



# Transborder Operations

## *A Rail Perspective*

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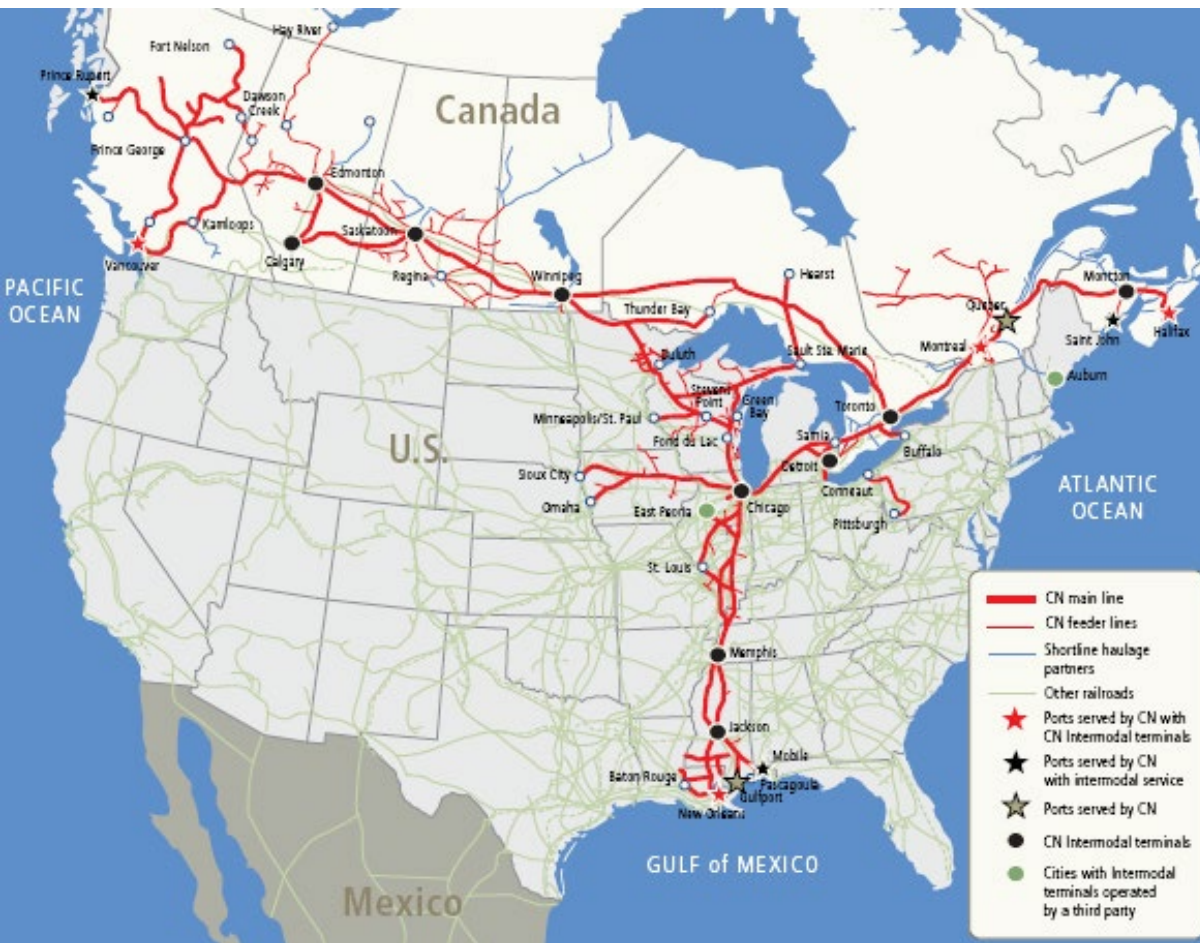
PRESENTED TO THE BUSINESS ADVISORY COMMITTEE  
NORTHWESTERN UNIVERSITY TRANSPORTATION CENTER  
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# Rail Transborder Dynamics

- Infrastructure designed for flow through operation – fluid border gateways critical
- Rail carriers move more than 100 trains daily between US and Canada
- Train lengths can exceed 10,000 feet
- Operations and expedited release dependent on electronic pre- processing
- Closely orchestrated process between rail carrier, shipper, broker and customs

Carefully managed rail border corridors are mission critical

# CN and the North American Rail Network



- CN is North America's only tri-coastal railroad.
- Connections with every Class I railroad and multiple shortlines.
- 28% of CN's revenues derived from Transborder business in 2009.
- Largest transborder rail carrier by volume.

# Rail Customs Electronic Process

- Full cycle electronic import reporting.
- Shippers electronic shipping instruction triggers the border process.
  - Shipper > Railroad > Customs > Brokers
  - System edits for critical/mandatory transborder data
- 100% Pre-arrival processing.
- Continuous monitoring of the electronic process and data quality.

# Significant Achievements

- Customs automated broker download capability
- Fully automated “Line Release” functionality
- Secondary notify party capability
- Significant reductions in container storage costs
- Centralized processing
- Business continuity through September 11 events



# Border Challenges/Constraints

- Traffic types
- Government oversight and regulation
- Limited infrastructure at crossing points
- Security
- Continuous strategic and tactical focus

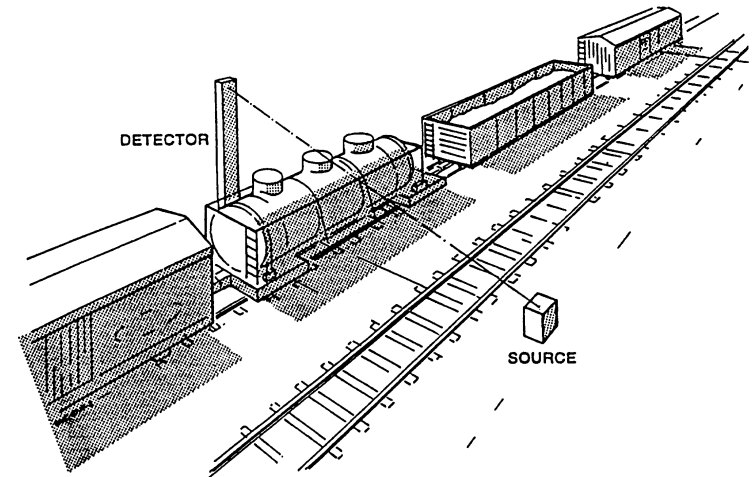
# Managing New Security Requirements

- US Trade Act of 2002
- FDA Bio-Terrorism Act
- CBP Automated Commercial Environment (ACE)
- CBP International Trade Data Systems (ITDS)
- CBSA Advanced Commercial Information (ACI)
- Rail Vehicle and Cargo Inspection Systems (VACIS)

Significant business impact.

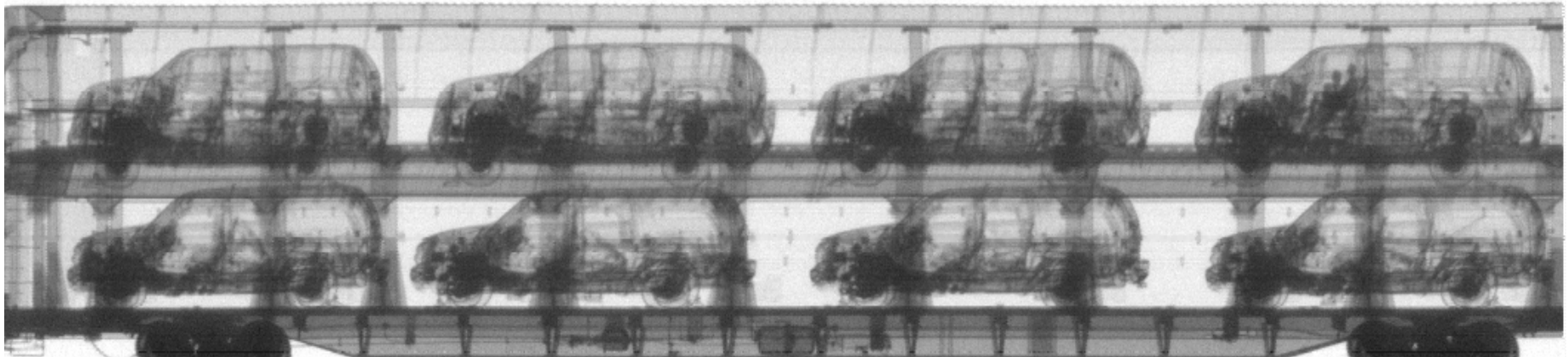
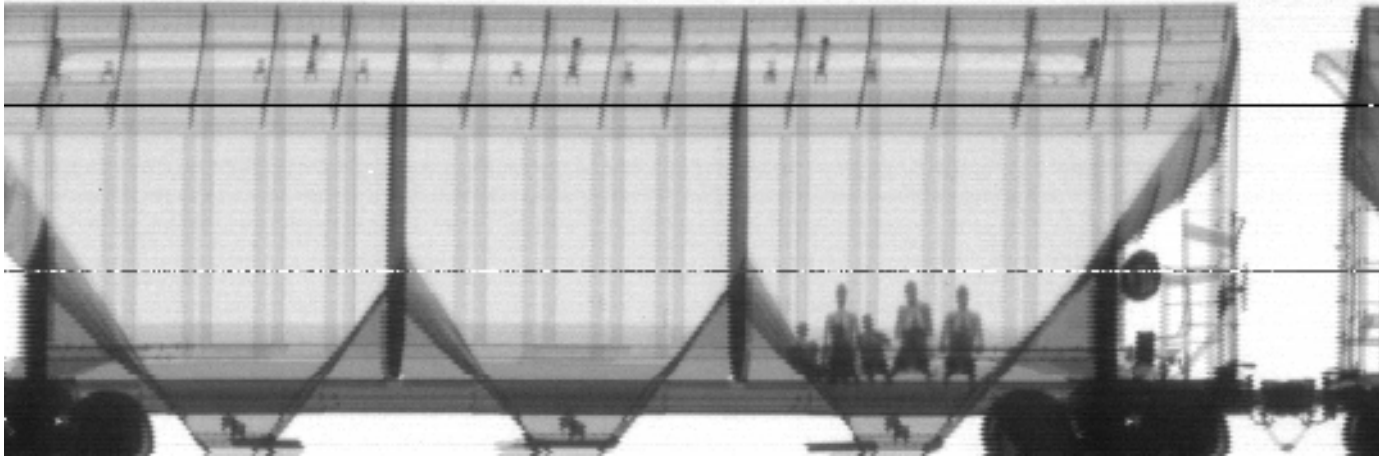
# Rail VACIS

- 100% rail scanning
- All US ports of entry for Class I railroads
- All Mexico ports of entry for railroads
- Identify “anomalies”
- Benefits: Removes empty car inspections
- Issues: User training and subjectivity





# Rail VACIS



## US/Mexico Rail Operations

- Additional layer of documentation handling and cargo processing
- Customs hours of operation
- Other government agency requirements
- Security risk levels

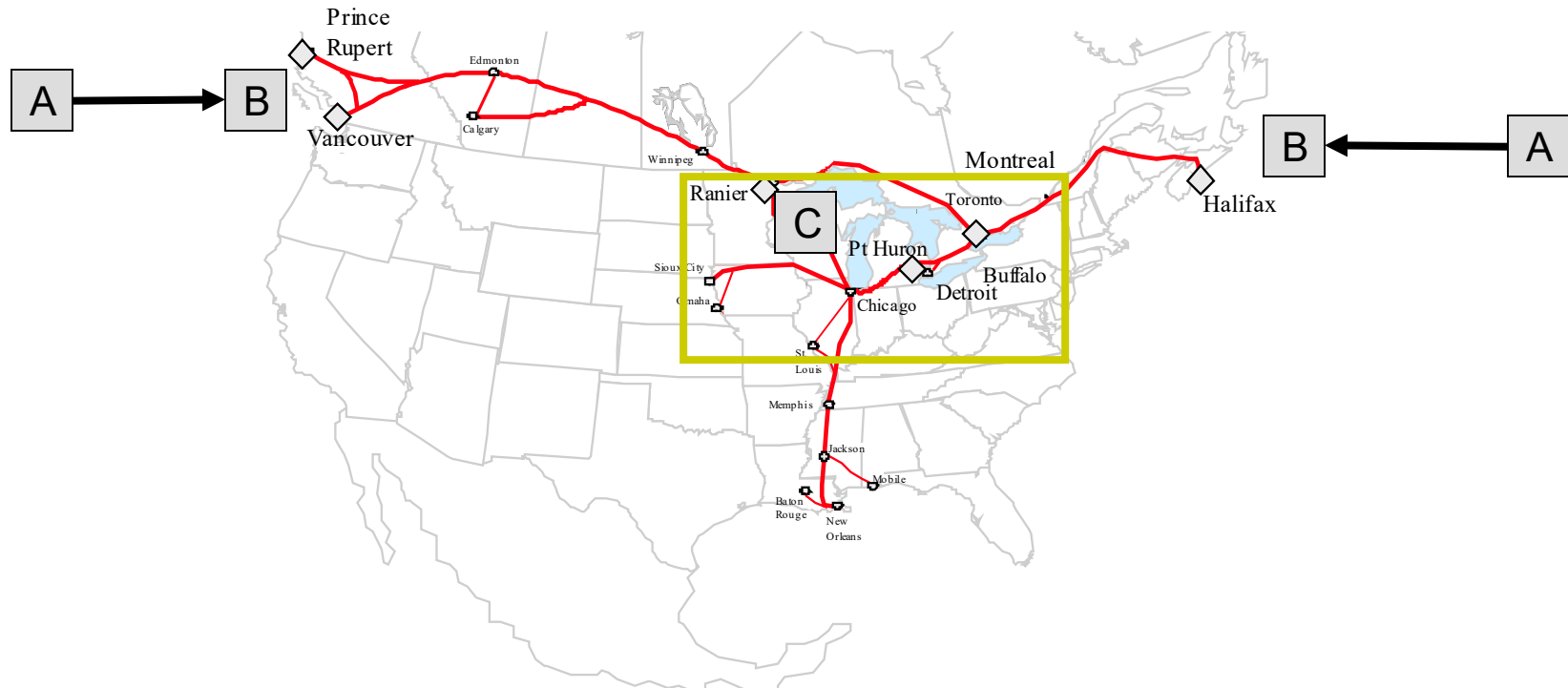
Operational fluidity impacted.

# Transborder Intermodal Trains



- Container exams require specialized equipment at border locations.
- International containers carry higher inspection risk.
- Continuous dialogue with CBP and trade partners for careful inspection management.

# Multi-tiered Security on Imports



<p><b>A. Overseas CSI Ports (CBP/Foreign)</b></p> <ul style="list-style-type: none"> <li>➤ 1<sup>st</sup> tier risk assessment</li> <li>➤ Advanced electronic data</li> <li>➤ Scanning &amp; inspection</li> </ul>	<p><b>B. Canadian CSI Ports (CBP/CBSA)</b></p> <ul style="list-style-type: none"> <li>➤ 2<sup>nd</sup> tier risk assessment</li> <li>➤ Joint CBSA/CBP review</li> <li>➤ Scanning &amp; inspection</li> </ul>	<p><b>C. US Rail Port of Arrival</b></p> <ul style="list-style-type: none"> <li>➤ 3<sup>rd</sup> tier risk assessment</li> <li>➤ CBP ATS risk assessment pre-arrival at border</li> <li>➤ Scanning &amp; inspection</li> </ul>
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# Rail Security Initiatives



## Specific risk-based countermeasures

- D.O.D. certified 24/7 ops center
- Links to national security intelligence officers

## Customs Partnership Programs

- C-TPAT, PIP, CSA

## Rail VACIS

- 100% rail shipments scanned at border
- Minimal physical inspection

## Investment in border infrastructure

- Inspection facilities
- Lighting, cameras, motion detection

## Railroad Police

- Company security and risk management
- Direct interface with other law enforcement

## In Closing

- Continued drive for technological solutions to border issues
- Focus on continuous improvement
- Ensure continued positive dialogue with Customs agencies on regulatory initiatives
- Keep industry and trade partners engaged
- Leverage Customs partnerships

Continuous focus on border performance is mission critical.



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