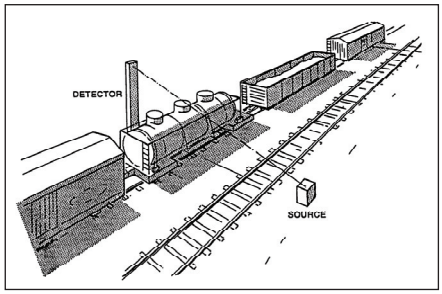
Canada's Commitment to Marine Container Security, for Canada and for the United States

- VACIS on site -



- VACIS Operation -

Canada's four major ocean ports (Halifax, Montreal, Saint John and Vancouver) are active participants in Customs and Border Protection's Container Security Initiative (CSI) program. In fact, US CBP staff work side by side with their Canadian counterparts on site at three of these ports as part of the Joint In-Transit Container Targeting Units (JTUs).

CSI is a cargo supply chain security regime which ensures that all containers that pose a potential risk for terrorism are identified and inspected at foreign ports before they are placed on vessels destined for the United Sates. US and Canadian teams therefore act as a force multiplier to ensure the same level of security scrutiny for containers destined to North America. The four core elements of CSI adopted by both Canada and the United States are:

- Identify high-risk containers via advance electronic cargo data transmission to CBP and CBSA 24 hours before the container is loaded on board a NA-bound vessel while at the foreign port. Both Canada and the US use automated risk targeting tools based on advance cargo information and strategic intelligence.

- Pre-screen and evaluate containers before they are shipped. Containers are screened as early in the supply chain as possible, generally at the port of departure.

- Use technology to pre-screen high-risk containers to ensure that screening can be done rapidly without slowing down the movement of trade. This technology includes large-scale X-ray and gamma ray machines and radiation detection devices. In 2002, Canada began implementing a variety of technologies to enhance security at our ports against radiological and nuclear threats.

- Use smarter, more secure containers, which will allow CBP officers at United States ports of arrival to identify containers that have been tampered with during transit.

Shipments destined for the U.S.A. are subjected to the CSI process before being loaded onto vessels at the overseas port and upon discharge at the Canadian port.

In addition CBSA uses radiation detection devices similar to those used in the United States to scan shipments for potential radioactive threats at the Canadian

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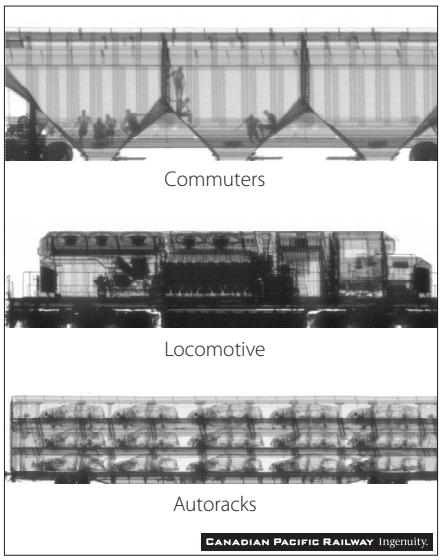
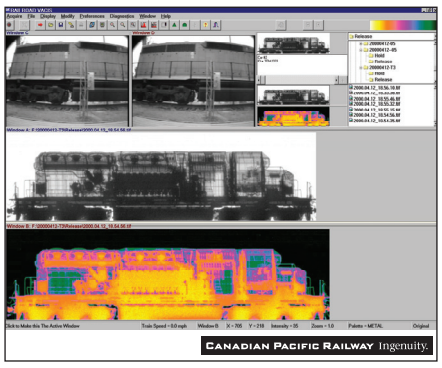


- Gamma Ray Images -



- VACIS User Interface (MS Windows®) -

marine ports. CBSA inspectors working in marine container modes have been issued radiation dosimeters that signal if radiation levels surpass a preset limit and track accumulated exposure to radiation over a period of time. Handheld radiation detectors are also being used at all of our seaports which are capable of pinpointing exact locations of radiation sources, as well as identifying the isotope causing an alarm. A fleet of powerful vehicle-mounted radiation detectors ("car bornes") have more recently been deployed as part of our marine security arsenal.

Canada's main thrust in radiation detection is the implementation of a network of portal detectors at our seaports. Portals are comprised of two panels affixed to the ground that are capable of mass-screening cargo containers. The goal is to screen virtually all incoming marine containers which have the highest risk for smuggling illicit radiological and nuclear materials. These portals will operate as primary detectors, screening large volumes of marine containers in an automated fashion and are monitored around the clock by CBSA's National Risk Assessment Center and by a team of trained scientists from CBSA's laboratory. CBSA continues to explore the use of new state-of-the-art technology to increase safety and security at our ports of entry.

For containers arriving in Canada but destined to the United States by rail, more security "layers" are in place, including a second transmission of cargo data to CBP 2 hours before the train approaches the Canada/US land border and a 100% VACIS inspection of all cars before the train arrives at the US port of entry. Two railroads, CN and CP, carry in transit containers to the US and both are CTPAT approved carriers.

We have also strengthened our ports and port terminals. The Government of Canada amended the Marine Transportation Security Act (MTSA) to fully comply with the International Maritime Organization (IMO) requirements for security. The IMO requirement is the International Ship and Port-facility Security (ISPS) Code and requires all countries to comply with the ISPS Code by June of 2003. Canada not only complied with the code, but in many cases exceeded it. That code required all marine-facilities in Canada to submit a Security Plan to Transport Canada and obtain a Certificate of Compliance. All have. Following that initiative, the federal government provided $115 million to help all marine facilities implement the security plans. This effort helped Canadian Ports take their place among the most secure in the world as determined by the IMO. Canada is working closely with the U.S. to ensure North American transportation security. Two examples of this cooperation are port vessel inspection teams in the Great Lakes/St. Lawrence Seaway and reciprocal foreign port inspection programs.

The contribution program was part of a total commitment for marine security amounting to $1 billion over the past three years. The Canadian government is of the firm view that security imperatives remain among the top priorities of the government.

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