



INDUSTRY ROUNDTABLE

Sponsored by

Supported by

Bringing change to border issues

MOVING PEOPLE, PRODUCTS ACROSS THE BORDER CHALLENGES BUSINESSES



JIM COURTNEY

Professionals who represent a range of cross-border interests discussed issues that challenge the flow of goods and people between the United States and Canada. The roundtable discussion took place at the Hodgson Russ law offices in Buffalo.

BY ALLISSA KLINE

akline@bizjournals.com

716-541-1612, @BfloBizAKline

The potential to make the region a hotbed of cross-border trade is high, but unless the transfer of people and goods becomes easier, that potential might go unrealized.

That's the concern expressed by business professionals at a roundtable event May 7. The group expressed frustration with delays at the border, both real and perceived, and offered ideas to improve the flow,

including a program for employees who cross over.

"An employer would register (and) would indicate who the employees are that need to cross the border from one plant," said James Phillips, president and CEO of the Canadian/American Border Trade Alliance, a Lewiston trade organization.

But the obstacles preventing Western New York companies from growing their cross-border business aren't just about transportation. According to Erin Cole, president of

World Trade Center Buffalo Niagara, it's tied to education, or lack thereof, about what it takes to do so.

Her organization wants to help more small to midsized businesses expand overseas.

"A large part of what we do is trade education," Cole said. "A lot of the companies really don't understand what's involved in exporting their goods or even importing from overseas."

The education factor also affects tourism.

Bonnie Koschir of Holiday Val-

ley Resort in Ellicottville and Julie Gilbert of Niagara Tourism and Convention Corp. said they try to give as much information as possible to visitors to help them avoid cross-border headaches.

"What we have done on our end is (we have) talked about non-peak times to travel," Koschir said.

Despite the challenges, some said the region is positioned to become a major distribution center. The infrastructure is mostly in place; now it's time to sell the area as a cross-border hub.

► BY THE NUMBERS

5.6M

Total traffic on the Peace Bridge in 2014

4.3M

Number of cars crossing the Peace Bridge in 2014

1.3M

Total truck traffic on Peace Bridge in 2014

\$64 M

Estimated cost to expand plaza at the Lewiston-Queenston Bridge

INDUSTRY ROUNDTABLE

► What's happening at the border as it relates to your role right now?



JAMES PHILLIPS

President/CEO, Can/Am BTA

Today we're the only financial transcontinental organization that speaks with one voice for the entire border. There are 60,000 companies in our network

and we have board members across the entire United States. We deal with all issues of transportation, border management, U.S.-Canada relations and tourism and movement of people.

JAMES MANNO

Vice president, sales and marketing, Sonwil Distribution Center

I'm the vice president of sales and marketing, so some of my comments will be from that background. But I'm also representing the International Trade Gateway Organization as the president of

► CLOSER LOOK AT THE ROUNDTABLE

The Cross Border Industry Roundtable is the 20th in a series of discussions with Western New York business leaders.

Each month, decision makers from diverse industries meet for a discussion moderated by Business First.

Excerpts are published two weeks after the roundtable.

Upcoming topics include the Business of Sports, Fast Growing Companies and Manufacturing.

Roundtable discussions, sponsored by Hodgson Russ LLP and Freed Maxick CPAs, are held at the law firm's Pearl Street offices in Buffalo.

that board, and that organization is basically here to work with the community at large on both the Canadian side and the U.S. side to improve the movement of freight to and through this region.

PATRICK KALER

President/CEO, Visit Buffalo Niagara

We are charged with the tourism marketing, Erie County. Clearly, Canada is very important to us. I hate calling them low-hanging fruit; I think that diminishes what they mean for our economy.



We monitor both across-the-border numbers, as well as the currency exchange. We really are trying to refocus and get Canadians to do more than just come to the malls and shop, but that they extend their stay, take the cultural experiences, as well as coming over to shop and contribute to our economic capabilities.

DAMON PIATEK

President/CEO, Welke Customs Brokers USA Inc.

We are a full-service customs broker, so that means we help companies import and export goods. We focus on any border, really, but the majority of our clients are actually in Southern Ontario, non-resident borders. So we're helping them with the myriad of laws and regulations for getting their goods into the country. And we also mitigate fines and penalties.

BONNIE KOSCHIR

Vice president of operations, Holiday Valley

We work at promoting tourism to bring Canadians to Holiday Valley and to get them to stay for an extended stay, as well as day trips. We promote school groups to come for weekly visits, so the Canadian market is a big portion of who our clientele is.

ERIN COLE

President, World Trade Center Buffalo Niagara

We work with local companies, trying to help them grow through exporting or importing. A large part of what we do is trade education.

A lot of the companies really don't understand what's involved in exporting their goods or even importing from overseas. So we help them with things like that, but we cover the whole world, not just Canada.



PARTNERS IN PROGRESS

As legal counsel to major stakeholders in the high-profile projects driving the city's economic vitality, we are honored to help lay the foundation for Buffalo-Niagara's resurgence.

To learn more about our commitment to our clients and community, visit us at HODGSONRUSS.COM.



INDUSTRY ROUNDTABLE

KATHLEEN NEVILLE

Chairman,
Niagara Falls Bridge Commission

I think the perspective that I bring today is giving a little insight into how dedicated and committed the Niagara Falls Bridge Commission is to partnering and working with everyone on both sides of the border.

RON RIENAS

Executive director,
Peace Bridge Authority

And just to follow up on what Kathleen was saying, we – both of our organizations – own and operate infrastructure, but we do not control the throughput on that infrastructure. Customs agencies in both Canada and the U.S. are tenants of both of our entities, so we spend a lot of time – in fact, the majority of my time is spent working with customs on both sides of the border to facilitate throughput. Because it's oftentimes we get blamed for issues and, really, it's not an issue of capacity on the bridges themselves. It really comes down to how customs functions operate on both sides of the border.

DEAN PENMAN

CEO, Seal and Design

We have an office in Clarence where we have about 90 people and we have another facility in Toronto where we have about 20 people. We manufacture and distribute O-rings, gasket seals, so we do imports from Europe and Asia. Our big issues are tariff codes. We have about 500 or 600 international shipments a year, which encompasses 10,000 to 11,000 line items, and we have 35,000 active part numbers.

CAROLYN POWELL

Business development manager, Buffalo Niagara Enterprise

We are the economic development agency for the eight-county region. My focus area is Canadian companies that are considering the U.S. and then specifically Buffalo Niagara. We work with them to help them through the due-diligence phase of it so they can understand if this is the right type of business, help them find sites, work force, incentives. And we help them through the whole targeting process.

**PETER WILSON**

President/CEO,
Sonwil Distribution Center

We're known as a 3PO, which is a third-party logistics provider within -- and that's a sexy term for I'm in the warehousing and distribution business, logistics. Being in the business that we are, we handle a tremendous amount of freight in and out of all -- we have six distribution centers here, a little over 1.2 million square feet. Much of our business is going to Canada and coming from Canada.

JULIE GILBERT

Director of marketing,
Niagara Tourism & Convention Corp.

Canada is the No. 1 import for traveling tourism for the country. And in Buffalo Niagara, it is a very big market for us. It's extremely important for us to continue to maintain that. And as everybody can see, there's so much happening right now (with) tourism as a lead for additional economic development in the area.

HOWARD EPSTEIN

International tax practice leader,
Freed Maxick

I'm a tax director who heads up our international tax practice, which is eight to 10 people who are regularly touching cross-border issues. We have been in this space for about 25 years; we are passionate about it. When you talk about the issues about moving people or people crossing these borders, we're doing 200 to 300 expat returns. So we're working with U.S. citizens who are living in Canada who have moved there but still have filing obligations. We're working with companies that are trying to get employees across the border. There's a whole host of issues. I agree that the tax laws haven't made it easy for that to happen.

► **We've heard a lot about some of the issues that you see with cross-border movement of people and goods. What can be done to make that a bit easier?**

JAMES PHILLIPS

Can/Am BTA

We have a trusted trader program with C-TPAT and things like that. We have a trusted traveler program with NEXUS and Global Entry, and this is called a trusted employer



program and it's beginning to get initiated. Essentially, it's a program where we are convincing C-TPAT and Homeland Security and fellow security of Canada to initiate a program for trusted employers. An employer would register, would indicate who the employees are that need to cross the border from one plant. You have people who have to sell, service and repair -- very, very critical issue. So the intent here is to have employers, companies register, give the information to CBP and CBSA ahead of time, name the employees, what their issues are and so forth and register them.

CAROLYN POWELL

Buffalo Niagara Enterprise

One thing that I would say is a consistency issue, especially on the people crossing for business purposes. But the complaint that we're constantly hearing is, "Well, one day I cross and I say X, Y, Z and it's OK. The next time I cross, I say X, Y, Z again and it's not OK."

KATHLEEN NEVILLE

Niagara Falls Bridge Commission

Just to add a little insight into that, at the Niagara Falls Bridge Commission we work very hard with building relationships and communication with government agencies at the state and federal and local levels. So we have made a very strong effort with our general manager and commissioners and the commission in general to really understand their expectations.

JAMES MANNO

Sonwil Distribution Center

I was at a congressional briefing at the Buffalo Niagara Partnership where Congressman Collins was talking about the biometrics program that's being reviewed and considered for implementation at the Mexican border and the Canadian border. Due to his support and understanding of this border, he was able to get that tabled because, in essence, they were going to impose the same requirements and restrictions that they're going to have in Mexico, which is a totally different scenario than it is between us and Canada. Now it's been tabled, but I think it's in our best interest as sort of the leadership of the region and influencers to talk to the right people to make sure that that's actually enforced when the time comes.

**DAMON PIATEK**

Welke Customs Brokers USA Inc.

But you know, Canada is our largest trading partner in the world and the amount of goods that flow back and forth since the inception of NAFTA 20 years ago has been increasing. And the flow of people, too, obviously. Biometrics and either an eye scanner or fingerprint scanner, correct, and that would definitely hinder the flow of people. We saw that happen with the Western Hemisphere Travel Initiative, which was the inception of requiring photo ID at the border where you had to have either a passport, passport photo ID card, a NEXUS card or an enhanced driver's license. The lack of understanding of that initiative created a furor at the border. Americans weren't prepared for that initiative, and I think this would -- and you can correct me if I'm wrong, Ron -- but I think when that was incepted, there was a decrease in travelers coming back and forth.

RON RIENAS

Peace Bridge Authority

Yes, it was.

DAMON PIATEK

Welke Customs Brokers USA Inc.

We need to prevent stuff like that from happening, definitely. And on the cargo side, Erin touched on it a little bit: It's lack of education. They just don't understand the regulations. They don't understand NAFTA. And there's kind of a gray area there for companies and manufacturers that don't want to get into trade because they're worried about fines and penalties. I read in the paper or your trade magazines that companies are getting fined \$10 million because they have made a mistake. A lot of small to medium-sized companies can't afford that. We're able to mitigate some of those fines and penalties down, but it's lack of education in general, whether it's a travel or from a trade perspective.

**CHRISTINE BONAGUIDE**

Partner, Hodgson Russ LLP

What I see frequently is that businesses, unless they're a certain size and experience level, they don't understand what's involved in the cross-border trade. They are too nervous to try it. They don't know what resources are available unless they call someone who happens to know. They don't know where to get pointed in the right direction and it

INDUSTRY ROUNDTABLE

seems very overwhelming. So there's sort of a psychological barrier, which then creates this economic barrier for them because exporting is – or the cross-border supply chain can be – such a big economic boon for their companies. So it's not understanding where to go. The Department of Commerce holds lots of programs and World Trade Center holds programs and there's opportunities to learn that kind of thing. But I think companies are afraid to go it alone. They're not sure where to turn.

JAMES PHILLIPS

Can/Am BTA

Jim's point about Collins and this biometric exit which we're fighting to the death across the entire border. Keep in mind that about eight years ago, Congress passed a law that says customs will open up and inspect every single container that enters the United States, 100 percent. And we currently now open and do secondaries on about 4 percent of containers because 96 percent through targeting and the algorithms are deemed to be low risk. The same thing has got to happen with biometric exit. We're going to get so isolated – biometric exit on the northern border will close the border. They don't publish the number of terrorist incidents that they stop but they're stopping them, and they're at the northern border and at the southern border. So we have to be aware that we're not free of potential threats. But to say that everybody who crosses has to be treated the same, I mean, that's like somebody in the classroom being bad and you punish the whole class. We have to be careful about that.

► **Patrick, Julie and Bonnie, what do you hear from tour operators and your Canadian customers with what's been going on with the border and the ease of movement?**

BONNIE KOSCHIR

Holiday Valley

For the most part, they are picking their times when they come. Length of wait is a big hassle factor for them, especially when it's a bus full of students who are coming or the family that's coming for a three day weekend. If they leave Toronto, drive an hour and a half, get at the border and then have an



additional two-hour wait, it's their vacation time. It's cutting into their time. And so what we've done on our end is talked about non-peak times to travel. Extend their vacation until Monday when the borders aren't as busy or NEXUS pass for the homeowners. But it's a concern, and if it becomes more onerous, they have other choices. It's something that's very important to us, realizing that we're not the only ski area within a 100-mile radius.

PATRICK KALER

Visit Buffalo Niagara

We just did a profile study; we're still in the midst of it. I was looking at some of the data from our Canadian portion of it and, again, it's the same thing. It's the frustration, especially when they see cars backed up and there are lanes that aren't even open. Just put some more folks in those lanes and get this moving; it would be so much better. But we do the same thing, trying to inform about NEXUS because so many people are coming from Canada for us.

JULIE GILBERT

Niagara Tourism & Convention Corp.

On the Rainbow Bridge from a tactical, grassroots perspective, we pulled together a task force that includes the Bridge Commission, State Park Police, city police. Because when you come off that bridge, once you get through that crossing, their frustrations could be high. The last thing they need then is to have all of this construction. So what we have tried to do is implement more of a program where we have educated all of the State Park Police, as well as the park employees, and put together more of a mobile profile as well as online. And also handing out pieces of paper – really, flyers – because on the GPS, it puts them right in the middle of the construction zone. We're actually telling them to put another address in order to be able to bypass. When they get held up at the border and then they run into all of this construction and traffic, it's not good. It's not good for tourism, it's not good for business and it definitely affects that whole experience.



► **Peter, you may want to talk about what you mentioned the first time around regarding**

Western New York having the opportunity to become a major distribution center again.



PETER WILSON

Sonwil Distribution Center

On the logistics side, and everybody knows that's what I do, we've got the Panama Canal and I think most people

are familiar that they've done some work down in Panama. Next year, the Panama Canal is going to open up and it's going to allow for larger ships to come through. They can go all the way to the Port of New York and New Jersey and there's a point – and this is where Jim's group is coming in – where those ships could be offloaded in the Port of New York and New Jersey. Freight that's coming to Buffalo, Rochester could be railed to Buffalo as a designated inland port but, more importantly, can also go to Canada. This is huge for Western New York, not only from the fact

that goods are coming to Buffalo or going through Buffalo but, more importantly, we now will have ocean containers in Buffalo that we have an opportunity for businesses to load.

JAMES PHILLIPS

Can/Am BTA

You're making two key points: the perception that was mentioned and the reality. And in terms of the first case, the perception is that our crossings are backed up. It's terrible; it's horrible. The reality is – Ron, the last information I had from you, the wait is less than 15 minutes 96 percent of the time. The key here is you're looking at Friday, Saturday, Sunday. We have one major infrastructure problem and that's the U.S. plaza and Lewiston-Queenston Bridge. We're trying for years to get the money. But I want to comment: If you want new ideas, if I was the benevolent king here in Western New York, I would go to the Outlet Mall. Everybody has fun about Black Friday, you go shopping at midnight on. If you had a unique experience for Canadians where you got the Outlet Mall and others to open up from midnight to 8 a.m. or something like that off shift, you would not have the crossing problem, shopping for eight hours and go

Mark Stebbins, Director
Freed Maxick CPAs

Paul Ciminelli, President & CEO
Ciminelli Real Estate Corporation

Why does Paul Ciminelli trust the team at Freed Maxick CPAs? Because Freed Maxick offers a responsive, forward-thinking assurance, tax and consulting team for solutions to complex issues. It's a strategic partnership that's been developing for more than 15 years.



WATCH PAUL CIMINELLI TALK TRUST AT FREEDMAXICK.COM.

716.847.2651
Buffalo Batavia Rochester Syracuse

INDUSTRY ROUNDTABLE

home. You have to make their ability to get here and their experience here pleasurable and unique and you have to go off-shift.



JAMES MANNO

Sonwil
Distribution
Center

I'll tell you, on that initiative, because we currently have been working the last almost two years with Port of New York and New Jersey and

CSX, we now have a signed memo of understanding with the Port of New York and New Jersey and strategic partner being CSX to move freight not only when the canal is up but in the interim. The port is now 14 percent above its line from this time last year and concerned about congestion prior to all this additional freight coming in. So now it's literally you've cut out the need to put a container on a truck out to where the rail is, put it on the rail and move it up, comes right off the ship, right on dock, on rail. And it's called Express Rail, moving 100-plus cars, and it's not a local. It's a direct express with the intention to come to where we are here in Buffalo. That agreement is in place. We are working now with the ocean carriers to convince them that the cost savings and the conveniences and the efficiencies are going to justify them creating Buffalo, Western New York, as the destination. We've been working on this for over a year, but something that everyone's mentioned here is perception. Every time, present media excepted, every time there's a story in the media about pushback on the expansion, pushback on the plaza, pushback on using – the comment, we should move all commercial freight off the Peace Bridge and bring it somewhere else. That's billions of dollars in investment, and for what? I mean, you evaluate it.

JAMES PHILLIPS

Can/Am BTA

Nonsense.

JAMES MANNO

Sonwil Distribution Center

Nonsense. But we're concerned because currently infrastructure-wise, we're well-positioned. CSX is set. They have 90,000 containers a year that they move out of that yard. They have the capability of doing 180,000 without another penny of investment. We've been working with CSX in Jacksonville and their director of strategic infrastructure. So

the pieces are coming together. The interruptions are when something is in the news up here.

KATHLEEN NEVILLE

Niagara Falls Bridge Commission

Where we are, where we are positioned right now is that, for example, the Lewiston-Queenston Bridge, the Lewiston Plaza, we're in Phase 1 of the expansion and improvement. We are addressing everything that you're saying; it's actively happening. We're working through with innovation, thought leadership like Jim. I mean, Jim, the points that you've made this morning, you've said them so well because we are committed to that. And I care that someone can get to Holiday Valley. The bridge, we're focused on that. We want to make sure that people reach their destination. Our mission is safety, efficiency, and you brought up some negative frustration, but we're working toward positive experience and throughout and we are at a prime position right now. That's why we're excited about everything that we're doing at the Niagara Falls Bridge Commission and the Lewiston Plaza.

ERIN COLE

World Trade Center Buffalo/Niagara

I'm very respectful of the fact that we have these challenges; there's no question about that. But the reality of the situation is exporting in Canada for even smaller and local manufacturing companies is significantly easier than exporting to most other countries in the world. So the reality of the situation is that for us at the World Trade Center, we're very conscious of the challenges, obviously, but what we're trying to do is get more smaller manufacturing companies to start exporting to Canada. There are so many companies in this area that don't export at all. And so again, the first place they're going to go is probably going to be Canada. It makes a lot of sense to do that. So despite the challenges, there are so many opportunities, certainly on the trade side, that it only makes sense that we continue to educate companies on the possibilities, on NAFTA.

JAMES PHILLIPS

Can/Am BTA

The key is small and medium-sized companies. If you want to increase business here and in Ontario, it's got to be a win-win situation. One side can't win and the other lose. If you really want to make a difference here, I would suggest that the major law firms, the major accounting firms, the major brokerage firms and the Department of Commerce of the United States who are very willing to help you, you should form a group

that will work probably pro bono to start that says we're going to hold a class, a conference – whatever they want to call it. And we're going to take, for free, we're going to hold your hands exactly starting from zero, exporting into Canada, U.S. companies. And here's how you do it, and here's step by step by step. Take the time, because they don't have lawyers on their staff. They don't have accountants that are involved in banking and they don't know about brokerages. Take them to school, teach them how to do this. And we should do the same thing in Canada. And last point, every single tunnel and bridge operator belongs to CanAm across the border including the land bridges left and right. You have two tremendous general managers here: Ron Rienas and Lou Holloway are two of the very best. For God's sake, leave them alone and let them run their business and get out of the way. And I mean that.

PETER WILSON

Sonwil Distribution Center

That's going to cost you, Ron.

JAMES PHILLIPS

Can/Am BTA

I started in '92 here. I'm a Lewiston boy, and you don't know me because I'm traveling all but four or five days a month out of the city. But I'll tell you something: I was here when things were – I was on the board, actually, the Peace Bridge board, and I went through all the CVPC, and are we going to have a second? We don't need a second. I mean, we have to think carefully about the alternatives. It's not about the bridges; it's about the process. And it's about your common sense and it's about the fact that you people around this table have got to design a system that makes Buffalo Niagara a destination and a different experience that people want to come, and then we make it easy to have. Change the perception. You can. The reality is start talking about the 96 percent of the time you can cross.

CHRISTINE BONAGUIDE

Hodgson Russ LLP

I will say that the Department of Commerce here in Buffalo brought us these educational programs a few times a year. Not just here, but I've been to them in other counties, as well – Niagara County and Wyoming County, other places where she does have an attorney, an accountant, a bank, customs logistics. And the whole point of it is it's like a three-hour thing and you're just educating these businesses on what do you do in order to do cross-border trade. It's very practical. We get 20 or 30 companies at a time.

JAMES PHILLIPS

Can/Am BTA

It's under the radar, right?

CHRISTINE BONAGUIDE

Hodgson Russ LLP

Unfortunately we need more participation, but they're very practical.



CAROLYN POWELL

Buffalo Niagara
Enterprise

I think between that and the Canadian Consulate doing events, they take them through different stages. Roseanna's group is kind of again getting

on how do you export, how do you import, things like that. Canadian Consulate takes them to the next step. BNE, we work to kind of take them to that next step. "You have sales. OK, now you might need a facility or warehouse." So it's out there, but it's making sure that people are aware of it and know where to find it.

JAMES PHILLIPS

Can/Am BTA

It's hidden under a bushel. Don't put your light under a bushel.

ERIN COLE

World Trade Center Buffalo Niagara

I just want to clarify: You missed a partner in Commerce. We obviously partner very closely with them. I used to work for the U.S. Department of Commerce in Rochester and in Washington, D.C., so we're very familiar with the programs. They don't cover importing at all. They don't do anything with affording and they also do not do any consulting work. So we talked about the companies that need more hands-on assistance. They might go to that program and be interested in exporting to Canada, but then the U.S. Department of Commerce cannot then go in and help them step by step in how you actually go through that, which is why we partner with them because those are the services we provide. We do the importing piece and we also do the on-hand or the on-site consulting with them. They're a great partner and they have offices in Ottawa and Toronto that we tap into. We have speakers come down from the U.S. Consulate from those areas of the U.S. Embassy and they have great specialists for that, but they don't cover the importing and the consulting fees.

INDUSTRY ROUNDTABLE

CHRISTINE BONAGUIDE

Hodgson Russ LLP

The resources are out there, but you have to kind of figure out how to get into that chain. And then everyone refers to everybody else when they come to that stage.

DAMON PIATEK

Welke Customs Brokers USA Inc.

I think a big gap in the industry is with customs brokers, and I'm ashamed to say so because we are a customs broker. There are two types of customs brokers in the industry and unfortunately, the majority of them are transaction-based customs brokers. They deal with one transaction, one shipment across the border. They have people who are overworked, underpaid and all they do is push the paper across their desk and feed the information into U.S. Customs. They could care less what's on it. They could care less if the customer's filled it out wrong and they have the wrong tariff number, they have the wrong country code on the NAFTA certificate that this has made that line void and makes the whole NAFTA certificate void. And then when the customer gets questioned or a 28, which is a request for information, or a 29 for customs, they walk away. The other hand is that then an operational-based customs broker and where you go in beforehand. You make sure that the people understand what's going on. And the problem with international trade is it's so complex. It really is, even if it's from Canada. Because every commodity may have one, possibly two different government agencies here in the United States. And that company may know what their responsibilities are, but once they start going out to a different country, well, now we have a whole other set of rules involved. We have labeling issues. There's a new bill that was passed or a new law that was passed up in Canada that becomes effective in June. It's the Safe Route for Canadians Act. This is a tremendous thickening of the border; adds another layer on there that companies don't understand. So now we deal with the FDA on the U.S. side, you deal with the CFIA on the Canadian side and the laws don't match. That becomes another hindrance to trade between us and Canada. I think that's where we really need to get rid of more red tape – that area, the CFIA, the FDA. The communication between the FDA and U.S. Customs is almost nil. I



mean, I deal with it on a daily basis. We had a shipment coming across the border and the FDA says we don't need prior notice because it's not food. U.S. Customs is saying we need prior notice because it's food. Then you're stuck in the middle with the customs brokers figuring it all out and then educating the FDA the CDP about what the regulations are. So there's a lot that goes into it, and education is key. The World Trade Center does a great job. They run a program there. I sat in on a couple of those classes.

CAROLYN POWELL

Buffalo Niagara Enterprise

There's one later this month.

DAMON PIATEK

Welke Customs Brokers USA Inc.

Later this month, OK, great. Those are great programs. They're out there but, like you said, it's under the radar. We need to educate small companies about exporting and the opportunities that are there.

► **Dean, part of your decision to open a base in Toronto was because of some of the things that they've been talking about here?**

DEAN PENMAN

Seal and Design

Yes. Well, one of the reasons we opened the Toronto office or actually made acquisitions into Toronto (was) to help us reach that market a little quicker and a little bit better than we have been trying to do it out of Buffalo. ... It's a very nationalistic company. They want to deal with Canadian companies, so we put an office in and upgraded infrastructure that was already there. But my comment was going back to the trade and the tariff codes and encouraging these small companies and medium-size companies to do it. They need to understand it is not a part-time job. We have two full-time people who do nothing but create and examine export documents and tariff codes. I've got 35,000 part numbers. And I've got a part that goes into a medical filter which gets a different part from the tariff code that goes into an automotive fuel system, and they're the same part. And then I've got the same part again going into a hydraulic



cylinder, and that's a different code again. Then we share inventories with our Canadian office. We'll ship some of those parts up there and they're going to use it for something different. And the comment was made earlier: They have different tariff codes. The first six digits are the same, they're international. The last four digits are country-dependent. So now I've got product, the same product in two different locations, that have six different tariffs. It's ridiculous. Sure, there are people to help you with it – the World Trade Center and we deal with Welke and they do a nice job with us. But if I go to them for advice and they tell me what the tariff code should be and I write it down and it goes into the system and then I get audited and it's wrong, guess whose fault it is? It's mine. Doesn't matter if I go through a licensed, certified broker or not. I'm responsible for that tariff code being right. I have an issue now with – I won't say the name, it's a 400, a Fortune 100 company – who gave me a tariff code for their product. Guess what? NAFTA doesn't agree with that. Guess whose fault it is? Mine. So that triggered an audit for me that I've got coming up in June that I'm sure I'm going to pay a nice penalty on because a Fortune 100 company that is a world leader in a particular product tells me what the tariff code is and NAFTA doesn't agree with it. One says it's a rubber; one says it's a plastic. I have to classify it. So now I've got big penalties to pay because I'm the importer of record who's responsible for all these things. I'm not here to, well, I guess I am complaining about it. It needs to be simpler, but nobody here in this room can fix it. These are the issues you have. They're huge issues and the amount of time and money that it takes to do this is sometimes hindering these smaller companies from getting into it because it's not easy. It's not even close to being easy.

CAROLYN POWELL

Buffalo Niagara Enterprise

It's very overwhelming to them and, again, unless they can have these different agencies help them kind of walk through it, they don't know where to start. It is overwhelming. We're working with small and medium-sized companies so they just retreat back. And some of the advisers out there are more helpful and some of them do use scare tactics to, well, "Use my service so I can get you through it," but then it doesn't make them intrigued.

KATHLEEN NEVILLE

Niagara Falls Bridge Commission

Back to what Jim and Erin and several had indicated, education for small businesses, I just want to say that we are in a perfect climate. The

head of Empire State Development, Howard Zemsky, is from the Buffalo area. We have such an excellent opportunity with the regional leaders, now state leaders, that have already created models. I was thinking, you were talking about a model, that startup, the Start-Up New York, 43North. There are so many initiatives right now that there should certainly be initiatives in the topics that we've talked about here this morning.

► **If you have Higgins' ear or Collins' ear, I would encourage you to ask them to participate more actively in that and keep bringing these issues to their attention.**

PETER WILSON

Sonwil Distribution Center

Well, I was just thinking here – and you know, this is tongue-in-cheek – the quickest way to solve this thing, why don't we buy two places over in Rose Hill Bay or something like that? Give one to Higgins and we'll give one to Chris Collins and I would imagine that in 60 days our problems would be solved at the border. At least they would be on track.

► **Just buy them a villa at Crystal Beach.**

KATHLEEN NEVILLE

Niagara Falls Bridge Commission

Even if they have to drive trucks to get over there, right?

PETER WILSON

Sonwil Distribution Center

You know, the trucking side of this, the logistics side, right now it works. And to your point, maybe GM won't change their time when they want to offload trucks. I will. I'll work whatever, whenever the trucks show up. My staff will be there to work, to make this easier for the border because we're all about leaning out our supply chain. If it's more efficient for us to offload trucks at three in the morning and it benefits our customers, guess what? We offload trucks at three in the morning. But from a practical standpoint, that's why I say with our elected – and I'm not that big of a political guy, but if it takes buying two houses over there to fix this problem, I'm in. Where do I donate? It has to be brought to their attention. If you experience it, they'll figure it out. These are not individuals who can't figure this one out. So that's my suggestion.