



**GLOBAL COALITION
FOR EFFICIENT LOGISTICS**

Cross Border Transportation Delays September 2004

Overview of Situation

The current Michigan-Ontario border transportation, at three crossings: the Ambassador Bridge, the Detroit-Windsor Tunnel and the Blue Water Bridge, account for more than 160\$ billion in yearly import/export activity. The volume that is transported through this corridor ranks as the 3rd largest economic and one of the most critically important points of entry in the United States. Therefore it is imperative that these crossing remain open, secure, and without delay.

However, today the cost of congestion is already significant. It is estimated that the Blue Water Bridge experiences 154\$ million dollars a year in delay costs. With more than double the traffic, annual delay costs at the Ambassador Bridge exceed 300\$ million dollars annually. This direct lost time is quickly approaching a half billion dollars annually in transportation lost productivity. And unlike the retail/consumer products that are imported through the two largest ports of New York and California, a significant portion of the Michigan-Ontario transportation activity is directly related to shipments required to support the manufacturing sector; the same manufacturing sector that helps fuel the economy and creates needed labor employment throughout the State of Michigan, the Midwest and the United States.

Michigan/Ontario cross border delays is the result of an international import/export activity, which is growing at a rate of %15-%10 per year. Delays are further compounded by the antiquated methodologies used to process and communicate the required import/export documentation that has increased as security initiatives have been established since the September 2001 ,11, World Trade Center incident.

The Global Horizontal E-Logistics System (GLS) provides a solution and opportunity to help reduce these delays and improve cargo security through a multilayer cargo security strategy. This strategy works to address the major causes of the delays within this boarder corridor.

Pages 5 and 6 contain detailed charts that compare today's current shipment process against 's Global Horizontal E-Logistics System shipping process. Seven steps of the shipping process from document preparation through border crossing are examined in a side by side comparison. We are confident that use of GLS will provide time savings in the %65 to %75 range to participants when compared to the conventional shipping process.

To understand how these time savings can be realized, it is imperative that the causes of shipment delays are examined. The following three pages examine the key causes of shipment delays.

Causes of Delays

The main causes for the cross border delays are identified in the following bullet items:

- A.**Documentation Issues 1.Improper Documentation 2.Lack of Documentation
- B.**Security Inspections
- C.**Lack of advanced Traffic Management

The remainder of this document addresses each of these causes and provides the advantages and strategies that GLS provides.

A.Documentation Issues

1.Improper Documentation

Documentation is critical to the movement of cargo and improper documentation can take several forms. The two major areas that result in critical delays are information errors or incomplete information.

Information errors are largely due to human error conducted during the processing of the multitude of data and large volume of documents that are need to meet the requirements of commercial trading parties, as well as the various regulations of numerous government agencies. Due to the volume of such required data and documents, time is often limited for individuals to perform the required crosschecks that validate the required data. Numerous keystrokes and the redundancy of entry can cause the incorrect data to be entered or transposition errors to be made as information is transferred from one document to another. The results of these actions are often not identified immediately and cause delays in cross border movements as the information must be corrected before a shipment is allowed to continue.

Incomplete information also occurs due to human error related to the inability to process the required volume of documents and input the required data on a timely basis. In addition, there are times the data is not readily available or not available at all prior to the submission of the documentation to the Customs Broker or the Border Customs officials prior to arrival of the shipment.

2.Lack of Documentation

Border crossing delays are also caused by:

- Information errors (see above)
- Communication errors
- Late document arrival.

Communication errors arise due to breakdowns in the transmission of information performed via facsimile machines, e-mail and dedicated communication lines. For example, more than %90 of the documentation transmissions from the Shipper to the Customs Broker are performed via facsimile. Connection interruptions, improper and misdialled line numbers, in-correct e-mail addresses, files with viruses and illegibility of data are common occurrences. In addition, due to the lack of integrated communication systems, additional human intervention is required to move and transpose the data received into a final set of documentation thereby resulting in more human error.

Late document arrival is also a common occurrence as the shipment arrives at Customs for clearance before its supporting documentation. A large percentage of the Michigan-Ontario cross border shipments involve short transit times ranging from an hour to less than 20 minutes from the time the shipment departs until its arrival at the border. The time to prepare, review and process the necessary paperwork often takes longer than this transit time, therefore the shipment is delayed at border clearance until such documentation arrives for processing. In addition, the data required by Customs and other regulatory agencies such as the Food & Drug Administration and Environmental Protection Agency-(e.g. hazardous materials) may be unavailable in a timely manner; therefore, completion of the documentation is delayed.

B.Security Inspections

Since September 2001 ,11, the frequency and extent of shipment inspections has increased in an attempt to further protect our borders. Many inspections consist of new technology devices capable of detecting suspicious cargo and to provide additional alerts for unusual occurrences. This technology coupled with the desire to increase random physical inspections has resulted in expanded "Secondary Inspection" stations where traffic is re-directed for further review. Overall, coupled with the %15-%10 increase per year in overall shipment volume, these inspections contribute to the shipment delays experienced. When the National security alerts are elevated, i.e. from "Yellow" to "Orange", the number and length of such inspections increases further contributing to the border delays and traffic backups on major contributing freeways – causing traffic issues for those not interested in border crossings.

C.Lack of advanced Traffic Management

The Michigan-Ontario border crossings are experiencing significant traffic congestion because of the aforementioned traffic volume, documentation delays and the security inspections. This has created significant environmental issues such as noise and air pollution as well as excessive gasoline consumption. In addition, while the pathways approaching the border crossings are numerous, the border crossing itself is the narrow point of the traffic "funnel" resulting in a bottleneck to the traffic flow. When there is a mixture of legitimate and non-legitimate shipments queuing in line to cross the border, the shipments which are stopped for additional inspection or to resolve documentation issues ultimately cause unavoidable delays for the legitimate shipments waiting back in line for the shipment ahead to be cleared

Also, due to the lack of advanced visibility as to how many shipments are approaching the border crossing during a particular time, there are often inadequate manpower resources scheduled to manage the flow of traffic and perform the documentation and inspection clearances on a timely basis.

Another side effect of the traffic congestion contributing to delays is the affect that border traffic has on the surrounding arteries that lead to and connect with the Michigan-Ontario border crossings. It is not uncommon for border traffic to back-up and block lanes on major freeways. These back-up can have a major impact on local traffic flow and commerce. Not to mention increasing the transit time of thousands of local residence

Near Term Concerns-New Regulations

While the issues discussed above cause significant delays, additional regulations defined by both the Canadian and United States government agencies will further compound the delay issues currently at the border. In fact, current regulations scheduled to become effective during the next several weeks are more significant than all such regulations implemented since 1979.

Specifically, new regulations for U.S. bound shipments, becoming effective October 2004 ,1, will require expanded line item descriptions for every article shipped on a conveyance and they must conform to the harmonized code classifications as established by U.S. Customs. Previously, a generic description was acceptable on most movements. In addition, all consignees and their federal identification number must be detailed within the documentation previously, only the largest consignee related to a shipment was required to be identified. Although these items do not seem all that difficult on the surface, they will require more communication, manual effort, and additional time in an industry that is already challenged to comply with current requirements. Furthermore, Advanced Electronic Manifests must be submitted to gain customs clearance.

Effective November 2004 ,15, new regulations will require that all shippers send documentation information to Customs between 1 hour and 1 hour before shipment arrival at the border. As discussed above, due to the short transit times of many shipments and the time frame required to actually prepare and process the documentation itself, these regulations will further compound the delay situation

Current Shipment	GLS	Current Shipment
Process	Process	
Preparation of Documents		
Process starts after shipment dispatch	GLS can start to coordinate and consolidate shipment documentation as soon as the shipment is scheduled. Furthermore, it provides feedback on the completeness and accuracy of the documentation at anytime in the process.	Data is electronically accumulated, coordinated, and consolidated throughout the shipment process thus providing feedback on document status and avoiding delays from incomplete documentation.
Manual preparation with extensive data entry and workload	Electronic data population – reusing entered information and providing information population when appropriate.	Reduction of required manpower and ease of workload which speeds the flow of documents.
Manual errors	Data validation logic	Elimination of errors and correction time as well as improved document accuracy.
Comparative time		
60 min.	20 min.	40 min. time savings
Transmission of Documents to Customs Broker		
Sent via fax/e-mail (99%) or dedicated communication line	Via secure internet protocol communication line	Ease of information communication and access; Automatic cross check of data for accuracy and authentication of source.
Comparative time		
15min.	3min.	12 min. time savings
Processing of Documents by Customs Broker		
Manual methods to process data from documents	Electronic data population and correlation to required government regulations	Elimination of manual work effort and keystrokes. Data validation eliminates errors.
Comparative time		
60 min.	20 min.	40 min. time savings
Electronic Submission to Customs		
Manual entry into separate systems	Electronic data population and submission to Customs	Ensure accuracy of information.
Manual review to ensure accuracy and completeness	Electronic authentication and data validation to data bases	Ensure completeness and compliance of information required.
Comparative time		
60 min.	22 min.	38 min. time savings

Physical Shipment		
Arrives at Customs prior to documents and waits for clearance	Documentation arrives prior to shipment to expedite processing and meet government requirements	Shipment avoids un-necessary delays waiting for required documentation
or Waits at customs broker for document preparation		
Comparative time		
60-120 min.	Real Time (0 hours)	60-120 min.
Customs Document Processing		
Manual verification of data including driver, contents, shipper, receiver	Electronic verification of data including automatic "alert" notification of data anomalies	Increased speed for security clearance
Limited history of shipment and trading parties	Capability to link biometrics to shipment dossier for verification	
	Complete history of shipment movement and enterprise backgrounds and activities	
Comparative time		
20 min.	4 min.	16 min. time saving Automatic Validation ¹
Border Crossing and Traffic Congestion		
Congestion related to timing of shipment crossings	Real time shipment tracking and forecasting	hour time 1-Several minutes savings
Changing security alerts requiring more inspections	Shipment visibility with multi layers of security allowing for "fencing", earlier shipment verification and broadcasting for shipment deviation and interdiction	Ability to schedule manpower in anticipation of forecasted shipment volume
Increased traffic volumes creating bottleneck at crossing	Pre-inspection stations at remote locations to dissipate	Movement of inspections away from point of entry to clear pathway of suspicious shipments
Mix of legitimate and non-legitimate traffic congesting traffic way	traffic and provide more flow through	Elimination of suburban noise and air pollution
	Use of pre-inspection stations along with data history of planned, actual and forecasted activity allows for shipment re-direction of suspected shipments	Clear border pathway for legitimate shipments
Comparative time		
60-120min.	40 min.	20 min. 80-min. time savings
Current Shipment	GLS	Current Shipment
Process	Process	
Total Comparative Time		
455-335 min.	109 min.	226-346 min. 67% -76% Time Saving

¹ Elapsed Time savings are based upon current processes requiring multiple data entries of the same information and GLS's ability to leverage and re-purpose information collected by shipment participants throughout the entire shipment flow



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Captain Salloum, c/o Axiolog Detroit, MI

Dear Captain:

One of our main objectives at the Detroit/Windsor Tunnel has been to have advanced traffic visibility to manage our resources accordingly. With the variability of traffic patterns, this can be a challenging task. What intrigued us about the Secure Cargo Anti-Terrorism Coalition's (SCAC) Northern Border Pilot Project is the ability to demonstrate the advanced commercial traffic visibility as well as the enhanced cargo security your system can provide as per your Congressional Testimony. Due to these important elements, we were pleased to assist you in your pilot project.

We are glad that SCAC was able to deliver what it had proposed in term of advanced traffic visibility and enhanced cargo security. This was a very challenging geographic logistics area since shipments can start 30 minutes prior to border crossing. We look forward to seeing you now build the efficiency aspects of the system. The positive results of your up-coming efficiency and security pilot project could be a potential solution for us here at the Detroit Windsor Tunnel and to our worldwide organization. Please keep us updated about your current progress.

Thanks again,

Neal

Neal Belitsky

Exec. Vice President & General Manager