 32B

Source: http://www.census.gov/foreign-trade/balance/
Why focus on freight along the US/Canada Border

• The US exported almost as many goods to Canada as to Mexico/China combined (2013)
• 35 US States count Canada as their largest export market
• “We choose to use Canadian ports based on a number of business reasons including transit time, reliability, efficiency, risk management practices, etc” (Hanjin, to the US Federal Marine Commission)

Geography Helps

- **Los Angeles to Chicago - BNSF**
  - Altitude: 7,218 ft
  - Mileage: 2,186 mi

- **Seattle to Chicago - UP**
  - Altitude: 8,045 ft
  - Mileage: 2,422 mi

- **Vancouver to Chicago - CN**
  - Altitude: 3,763 ft
  - Mileage: 2,394 mi

- **Prince Rupert to Chicago - CN**
  - Altitude: 3,763 ft
  - Mileage: 2,585 mi
Canada-US Border Crossings

- 119 border crossing - 27 with rail
- 14 railroads use these crossings (including CN/CP/UP/BNSF/CSX/NS)
- Top 10 rail crossings (shown below) account for 90% of the volume.

[Map showing top 10 rail crossings: International Falls, Pembina, Sweetgrass, Eastport, Port Huron, Detroit, Buffalo, Rouses Point, Blaine, and Port.

Legend:
- BNSF System
- CN System
- CPRS System
- CSXT System
- KCS System
- NS System
- UP System
- Other Systems
- Joint Ownership]
## Canada-US Border Crossings

The top 10 highest volume Canada-US rail freight border crossings are:

<table>
<thead>
<tr>
<th>Crossing</th>
<th>2012 Stats</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fort Frances ON/International Falls MN</strong></td>
<td>CN 500,164 containers 3,924 trains</td>
</tr>
<tr>
<td><strong>Sarnia ON Port Huron MI</strong></td>
<td>CN 397,670 containers 3,269 Trains</td>
</tr>
<tr>
<td><strong>North Portal SK Portal ND</strong></td>
<td>CP 238,942 containers 1,860 Trains</td>
</tr>
<tr>
<td><strong>Windsor ON Detroit MI</strong></td>
<td>CP 218,786 containers 3,073 Trains</td>
</tr>
<tr>
<td><strong>Douglas BC Blaine WA</strong></td>
<td>BNSF 165,115 containers 2,548 Trains</td>
</tr>
<tr>
<td><strong>Emerson MB Pembina ND</strong></td>
<td>CN/CP-BNSF 142,975 containers 1,649 Trains</td>
</tr>
<tr>
<td><strong>Fort Erie-Niagara Falls ON Buffalo NY</strong></td>
<td>CN/CP 119,899 containers 2,290 Trains</td>
</tr>
<tr>
<td><strong>Kingsgate BC Eastport ID</strong></td>
<td>CP-UP 97,307 containers 1,188 Trains</td>
</tr>
<tr>
<td><strong>Lacolle QC Champlain-Rouses Point NY</strong></td>
<td>CN/CP 65,515 containers 1,301 Trains</td>
</tr>
<tr>
<td><strong>Coutts AB Sweetgrass MT</strong></td>
<td>CP-BNSF 38,822 containers 442 Trains</td>
</tr>
</tbody>
</table>

Entry Procedures

All goods with a final destination must meet that country’s entry requirements
  • Border clearance
  • Inland clearance

CBP/CBSA can choose to examine any individual shipment at anytime. There are several types of random or targeted exams including:
  • Document review (at either the carrier manifest level, or customs entry document level)
  • VACIS exam of shipping containers
  • Unloading and physical inspection of all or part of a shipment
  • Sampling and laboratory testing of products from a shipment

Holds can be placed due to:
  • Manifests – based on information/lack of information in the importing carrier’s manifest
  • Commercial enforcement hold – to verify compliance, such as consumer product safety standards, copyright/ trademark restrictions, or correct classification/valuation of goods
  • Statistical validation holds – shipments are selected for verification of actual versus manifested quantities/descriptions, and other discrepancies
## Documentation

<table>
<thead>
<tr>
<th>Document</th>
<th>Shipment</th>
<th>Required at pickup</th>
<th>May be required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill of Lading</td>
<td>TO</td>
<td>Required at pickup</td>
<td>(included in E•Z Export)</td>
</tr>
<tr>
<td>Canada Customs Invoice (CCI)</td>
<td>TO</td>
<td>Required at pickup</td>
<td>if the shipment is valued at $1,600 (CDN) or more.</td>
</tr>
<tr>
<td>Commercial Invoice</td>
<td>TO</td>
<td>Required at pickup</td>
<td>Included in E•Z Export. See CCI</td>
</tr>
<tr>
<td>Shipper's Export Declaration (SED)</td>
<td>TO</td>
<td>May be required for regulated products, such as alcohol, firearms, tobacco, etc.</td>
<td></td>
</tr>
<tr>
<td>NAFTA Certificate of Origin</td>
<td>TO</td>
<td>May be required for regulated products, such as alcohol, firearms, tobacco, etc.</td>
<td></td>
</tr>
<tr>
<td>Import/Export License</td>
<td>TO</td>
<td>May be required for regulated products, such as alcohol, firearms, tobacco, etc.</td>
<td></td>
</tr>
<tr>
<td>Transportation &amp; Exportation (T&amp;E) Customs Bond</td>
<td>TO</td>
<td>May be required if final destination of goods is outside of the United States</td>
<td>May be required if final destination of goods is outside Canada</td>
</tr>
</tbody>
</table>
VACIS

- The Vehicle and Cargo Inspection System (VACIS) is a non-invasive inspection of loaded and moving railroad cars.
- The VACIS is capable of inspecting trains traveling at speeds of between 1 and 8 mph.
- As the rail cars move through the gamma beam, their images are individually saved, along with RFID data and a digital video snapshot of the car ID number.
- The VACIS operator can view the images as they are acquired, and make decisions to further inspect the rail cars if necessary.
Food Safety

In 2010 the FDA refused nearly 16,000 food-related shipments out of the more than 10M that arrived at over 320 US ports

- Contaminated with filth, pesticides, drug residues or traces of salmonella
- Unsafe color additives
- Mislabeled
- Insects that carry a host of food borne pathogens (bacteria, viruses, parasites)
- Anything that humans would find repulsive or aesthetically displeasing

The FDA is tolerant of ants and other field insects that get mixed in with foods prior to harvesting because they pose little threat to human health. There is a limit on how many insect parts, larvae or animal hairs are acceptable.

Packaging is also inspected – bottles improperly heat-sealed are susceptible to harmful bacteria like botulism

In order to avoid holding up commerce, food shipments often are allowed to proceed directly from a port to the importer. The FDA may decide to physically inspect a shipment only after it has been moved.

Food products rejected by the FDA are destroyed or returned to the country of origin
Challenges

Documentation

• Keeping up with changing regulations and providing all required documentation can be challenging for some shippers.

  ➢ CN offers a full Customs Brokerage Service
    • Handles all modes but specializes in rail
    • Electronically connected to all railroads so process starts when waybill is cut
    • No customers have ever paid demurrage resulting from filing issues
  ➢ In-house Customs and Transactions group looking for potential issues
Challenges

Operational Issues

- Accurate reporting
- Presenting containers for inspection
  - Setting off containers
  - Loading them back to destination
  - Returning them to origin

- 82% reduction in containers impacted at the Border
- Tailgate inspections result in 35% of containers released without any delay
Partners in Protection (PIP) is a Canada Border Services Agency (CBSA) program that enlists the cooperation of private industry: to enhance border and trade chain security, combat organized crime and terrorism and help detect and prevent contraband smuggling. It is a voluntary program with no membership fee that aims to secure the trade chain, one partnership at a time.

The Customs-Trade Partnership Against Terrorism (C-TPAT) is a voluntary partnership between Customs and Border Protection (CBP) and the trade to secure the international supply chain. CBP offers C-TPAT shipments expedited processing and provides:

- Automatic Access to the (FAST) program
- ATS scoring, for less frequent inspections
- Shipments for inspections directed to the front of the line during random inspection
- Expedited clearance times and significantly reduced enforcement and compliance inspections

Beyond the Border Action Plan is a joint Declaration between Canada and the United States that greater security and greater economic opportunity are mutually reinforcing goals.

The Action Plan proposes focusing on:

- Addressing threats at the earliest possible opportunity;
- Facilitating trade, economic growth and jobs;
- Building on successful cross-border law enforcement programs;
- Enhancing cross-border critical and cyber infrastructure.

The Free and Secure Trade (FAST) program is a Border Accord Initiative between the United States, Mexico, and Canada designed to ensure security and safety while enhancing the economic prosperity of each country. In developing this program, all 3 countries have agreed to coordinate, to the maximum extent possible, their commercial processes for clearance at the border.
Fluid, Safe, Environment at Canada/US Border

- Over $256M invested by CN to improve capacity and fluidity in NAFTA corridors
- CN +/-44 transborder trains per day
- On average US CBP clears CN trains in 30 minutes or less
- +/- 6,000 containers/week cross the Canada/US border on CN trains
- CN partners with both US and Canada Customs agencies
- CN Risk Management and CN Police closely tied with US CBP, CBSA, and law enforcement agencies on border security
- On average less than 1% of containers on CN trains are physically inspected at the US border due to keen focus on security and process