CANAMEX CORRIDOR PLAN WORKING PAPER

# TASK VI: **ENVIROMENTAL FATAL FLAW SCREENING AND INTERNATIONAL REGULATORY ISSUES**

Prepared for

**THE CANAMEX CORRIDOR COALITION**

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# INTRODUCTION

The CANAMEX Corridor Coalition was established by the governors of Arizona, Nevada, Utah, Idaho and Montana. Recognizing the shared challenges and opportunities presented by the region's principle north/south transportation corridor, the governors of these five Western states signed a memorandum of understanding to prepare a corridor plan. The CANAMEX Corridor Plan will be a bold, forward looking document designed to guide strategic transportation and other infrastructure investment. The Plan will aim to enable the five-state region to more fully harness the benefits of a changing national economy.

This Task VI Working Paper reviews the potential environmental concerns and identifies the international regulatory issues that are potential impediments to the implementation of the Initiatives suggested in the CANAMEX Corridor Plan. This task is divided into the following two sections:

Section I, **Environmental Fatal Flaw Review of CANAMEX Initiatives**, presents a brief discussion of each of the five CANAMEX Corridor Plan Initiatives from an environmental "fatal flaw" perspective.

Section II, **International Regulatory Issues**, discusses opportunities for harmonization of cross border regulations of the United States, Canada, and Mexico related to freight transportation, commercial vehicle safety, taxation, registration, licensing, vehicle size and weight, and agricultural controls.

## Section II
## INTERNATIONAL REGULATORY ISSUES

Currently, the Corridor confronts numerous regulatory impediments to trade flow, particularly at international border crossings. This section identifies opportunity areas for the harmonization of cross border regulations of the United States, Canada, and Mexico related to freight transportation, commercial vehicle safety, taxation, registration, licensing, vehicle size and weight, and agricultural controls.

### THE CANAMEX CORRIDOR

CANAMEX is truly an international corridor. The Corridor actually begins in Canada and Mexico. The Mexican end starts in Mexico City, the capitol of the United States of Mexico. The Canadian end is not so easily determined, but clearly extends beyond Edmonton, the capitol of Alberta.

The roadway between Mexico City and Nogales, Mexico has been designated by Mexican Transportation Department, (*Secretaría de Comunicaciones y Transportes "SCT"*) as one of the ten main highway corridors in Mexico. The Corridor is a mixture of toll roads and free roads. As of 1998 there remained 291 kilometers of the Corridor that required upgrading of the total 2,168 kilometers. The SCT 1999-2000 Highway Investment Program indicates that there was to be approximately six million US dollars invested on the Corridor.

In Canada, the entire length of the Corridor is within the Province of Alberta. Alberta is the economic center of Western Canada and 83 percent of Alberta's exports go to the US. Alberta is investing CAN$ 1 billion to complete 750 miles of interstate quality four lane divided highway between the US-Canada border and the Alaska Highway.

Both border states, Montana and Arizona, have developed strong relationships with their neighbors. Montana and Alberta participate in the Montana – Alberta Bilateral Advisory Council (MABAC), which serves as a forum for cross-border issues and to broaden international trade and relationships. MABAC was instrumental in the agreement to combine the vehicle inspection stations. On the Southern border, the Arizona Mexico Commission (AMC) has been a forum for the interchange of economic, political and cultural ideas and issues.

### INTERNATIONAL BORDER PORTS OF ENTRY

#### Existing Conditions

The International Ports of Entry on the CANAMEX Corridor exist at Nogales, AZ (Mexican) and Sweet Grass, MT (Canadian). Both of these sites have undergone improvements in recent years and are continuing to be enhanced. The goal of these

enhancements is to make the process of moving goods though the border simpler, quicker and more efficient.

Both international border crossings are served by interstate highways (I-19, I-15) and rail access. The crossings connect with major highways in the adjacent countries. At Nogales, I-19 connects with Mexican Highway 15. At Sweet Grass, I-15 connects with Canadian Highway 4.

Nogales is the largest port of entry for winter vegetables in the United States. Commercial daily truck traffic at the Nogales Port of Entry varied from 400 to 1,200 vehicles per day in 1999 with the heaviest traffic occurring during the winter months. A total of 14.4 million passengers and pedestrians; 255,412 commercial trucks; and 34,485 rail cars crossed the border from Mexico in 1999.

The Nogales Port of Entry actually consists of three crossings. Nogales I (Dennis DeConcini) and Nogales II (Morley Gate) are located in the downtown area of Nogales, near the terminus of I-19. Nogales III (Mariposa) is located on SR 189 approximately 1.5 miles west of Nogales I & II. Nogales I has pedestrian, passenger vehicle, and rail access between Mexico and the United States. Nogales II is only a pedestrian crossing and is located immediately east of Nogales I. Nogales III serves commercial and passenger vehicles.

The US facilities at Nogales I were constructed in 1964 with a new facility constructed in 1994. The pedestrian crossing at Nogales II was constructed in 1924. Nogales III facilities were constructed in 1984. Access to Nogales I and II is provided by Grand Avenue, which interchanges with I-19 at Crawford Street. Nogales III is accessed via SR 189 (Mariposa Road), which interchanges with I-19 approximately 3.1 miles north of the border crossing. Mariposa Road is a two-lane facility from Nogales III to I-19.

The Nogales I and II are open daily. Nogales I is open 24 hours. Nogales III is open from Monday through Saturday, 10 a.m. to 6 p.m. Nogales III is open between the hours of 6 a.m. and 10 a.m. The Mexican ports of entry are open similar hours. The downtown port is open 24 hours a day. The Mexican Customs at the port of entry opposite of Nogales III is open the same hours as the United States Customs Service (USCS) for the release of shipments to the United States; and between the hours of 8 a.m. and 6 p.m for import purposes.

The Sweet Grass, MT Port of Entry is located at the terminus of I-15 in the United States and Canadian Highway 4. The port is open 24 hours in both directions. A total of 208,812 passenger vehicles, 125,607 commercial trucks and 946 buses crossed the border from Canada in 1999.

**Recent/Planned Improvements**

The International Ports of Entry continue to undergo improvements. In 1998, two "SuperBooths" and two bypass lanes for pre-cleared commercial vehicles were constructed at the Nogales III port. A Cargo Search Vehicle Inspection System, or Truck X-Ray, was

completed in 1999. In addition, a mobile gamma x-ray unit was also installed that has been beneficial for the examination of tanker vehicles.

The port has been undertaking the "Mariposa Cargo Redesign Project" to enhance processing of commercial vehicles. These improvements include a Drug Screening Area, Rapid Enforcement Lanes and a designated enforcement section on existing docks.

The pre-primary Drug Screening Area consists of a shelter outside of the Customs compound where commercial vehicles are inspected while they are queuing for entry into the compound. The shelter includes platforms and catwalks that permit the inspectors to inspect the entire truck. In addition, teams of drug sniffing dogs work the queuing line as well. The Drug Screen Area has substantially improved Customs ability to inspect commercial vehicles and has greatly reduced delays associated with congestion because the vehicles are inspected prior to their entry into the compound.

The State of Arizona has also installed two slow speed weigh-in-motion scales at the immediate approach to the Customs Drug Screening facility in order to pre-weigh all incoming commercial vehicles.

In November 1999, Arizona applied for two projects under the US Department of Transportation Allocation Act, Border Safety Programs for the Port of Nogales. These projects are:

- Commercial Vehicle Port Intelligent Transportation System (EPIC 2) $800,000
- Commercial Vehicle Inspection Station Land Acquisition. $1,175,000

These applications are part of a facility improvement effort at Nogales III, which has to date received $3.68 million in Federal grants. In August 2000, two additional Federal Coordinated Border Infrastructure Grants were applied for which seek an additional $1.55 million for further port enhancements.

A recent port efficiency study recommended redesign of the entrance and deployment of a Traffic Management System that utilizes Intelligent Transportation Technology. EPIC 2 is such a system.

In September 2000, the Arizona Department of Transportation commenced the bid process to construct the first phase of a new State / Federal Port Annex that will include a new truck safety inspection building and adjacent parking and circulation lanes. The cost for this project will be about $5 million.

The lack of space available around Nogales III and congestion caused by customs brokers processing paperwork on the Mexican side is hindering the speed at which trucks can be processed. The City of Nogales and Santa Cruz County are undertaking a study to determine the feasibility of new north-south, east-west connector road and I-19 frontage roads. This is a regional transportation plan intended to develop proposed roadway corridors. The project has

proposed four corridors for consideration. The proposed north-south connector would provide new four-lane divided access from Nogales III to I-19.

The State of Arizona, in collaboration with Federal inspection services is cautiously optimistic that the many new port improvements taking place at Nogales III will add to the overall efficiency of this, the sixth busiest cargo port along the US – Mexico border. The current expansion of the Mariposa facility appears to address many future needs and problems of the border agencies. However, the facility was built in 1984 with a utility life of about 25 to 30 years. The expansion of the facility really only addresses the expanded roles of the port of entry such as vehicle inspection. The life expectancy of Nogales III will probably not change substantially considering the anticipated growth in trade.

A future alternative to the eventual redevelopment of Nogales III is the creation of an inland port authority. A good example is the Northern Express Transportation Authority (NETA), also known as the Port of Northern Montana in Shelby, Montana. NETA is an inland port authority chartered under the laws of the State of Montana. NETA was responsible for the construction of a bulk transload facility, warehousing and transit facilities and the approval of the Free Trade Zones in northern Montana. NETA also initiated the agreement between Montana and Alberta authorizing Canadian truck weight limits on U.S. Interstate 15 between Sweet Grass and Shelby.

An inland port authority in the Nogales region could develop a new port of entry with warehousing facilities, customs broker offices, Federal and state inspection facilities. In addition, the port authority could be involved in the planning of roadways and airport expansions and discussions with Mexico regarding trade related issues and cooperation.

In Mexico, a new by-pass (*periférico*) was recently completed. The by-pass is a secure, very limited access roadway that permitted Mexican customs to relocate the customs facility. The Mexican customs facility was moved from its former border location to a site inside Mexico. Due to the relocation of the facility, and the secure nature of the by-pass, Mexican customs allows US trucks to enter Mexico up to the new customs facility.

The new by-pass is a substantial improvement over the old roadway. The old roadway was narrow and made it difficult for passenger vehicles to pass the commercial vehicles queuing for the Mariposa commercial facility. Trucks no longer prohibit the movement of passenger vehicles to the passenger facility at Mariposa.

At the Sweet Grass/Coutts Port of Entry, significant plans are currently being prepared for construction of a new joint border crossing facility. The two-year construction period was projected to begin in March 2001, however this has been delayed. This project will construct a new joint facility for US and Canadian operations. In addition to the $26 million Main Port Building, other facilities include a US Commercial Inspection Building and Secondary Inspection Building, Canadian Inspection and Tertiary Inspection Buildings.

Since 1991, Montana and Alberta have shared a joint port-of-entry commercial vehicle weigh station and safety inspection facility, located on the Alberta side of the Montana/Alberta

border, that is completely separate from the customs and immigration activities that occur at the border itself. The weigh station/inspection facility is jointly staffed by MCS Commercial Vehicle Enforcement Officers and Alberta Constables who enforce United States, Canadian, Montana, and Alberta commercial motor carrier laws as trucks travel both north and south across the border. The weigh station/inspection facility is not automated and there are currently no plans or funds with which to accomplish automation.

During the mid-1990s, Canada and the United States began conceptual design work on a replacement for the existing Coutts/Sweet Grass border crossing facility that houses the U.S. and Canadian Customs and Immigration offices. The General Services Administration (GSA) is the federal agency in charge of the U.S. portion of the project. Safe parking spaces for commercial vehicles on the U.S. side of the border has long been a serious problem for truckers who must wait for brokerage offices to open so they can enter Canada. The GSA design currently under construction does not address this issue. Montana and Alberta also have other funding and operational concerns with the GSA project design and both jurisdictions are continuing to work with GSA to resolve these concerns.

Recent grants to Coutts, Alberta include $700,000 for Automated Permit Ports (APP), including equipment and facilities modifications at nine sites around the country, including the port-of-entry at the Montana/Alberta border. The APP is an alternative inspection system to extend the hours when a person involved in the program may enter the United States. The program involves a photo-ID, personal identification number and voice recognition. An amount of $500,000 was granted to Sweet Grass for the CVO projects.

## TRUCK REGULATIONS

The Ports of Entry (POE) in each of the CANAMEX states have the mission to ensure compliance with motor carrier regulations; to provide assistance and information to the motor carriers; and to assist in the preservation of the highway system and the safety of the traveling public. This mission is accomplished through safety inspections and educational programs provided to commercial vehicle drivers and motor carrier companies. The states have ports of entry along the CANAMEX Corridor to enforce the laws and regulations of the state.

As CANAMEX becomes a corridor between three nations, coordination with Canada and Mexico become more vital. Currently, the Canadian regulations, established as a result of the Road and Transportation Association of Canada study, provide for maximum axle weight limits of 12,125 pounds for steering (single) axle, 37,479 pounds for tandem-axle and 46,297 to 52,911 pounds for tandem-axle. The maximum gross vehicle weight is up to 137,500 pounds. Each of these weight limits is higher than the presently allowable US standards.

The Federal government establishes vehicle weight standards in Mexico. Maximum axle weights are 14,330 pounds for steering axle, 42,990 pounds for tandem axle and 49,604 pounds for tandem-axle. Maximum gross vehicle weight is also higher than US Standards at 132,000 pounds. **Table 2** shows the different requirements for trucks traveling along the Corridor. Longer Combination Vehicles (LCV or “triples”) are also listed in the table.

**Table 2**
**Truck Gross Vehicle Weight (GVW)**
**Maximum Allowable by State**

| State | Max. Allowable Gross Vehicle Weight (GVW) (lb) | Longer Combination Vehicles (LCV - "Triples") | |
|---|---|---|---|
| | | Length (ft) | Weight (lb) |
| Arizona [1] | 80,000 | Not Allowed | |
| Nevada | 129,000 | 105 | 129,000 |
| Utah | 125,000 | 105 | 129,000 |
| Idaho | 105,500 | 105 | 105,500 |
| Montana | 122,620 | 105 | 131,060 |
| Canada | 137,500 | 82 | 137,500 |
| Mexico | 132,000 | 102 | 132,000 |

[1] Arizona does allow trucks weighing up to 129,000 pounds on I-15 in the northwest corner of the state.
Source: State DOTs, Ports of Entry

## INSTITUTIONAL AND REGULATORY ISSUES

The initial step toward the effective movement of goods in North America was made under the U.S. – Canada Free Trade Agreement (US-CA FTA) entered into in 1987. The US-CA FTA permitted U.S. and Canadian truckers to operate in the each other's country with far greater flexibility. This greatly improved the efficiency of trucking companies and reduced the cost of producing goods in both countries. This has continued to be a major influence on the increase of trade between the two countries.

The concern over international trucks from Mexico inundating US highways has been an issue since the signing of the North American Free Trade Agreement (NAFTA). NAFTA sought to reduce and then eliminate commercial vehicle restrictions between the three nations. The steps to eliminate the restrictions were to take place in December 1995 and December of 2000. After 1995, the NAFTA was to allow trucks to complete freight pick-ups and deliveries in border states of the US and Mexico. After 2000, NAFTA would allow trucks to have full access to both countries for international cargo.

NAFTA also allows investment in motor carrier operations in other NAFTA countries. Mexican carriers were to be permitted to create or invest in motor carrier operations in the United States and Canada. US and Canadian carriers were to be permitted to invest in motor carrier operations in Mexico. Their percentage of ownership in Mexican motor carriers was to increase incrementally over the past five years. The investment provisions were intended to allow a single company to have access to the entire North American region in December of 1995.

Currently, Canadian law does not prohibit Mexican motor carriers from operating in Canada. Mexico has provided operating permits to Canadian carriers, but those carriers have not taken advantage of the opportunity to operate in the Mexican Border States.

The US Department of Transportation's Secretary Federico Peña announced in December 1995 that the US would not formally process the Mexican applications for the authority to operate in the US as was scheduled under NAFTA. This announcement was based on the perceived increased risks in terms of public safety, the environment, illegal drug movements, and the impact that Mexican truck traffic would have on US roadways.

Little progress in implementing the provisions of NAFTA, concerning cross-border trucking, has been made. No specific dates or timelines exist for the elimination of existing restrictions. The methods for processing and transporting goods across the borders continue to be accomplished in the same manner as has been in place since the 1980s. The US negotiators are moving to ensure that when the border is opened to tri-national trucking, that the concerns over public safety, detriment to US roadways and inundation of international trucking are fully alleviated.

New freight operation methods will undoubtedly come into existence when the border is open. Opportunities will arise for freight forwarders and consolidators to move further away from the border. Multi-modal/intermodal centers may be constructed further away from the borders along I-19, I-10 or I-15. These developments will allow freight to be processed more rapidly through Nogales and Sweet Grass and create different trade patterns. Since this process is still progressing, it is difficult to predict how trade will exactly be affected.

**Studies and Initiatives**

The signing of the NAFTA on December 17, 1992 forced government and the private sector to seriously reevaluate trade connections at the international borders. In the subsequent years, a large number of task forces were organized and studies conducted related to improved efficiency at international ports of entry. Ports of entry along the southwest border received most of the attention of these efforts. These studies included:

- ISTEA Sections 1089 & 6015 Assessment of Border Crossings and Transportation Corridors for North American Trade, 1993.
- Arizona Trade Corridor Study, 1993.

- Border Infrastructure and Facilitation (interagency) Task Force, Recommendations for Improved US Border Operations, 1994.
- Arizona Port Efficiency Study, (APES) 1997.
- Bi-national Planning and Programming Study, 1998.
- Interagency Task Force on the Economic Development of the Southwest Border, Empowering the Southwest Border Communities to Meet the Challenges of the 21st Century, 2000.

Many of these studies made similar recommendations. Most of these recommendations are still valid. Some of the findings and recommendations included:

- Arterials leading to border crossing sites are under stress and will probably not be able to handle the significant greater amounts of traffic. Improvements will be needed.
- Delays in traffic, air quality, safety risks associated with commercial vehicles and deterioration of infrastructure will negatively affect border communities.
- Delays at borders are due to trade volumes, inspections requirements, lack of traffic management and cargo clearance procedures.
- Infrastructure and facilitation planning is fragmented and inadequate. Planning should be bi-national and apply to northern and southern borders.
- The harmonization of border crossing procedures and inspection criteria.
- Operational improvements; e.g. coordination of hours of operation, staffing levels, paperwork processes, and the use of automated systems and new technologies.
- Redesign and restructure of the Mariposa commercial cargo facility; including the redirection of traffic flows, deployment of Superbooths and the increased participation in Gate-to-Gate programs.
- Develop a dedicated commuter lane (DCL) at the Mariposa passenger facility.
- The law enforcement community should continue to work with Federal, state and local partners and build on existing relationships with the government of Mexico to reduce crime along the border and to advance cooperative efforts with an aim towards creating a stable environment for economic growth and prosperity.
- Continue to support the *Border Coordination Initiative* as the primary means for increasing agency coordination and effectiveness along the Southwest Border
- Develop a comprehensive strategic plan for the Southwest Border Region that encourages sustainable economic development.

North American Trade Automation Prototype (NATAP) was a demonstration project of the North American trade processes and systems of Mexico, the United States, and Canada and how it could function more effectively through the use of common data elements, documents and processes for commercial customs clearance. NATAP was the closest attempt to the

development of harmonized customs processes. NATAP proved a success in many ways, but the ultimate concept of harmonizing customs processes has been substantially abandoned in North America.

The only initiative currently being explored is the G7 Customs Initiative. In June 1996 the G7 heads of state launched an initiative for the harmonization and simplification of Customs procedures at the global level. The United States and Canada are involved in this program. Mexico has accepted the concept even though it is not a G7 nation.

**Current Institutional and Regulatory Environment**

United States land ports do not utilize a true pre-clearance process. The trader submits import data to US Customs via the Automated Broker Interface (ABI). Goods are not released for entry into the United States, however, until the conveyance is presented at the US port of entry. Until they are released, Customs officials may request to inspect the goods for any irregularities they identify.

In Nogales, Arizona, customs brokers actually operate at the Mariposa port of entry. They provide customs documentation to the truck driver as he approaches the primary inspection booth. A majority of these transactions import agricultural commodities. The carriers that transport Mexican produce into the United States are typically owner-operators or otherwise, small motor carriers. In many instances, the grower provides his own trucks.

In Mexico, the system is more closely identified with a pre-clearance process. All the customs information is submitted to Mexican Customs prior to the entry. All tariffs and duties are to be paid prior to the arrival of the goods at the port of entry.

A primary difference between the two systems is that the Mexican Customs inspects cargo based on a computer generated random selection of conveyances. After the conveyance is inspected, it must submit to the random selection system again. If it is selected again, then an independent inspection company performs a secondary inspection.

The Arizona Department of Agriculture (ADA) performs many of its inspections in Mexico. ADA inspects fruits and vegetables south of border pursuant to agreements with produce facilities in Nogales. This cooperation expedites the movement of goods through the port of entry. There exist other cooperative possibilities, such as the issuance of commercial vehicle permits and vehicle inspections that could streamline the processing of commercial vehicles at the port of entry.

**Transportation Environment**

United States and Canada permit motor carriers to freely operate in each other's countries. In addition, motor carriers domiciled in one country may establish a motor carrier in the other country for purposes of delivering domestic and international freight. Pursuant to NAFTA, these same rules were to apply to all three countries by the year 2000. However, due to disputes between the United States and Mexico, motor carriers domiciled in one country are not permitted to operate in the other country except for small commercial zones within the United States.

United States and Canadian motor carriers register, license and pay fuel taxes in both countries with little if any differences. Many carriers providing international services are also members of the International Registration Plan (IRP). The IRP provides a system that allows motor carriers to provide registration information and funds to a single home state. The home state then distributes the registration fees to those other member states in which the motor carrier operates. All of the CANAMEX states in the United States and Canada are members

of IRP. The registration of motor carriers and their vehicles is a matter of Federal jurisdiction in Mexico. There have been efforts to include Mexico in the IRP. These efforts have not succeeded thus far. Incorporating Mexico into the IRP would bring substantial administrative savings to both carriers and states. It also presents an excellent opportunity to harmonize the registration process in North America.

Mexican motor carriers that operate in the commercial zone in Arizona utilize two means of registering their vehicles. A trip permit allows the carrier to enter Arizona and return the Mexico for a single trip. The other means for registering a commercial vehicle is to obtain an annual registration and fuel tax license.

All motor carriers are required to adhere to motor carrier safety regulations. The Arizona Department of Public Safety (DPS) inspects Mexican motor carriers entering the United States at the port of entry. DPS inspects as many commercial vehicles as their resources will permit.

The process for moving goods across the border involves multiple motor carriers. This is due to the restriction of the movement of Mexican trucks to the border commercial zones since 1980 and the exclusion of US carriers from Mexico. The typical movement of goods across the southern border includes three separate motor carriers. The first carrier delivers the goods to the origin side of the border. The second carrier, commonly referred to as a drayage carrier, transports the goods from one side of the border to the other. The third carrier transports the cargo from the border to its destination.

Initially, NAFTA was intended to eliminate this problem by allowing Mexican, US and Canadian motor carriers to pick up and deliver cargo in the United States and Mexican border States. NAFTA permits Mexican motor carriers to establish operations in the United States for the sole purpose of transporting international cargo between points in the United States. NAFTA provides the same authority to US and Canadian carriers investing in operations within Mexico.

The old system has been sustained due to the delay in the implementation of NAFTA. Implementation of the terms of NAFTA will greatly reduce congestion and improve the efficiency of all aspects of moving cargo across the southern border.

Motor carriers are concerned with the security of their equipment, drivers and cargo. The United States and Mexico have serious problems with the hijacking of commercial shipments. In the United States this problem is primarily concentrated in ocean ports, while in Mexico, the problem is prevalent throughout the country. Security could be greatly improved through an effective means of the cross-border exchange of information regarding stolen cargo, by reducing Cellular dead spots throughout the CANAMEX Corridor; and by developing safe and secure rest stops along the CANAMEX.

One of the disadvantages to using CANAMEX Corridor to transport cargo from central Mexico to the United States is the length of time the cargo remains in Mexico. The distance between central Mexico and Laredo or El Paso is half that distance from central Mexico to

Nogales. Exporters and importers want to reduce the amount of time the goods remain in Mexico due to security concerns.

**Institutional Programs**

There are currently a number of programs designed to reduce the institutional barriers at border ports of entry. Some of the most relevant to CANAMEX include:

- **Border Release Advanced Screening and Selectivity (BRASS)** is a program in which the cargo is released from Customs at the primary inspection without need for further inspection of documents or the conveyance. BRASS is intended to expedite the clearance of cargo by having the importation information submitted to customs prior to the conveyances arrival at the port of entry.

- **Canada Customs Self Assessment Program (CSA) (Spring 2001)** is a pre-screening system that requires that the importer, the carrier, and the driver all be participants in the program.

- **Customs Automated Forms Entry System (CAFES)** is a pilot project for a new automated option for In-Bond cargo. The new system will use "2D" bar codes on the current In-Bond document (Customs Form 7512). It is hoped that this will expedite the data capture and release for in-bond cargo.

- **International Trade Data System (ITDS)** is a project for the development of a system to collect all information for the US Federal processing of trade that crosses our borders. The concept is that all trade data will be submitted in a single transmission to the Federal government. Important goals of the ITDS are conversion to electronic interchange of trade data between the trade community and the US Government.

- **Border Coordination Initiative (BCI)** is a plan developed by the US Customs and the INS for increased cooperation on the Southwest Border to enhance the interdiction of drugs, illegal aliens, and other contraband.

- **Canada Customs Accelerated Customs Release Operations Support System (ACROSS) and Other Government Departments (OGD):** ACROSS uses advanced electronic technology to streamline the way goods are imported into Canada. Under ACROSS, importers and brokers exchange information electronically with Canada Customs thereby removing the requirement to present hard copy release packages. Further enhancements to ACROSS introduced the capabilities of allowing traders to transmit release information to other government departments (OGD).

- **Commercial Vehicle Operations Traffic Management System (EPIC 2)** involves the installation of AVI readers at control locations throughout the Mariposa port of entry. The primary focus of this project is to monitor and control the movement of commercial vehicles throughout the facility.

One of the biggest reasons for the failure of automated systems at the international borders has been the lack of participation of traders, carriers, and other parties. The original EPIC project is a good example. The project only registered an average of 2.9 events per day for 92 days. This did not provide sufficient data to properly test the effectiveness of the system. Therefore, the enrollment of participants in ITS and other automation projects must be considered a critical element in the planning and evaluation of any project.

**Regulatory Programs**

The three North American countries have been striving to harmonize trade regulations since the passage of NAFTA. The primary focus of these harmonization efforts has been in the area of transportation safety. The only substantial effort made to harmonize customs procedures was the NATAP program. Each country is now developing its own automated customs programs and there does not appear to be any discussion related to the harmonization of customs regulations.

The United States and Canada began the process of harmonizing transportation safety regulations after the passage of the United States – Canada Free Trade Agreement. Those efforts have been largely successful. Harmonization with Mexican motor carrier safety standards has been a more difficult task.

To facilitate the harmonization of transportation regulations and laws, NAFTA created the Land Transportation Standards Subcommittee (LTSS). In addition, the three Secretaries of Transportation agreed to the creation of the Transportation Consultative Group (TCG) to identify and harmonize other irregularities in transportation. The work of the LTSS has been moderately successful. All three countries have agreed to recognize the validity of the their respective commercial drivers licenses (CDL). They negotiated reciprocity of driver's medical standards. In July 2000, Mexico issued its first standards related to the minimum safety standards of commercial vehicles. In addition, Mexico has recently passed standards related to log book requirements for drivers operating in Mexico.

**Potential Opportunities**

The following projects/tasks should be pursued or reinforced to improve efficiency at the international port facilities along the CANAMEX Corridor:

- Improved access from Nogales III to I-19.
- Continued coordination between US, Mexican and Canadian officials and inspectors over inspections, automated pre-clearance, documentation and hours of operation.
- Improved truck storage near the ports.
- Priority for international ports of entry for ITS and other automation projects. Automation has proven very effective in reducing trade barriers due to its need for the harmonization of standards.