

BTA

Border Trade Alliance / Alianza del Comercio Fronterizo Alliance du Commerce Transfrontalier

TESTIMONY OF THE BORDER TRADE ALLIANCE BEFORE THE SENATE GOVERNMENT AFFAIRS
COMMITTEE

PRESENTED BY STEPHEN GROSS, CHAIR

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Chairman Lieberman, Ranking Member Thompson, and members of the committee, good morning. My name is Stephen Gross. I want to thank you for this opportunity to testify this morning on the proposed realignment of Federal Agencies that are so important to homeland security.

I am the president and owner of Border Trade Services in San Diego, California. We are a cross-border warehousing and logistics company employing over 100 people in San Diego, California and Tijuana, Mexico. But what brings me here today is my position as the 2002 chairman of the Border Trade Alliance (BTA). The BTA is a grass-roots organization that was founded in 1986 as a group of individuals, entities, and business that conduct legitimate cross-border business in the NAFTA marketplace. As such, we have a unique perspective on the security challenges facing our land borders. Part of that perspective includes past support of the concept of Unified Port Management, where we sought a more efficient management structure at our land border ports of entry by consolidating leadership in one person, as opposed to our current structure, which employs many bosses throughout the agencies posted at the border.

Representing a group that lives and works in border communities, I bring to you today firsthand experience in interacting on a daily basis with the federal agencies posted along our borders, namely the U.S. Customs Service, the Immigration and Naturalization Service, and the Border Patrol (a division of the INS).

The events of September 11 presented all of us with challenges the likes of which we had never contemplated before. But our organization is hopeful that these terrible events have presented our nation an opportunity to improve the way we approach security, and that includes examining how the resources of our borders can better be managed to enhance our physical and economic security.

The case for realignment

Senators, our land border security and trade facilitation is severely lacking. The various Federal Inspection Service Agencies posted along the U.S.- Mexico and U.S.-Canada borders are charged with poorly defined and sometimes conflicting missions. Oftentimes, our ports of entry are home to petty squabbles over turf and resources, and fall victim to mismanagement.

The land border ports are not home to business best practices. At each port of entry, Customs and INS personnel are operating with different missions, despite that fact that Customs and INS are cross-trained in the primary inspection lanes. The INS inspector, because of an ingrained culture in that agency, is more likely to focus on looking for travelers seeking to gain illegal passage to our country. That same ingrained culture is what causes the Customs agent to focus his or her attention more on preventing contraband smuggling. Both missions are important ones. The INS or Customs employee at the port of entry receives incentives to carry out the individual mission of his or her employing agency. There is no incentive to work together or speed legitimate trade and cargo through our ports of entry.

Despite recent talk in this post-September 11 environment of improving lines of communication at the highest levels of INS and Customs, we rarely see that same spirit of cooperation employed at the ports themselves where it is needed most. Remember, our immediate threat to security is at our borders, not in an office in Washington. And the billions of dollars in

trade our county engages in happens at the borders, not in an office. If there is any organization that wants to improve management of our borders and the agencies posted there, it is ours.

Because of these reasons, we view Senator Lieberman's legislation, S. 1534, with great interest. We believe that Senator Lieberman's bill would go far in decreasing government costs and increase efficiency by placing both Border Patrol and Customs under the same agency head.

Realignment of this sort would improve border security by removing a layer of bureaucracy between the ports of entry and the coordinator of all security efforts. Realignment would put one entity in charge: A cabinet level Secretary overseeing the Department of National Homeland Security.

As you know, under our current structure, the commissioner of INS reports to the Attorney General while the Commissioner of Customs reports to the Secretary of the Treasury. The security missions of these two agencies are too important to be spread across two large federal agencies.

We believe that, among other things, agency realignment will:

- Establish accountability for border inspection in a single agency
- Eliminate overlap and duplication of efforts
- Prevent the development of redundant support systems
- Facilitate and streamline the processing of legitimate trade and travel
- Improve enforcement of laws at our borders

Concerns

We do have some concerns with this bill, however. Our organization has always believed that increased security at our borders need not be achieved at the expense of trade facilitation. Indeed, we believe that the two are one in the same. With the proper resources, our Federal Inspection Service Agencies can quickly weed out those individuals who would seek to do us harm while processing legitimate trade and travelers with a reduction, or at the very least no increase, in the time the cargo or traveler is spent waiting at the port of entry. With that said, we want to be sure that any new emphasis on security does not hamper legitimate trade and travel, which is so vital to our economy.

Second, we recommend that all the enforcement functions of INS – not just the Border Patrol – be transferred to this new agency. Our hope is to put an end to turf battles at the ports of entry and get everyone committed to the same goal. We fear that only shifting Border Patrol to the Department of National Homeland Security and not the other enforcement functions of INS will perpetuate these problems and leave our border security strategy without proper coordination.

Third, while it may seem trivial, we do have some concern about what message the name “Department of National Homeland Security” conveys to our trade partners, especially our NAFTA neighbors, Canada and Mexico. Perhaps a name along the lines of “Department of National Homeland and Economic Security” would more accurately convey that ours is a nation still open to the world market.

We also recommend that we not lose sight of the larger picture of all the security functions that take place at a port of entry. The committee may want to consider including the Animal and Plant Health Inspection Service (APHIS) in this legislation. APHIS is critical in securing us against food terrorism.

There are other proposals for agency realignment circulating on Capitol Hill and we welcome the opportunity to consider them as well. We are supportive of any effort that will secure our borders and facilitate the passage of legitimate trade and travel. We do, however, advise that any transfer of INS enforcement functions and Customs not end up in the Department of Justice. That department does not have a proven track record in consulting with private industry on a regular basis, and we fear that maintaining our country's strong trade position will not be a priority in such an organization.

A note on infrastructure

Allow me for just a moment to talk about infrastructure security. At the BTA, we have been consistent advocates of infrastructure improvements along our borders, whether that may mean new bridges and roads connecting our economy to our neighbors to the north or south, or new facilities for the men and women who work day in and day out for the agencies posted at the border.

S. 1534 calls for the Critical Infrastructure Assurance Office and the Institute of Information Infrastructure Protection of the Department of Commerce and the National Infrastructure Protection Center and the National Domestic Preparedness Office of the Federal Bureau of Investigation to be shifted to the Department of National Homeland Security.

While our familiarity with those offices is not sufficient to comment on their possible transfer, we can say that the protection of our links to the global economy is paramount. Imagine if the Ambassador Bridge, linking the cities of Detroit, Michigan and Windsor, Ontario were to be rendered unusable. The same can be said for the Blue Water Bridge in Port Huron, Michigan, or the Peace Bridge Peace Bridge in Buffalo, or the many bridges linking Texas and Mexico across the Rio Grande.

These critical pieces of infrastructure link our economies, certainly, but they also connect friends, family, and cultures. They deserve any efforts to ensure their security.

What's at stake

Improving security at our land borders is a worthy and necessary goal not only to ensure our physical safety, but also to preserve our economic security. The World Trade Center was targeted on 9/11 because those two towers were powerful symbols of our nation's presence in the global marketplace and our strong domestic economy.

As a result of implementation of the North American Free Trade Agreement, trade has between the U.S., Canada, and Mexico has grown enormously, and all signs indicate that this trade will continue to grow.

In its report, "NAFTA at Seven", a look at the short but successful life of this trade agreement, the U.S. Trade Representative's Office states that:

"U.S. goods exports to NAFTA partners more than doubled between 1993 and 2000, significantly higher than export growth of 52 percent for the rest of the world over that same period."^[1]

In a speech last year to the Council of the Americas, U.S. Trade Representative Robert Zoellick said, **"we trade \$1.8 billion a day with our NAFTA partners--that's \$1.2 million a minute."**^[2]

For those of you who have not visited a U.S. port of entry, I encourage you to take the time and travel to Detroit, or San Diego, or Laredo, Texas and see NAFTA in action. In Laredo, in the pre-NAFTA days of 1990, just over 261,000 trucks headed south from Texas into Mexico. In the year 2000, that number shot all the way up to 1.4 million.^[3] Statistics for northbound trucks are equally impressive.

These numbers speak to the unique relationship our nation holds with our neighbors Canada and Mexico. We urge Congress to enter into an open dialogue with our NAFTA partners as we undertake changes as monumental as those proposed in S. 1534 in order to ensure that our NAFTA trade relationship does not fall victim to unintended consequences.

Those numbers also mean jobs for Americans, and a stronger U.S. economy. We cannot afford to risk our quality of life to those who seek to do us harm.

Answering the critics

There are some that say now is not the time to take on an initiative as bold as that outlined in S. 1534. They say that things are getting better and that the agencies responsible for border management are working together now more than ever.

We answer those claims with a question: What is so great about today's situation at the borders that is worth preserving? To what point will things have to deteriorate before we look at making a bold change?

We also want to ensure the committee and the public that we have little interest in creating another large bureaucracy in Washington that the trade community will have to wrestle with. If anything, we view the proposals contained in S. 1534 as a way to *streamline* communication between industry and regulators by creating a "one stop shop" on cross-border issues.

Conclusion

No amount of reorganization is going to result in better border management without a commitment from Congress to provide agencies with the tools they need to keep trade flowing and make our borders more secure. But now, more than ever, is the time to start looking at significant realignment of agencies posted at the border.

If real security and trade efficiency are to be achieved, we must take the first step by consolidating the agencies under one leadership structure. It may take years to change the internal cultures at the individual agencies, but without this first step, our goals will never be achieved. This is a matter of national survival and economic security.

Looking ahead, we believe that ultimately we are going to have to look seriously at consolidating all agencies with enforcement duties at the land border ports of entry into one agency with responsibility solely for border administration. S. 1534 is a good first step.

Finally, we do not make these recommendations lightly and we know that the types of changes we are discussing here will not completely insulate us from outside threats or be the ultimate solution for our ports of entry. But years of living and working in border communities and in and around ports of entry have brought us to the same conclusion: Bold changes are needed if our national security and economic security is to be preserved.

On behalf of the Border Trade Alliance, I want to thank you again for listening to my comments here today. I will do my best to answer any questions you may have as we all seek a way to effectively organize our government for homeland security.

[1] "NAFTA at Seven." http://www.ustr.gov/naftareport/nafta7_brochure-eng.pdf

[2] U.S. Trade Representative Robert Zoellick, speech to the Council of the Americas, May 7, 2001.

[3] "Truck Crossings into Mexico from Texas, 1990-00" <http://www.tamtu.edu/coba/bti/bridge/trucks/tksthry.htm>