



The Benefits of US-Canada Preclearance in the Pacific Northwest

The need for congressional and parliamentary action to execute this landmark agreement.

In 2015 the Agreement on Land, Rail, Marine, and Air Transport Preclearance was signed by the US and Canada as part of the Beyond the Border Action Plan and reaffirmed the US and Canadian joint commitment to enhancing security while facilitating lawful travel and trade. **In order to finalize this landmark agreement, both countries must pass legislation to fully implement preclearance. A bill in Canada is required to approve the agreement. While no US congressional action is needed to approve the agreement, a bill in the U.S. Congress is required to give the United States extraterritorial jurisdiction over preclearance officers. This would allow for the provisions of protections and accountabilities to preclearance officers while performing official duties in Canada.** This congressional action will allow the preclearance implementation process to move forward as planned. The benefits of preclearance described below clearly illustrate why passing a bill is in the region's and both nations' best interest and must be acted on quickly.

Improving Safety and Security of our Border

Preclearance is one of the key elements of the US-Canada [Beyond the Border Action Plan](#). The Action Plan outlines specific activities as part of a long term strategy for the US and Canada to work together at the border and beyond, to address threats at the earliest point possible while facilitating the legitimate movement of people, goods and services across our shared border. The Preclearance agreement gives US Customs and Border Protection and Canada Border Services Agency officials the authority to conduct border security and inspections in the other country prior to departure. By taking a perimeter approach to security, each country will address potential threats early and improve efficiency of legitimate travel and trade at the border.

Enhancing Economic Competitiveness

Making cross-border transit more efficient for business travel, tour operators, and independent leisure travelers, when the Preclearance Agreement is implemented, will greatly enhance competitiveness of PNWER's \$55 billion regional Travel & Tourism sector. As business and leisure travel itineraries become increasingly multi-modal and demand for Two Nation Vacations grows in the Pacific Rim market, efficient execution of Preclearance will be a positive signal to the investment and business climate in Washington State and British Columbia.

The Pacific Northwest is in a unique geographic area of mountains and sea and has all the transportation modes tied to the “Two-Nation Vacation” including fixed wing and float planes, Amtrak Cascades and Rocky Mountaineer rail service, Victoria Clipper, Black Ball and Washington State Ferries, and an international cruise industry of vessels large and small.

The following are examples of the benefits of the implementation of the Preclearance agreement by sector in the Pacific Northwest.

Rail

Amtrak Cascades: For the past 20 years, Amtrak, USCBP and CBSA has safely, and successfully, performed passenger pre-inspection. In 2015 alone the total passengers (on/off) at Pacific Central Station was 157,923. Building on this established operation, full preclearance would result in reduction of travel time and improved reliability for cross border passengers. Amtrak, Washington State Department of Transportation and the host railroad BNSF would be able to provide more predictable reliability along the bi-national, bi-state corridor. The recent \$800 million federal ARRA and HSIPR grants in Washington State makes significant improvements to provide reduced travel time as well as more reliable and on-time service in the corridor (Rocky Mountaineer also provides seasonal service between Seattle and Vancouver BC with connections to BC and Alberta).

Preclearance is expected to provide a reduction in travel time and greater reliability and benefits at a less cost than other past improvements to rail infrastructure. The benefits resulting from Preclearance would also increase ridership and revenue for the Amtrak Cascades, making the service more financially sustainable. (Rocky Mountaineer also provides seasonal service between Seattle and Vancouver BC with connections to BC and Alberta).

Once the Preclearance Agreement enters into force, it will allow U.S. Customs and Border Protection (USCBP) to perform customs and immigrations duties prior to passengers boarding trains in Canada heading across the border. As the Agreement is fully reciprocal, Canada Border Services Agency will also be able to set up preclearance locations on the U.S. side of the border. This impacts rail passenger service in a number of ways:

- Eliminates the train stopping at the border to perform customs and agriculture duties.
- Eliminates delays to the train associated with passengers who are detained and unable to enter either country. This would be addressed at the station prior to departure.
- Reduces the overall run-time and increases the predictability of the route between endpoint city pairs
- Reduction of run-time results in increased ridership and revenue for the route.
- Amtrak Cascades Service becomes more sustainable and less dependent on State funds for operations.

Ferries and Cruise Ships

Washington State Ferries (WSF): Currently operates service connecting Anacortes, WA and Friday Harbor WA with Sidney BC. There are operational and capital challenges to implementing preclearance at the WSF facility leased from the Town of Sidney. There are also many benefits to preclearance including reduction in travel times for international passengers and enhanced scheduling reliability for the ferry system which also serves ferry dependent communities in the San Juan Islands. Preclearance would also facilitate Tourism development by supporting NORPASS, an integrated ferry pass currently being contemplated among Salish Sea ferry operators. Preclearance would also allow the relocation of radon equipment to a permanent facility in Sidney from Friday Harbor and Anacortes.

Victoria Clipper and Black Ball: As a gateway to Vancouver Island and an important international port that provides access for up to \$300 million in goods and 800,000 passengers, the Belleville international ferry terminal serves the Victoria Clipper and Blackball Transportation's MV Coho. With pre-inspection already successfully deployed, two motivated operators, supportive city council, aligned provincial officials and an engaged tourism community, Belleville is a prime location to transition from pre-inspection to full preclearance once the Agreement enters into force. Challenges to conversion are likely to include installing radiation and other commercial monitoring equipment in Victoria. As an added benefit, the proximity of the Belleville International Terminal to the Ogden Point Cruise Terminal begs an innovation opportunity whereby staff and other resources are smartly shared between the two ports.

Victoria and Vancouver Cruise Ports: US immigration pre-inspection for Alaska-bound cruise passengers has been in operation in the Vancouver cruise terminal for decades, with some 400,000 embarking passengers being pre-inspected. With the new Preclearance Agreement there is an opportunity to move the Vancouver home port operation to a full preclearance model. Although the Vancouver cruise operation may be the most viable immediate test case outside of the air mode for full preclearance, careful consideration of operating details and capital investment requirements is needed to assess the benefits of transitioning to full preclearance or shifting to post-clearance (inspection upon arrival at a U.S. port), given that existing immigration pre-inspection operations will cease once the Agreement enters into force. With respect to the Ogden Point Cruise Terminal in Victoria, ships calling at this port are typically in-between ports in Alaska and the end of the voyage when they disembark in Seattle. Since US CBP considers these cruises as closed-loop (with all passengers starting and ending in Seattle), the returning passengers are already considered relatively low risk for the purposes of expedited post clearance on disembark in Seattle. The Victoria Harbour and tourism community are actively working on a vision to home port a small Alaska cruise ship by 2020. This initiative started with encouragement from a major cruise line based on the difficulty that small ships have in securing berthage in Seattle and Vancouver, and a strategy is being built among stakeholders. In order to realize this important bilateral economic opportunity, Ogden Point would need to request a US preclearance operation.

Air Transport

Salish SeaPlane: This initiative entails the restoration of harbor to harbor float plane service between Vancouver, B.C. to Seattle's Lake Union. With US companies such as Amazon and Microsoft employing thousands of workers in Vancouver who travel frequently to the Seattle area, there has been renewed interest in resumed seaplane service discontinued in 1987. With existing seaplane connections between Seattle, Victoria and Vancouver, building on a base of business travel between Vancouver and Seattle, establishment of this service would facilitate the co-development of a unique tourism experience in a circle fly-tour route between the three popular tourism destinations.

Victoria Tourism

Greater Victoria is an ideal location to transition to full preclearance in multiple modes, because of its unique Inner Harbor with a clustering of international marine services.

- In Greater Victoria, an economic impact study published in 2011 demonstrated that tourism is a \$1.9 billion dollar industry which employs 19,000 private sector employees. With several years of strong growth between 2013-2015, tourism is likely substantially more important to the regional economy at this time.
- Breaking these numbers down further, the Greater Victoria Development Agency pegs the private sector jobs in the Accommodation and Food Services sector at 14,225, Retail Trade at 20,580 and Transportation at 6,380. While these jobs are supported by both local and tourism spending, these small businesses are need revenues both inbound travelers and locals (many of whose income is supported by the tourism industry) to sustain them and to remain competitive.
- In British Columbia, the United States is the most important international source market. It is dominant. According to Destination British Columbia welcomed 4,775,770 visitors from the United States in 2014. (Both overnight and day trips) The next largest source market for British Columbia in 2014 was China at 256,317 visitor arrivals followed by the United Kingdom at 194,592.
- According to the 2014 Tourism Victoria Visitor Exit Survey, visitors from the United States are the highest spenders. The survey results indicated that American's spent on average \$1,308 on their vacation followed by international travelers at \$1,026 and Canadian travelers at \$841 during their trip.

For more information please contact:

Brandon Hardenbrook, Deputy Director, Pacific Northwest Economic Region at Brandon.hardenbrook@pnwer.org or 206-443-7723