

New Year's Border Tie-Ups Possible Unless US Adopts Contingency Plan for Electronic Collection of Border Crossing Fees: CTA

(OTTAWA: December 8, 2008) -- The Canadian Trucking Alliance says the implementation of a new system for renewing the transponder technology used by most truckers to pay US border crossing fees has been so fraught with problems that unless immediate contingencies are put in place, traffic could be snarled at Canada-US border crossings starting on January 1, 2009. Moreover, the Alliance which represents over 4,500 trucking companies from across Canada warns that the Free and Secure Trade (FAST) program, which is heavily relied upon by the automotive manufacturing sector, for example, could be particularly compromised.

Transborder trucking companies are charged a combination of fees each and every time they enter the United States. The fees are collected by the US Customs and Border Protection Agency (CBP) a branch of the US Department of Homeland Security. Trucking companies have two options for paying the fees. They can either pay US\$10.75 each time one of their trucks crosses the border; or they can equip their trucks with transponders and pay an annual fee of US\$205 per truck. Obviously, for most transborder carriers the transponder option is optimal. However, trucking companies must renew the transponders each year before December 31st.

The root of the problem is that CBP recently changed its process for transponder renewal. The new system, called the Decal and Transponder Online Procurement System (DTOPS), was to have been introduced in September 2008. However, implementation was delayed twice due to problems uncovered during testing and was not introduced until November 17th – a mere seven weeks before the end of the year renewal deadline. Generally, it takes anywhere from 8 to 12 weeks for the application and renewal process to be completed. Moreover, significant problems have been encountered during the transition to the new system creating an enormous backlog. Paper applications for transponder renewal which CBP had been accepting were suspended last month and carriers were told to go to a new online web-based system. But, the website has not been functioning properly. Within a half an hour of going live, it crashed. Technical difficulties persist.

Compounding the problem is that the DTOPS office has a staff of only 30 people to handle the processing of electronic applications, the backlog of paper applications and troubleshooting system errors and technical glitches. Carriers complain that when they call the DTOPS office for assistance, they are put on hold for extended periods, or are asked to send an email or leave a voice mail. Follow-up is slow or non-existent.

In November, the DTOPS office told CTA it would have to process 1,400 applications per day to be able to issue all renewals before the end-of-year expiry date. The current completion rate may actually be as low as 285 per day. Moreover, just last week CBP said there are still almost 90,000 transponder renewals to be processed, which would require a process rate of about 3,100 applications per day.

The inescapable conclusion, according to CTA, is that many transborder trucking companies will not have valid transponders on January 1, 2009 and they will have to pay the border crossing fee every time one of their trucks crosses the border into the United States. US border officials will require additional time to process individual payments and issue thousands of receipts. The FAST program, which works in conjunction with an active and functioning transponder, would be rendered meaningless.

But according to CTA's CEO, David Bradley, "So far there appears little sense of urgency at CBP; as of last week we were told there had been no internal discussion of possible contingency plans." CTA and its US counterpart, the American Trucking Associations (ATA), have suggested that CBP could adopt a policy of soft enforcement of transponder renewals on January 1st, 2009 that will allow existing transponders to be used without having to produce proof of renewal. Alternatively, CBP could track cross-border trips using the Automated Customs Environment (ACE) database -- all commercial vehicles entering the US are required to file an ACE e-Manifest -- and cap the cost to carriers at the same level as the annual cost of a transponder.

"The clock is ticking towards the end of the year; if the potential chaos at the border is going to be averted then we really need action now," says CTA's CEO, David Bradley. "It will be very tough to get anything done in a couple of weeks' time when more people are on Christmas holidays." CTA is calling upon the Government of Canada to intervene on the matter.