

Modernizing the Canada-U.S. Border

Canada and the United States (U.S.) enjoy one of the largest trading relationships in the world. Every day over 300,000 travellers and \$1.7 billion worth of trade crosses the Canada-US border. One-third of this two way trade is the intra-company delivery of input materials. We literally *build things together*. The citizen of both our countries benefit from this relationship. Eleven million jobs – three million in Canada and eight million in the U.S. depend on this trade. Yet, the success of the Canada-U.S. economic partnership depends on a smart, secure border that facilitates the flow of legitimate people, goods and services. Unfortunately, since 9/11 the border between Canada and the United States has become increasingly inefficient.

Over the past ten years, there have been dramatic increases in security measures at the border – costly measures that have resulted in greater numbers of fees and inspections for those that use the border the most. When coupled with growing layers of regulations, increasing regulatory complexity, infrastructure constraints and uncertain wait times it is not surprising that businesses are upset. High costs at the border means reduced profitability for businesses and higher prices for consumers.

On February 4, 2011, President Obama and Prime Minister Harper recognized the need to improve the efficiency of the Canada-U.S. border. The leaders promised to establish a new long-term partnership to strengthen the economic and physical security of both countries while facilitating the flow of legitimate goods and people across the border.

Their joint declaration focused on four key areas: the early identification of threats; trade facilitation, and economic growth; integrated cross-border law enforcement; and the protection of critical infrastructure. To oversee the implementation of these measures, the leaders created the Beyond the Border Working Group (BBWG). The Canadian Chamber of Commerce has been actively calling for improvements to the Canada-U.S. border and views the February 2011 announcement as a positive step in the right direction.

The Canadian Chamber believes that work to improve the efficiency of the Canada-U.S. border must have three political outcomes. First, it must make North American more secure by increasing participation in trusted traveller and trader programs. This would allow border agencies to focus their limited resources where they are most needed. Second, it has to improve the predictability of the border in terms of wait times, inspections, fees and service standards. Finally, improving border efficiency would strengthen economic growth by facilitating the movement of legitimate people and goods across the border.

While the recession had a negative impact on the amount of traffic crossing the Canada-U.S. border, there are signs of recovery. For example, in 2010 truck traffic on the Ambassador Bridge was up by 17.4% over the previous year.¹ As we recover from the recession and traffic volumes increase, the unaddressed structural problems at the border will once again result in delays.

One area that has consistently been identified by the trade community as a source of delays is the confusion surrounding admissibility requirements. With every year that passes new regulations and requirements are developed and imposed on the cross border business community. Business must constantly keep abreast of changes to avoid delays caused by unintentional non-compliance. For example, both countries are moving towards the collection of data electronically. Unfortunately there are significant concerns that these new requirements ignore the reality of modern supply chains by requiring information that is impossible, difficult or too costly to collect properly.

The trade community has identified several other areas that contribute to unpredictable wait times at the border including: insufficient training of customs officials, inadequate staffing models, the need for

¹ Toll Road News. **Ambassador Bridge reports 11.5% traffic rise 2010/2009 but still 41% below 2000.** Jan 13, 2011.

greater participation by other government departments, outdated or insufficient border infrastructure and lack of, or inefficient use of technology.

There is also a need to focus the limited resources of border agencies where they are most needed – unknown trade and travel. There are currently many trusted shipper and trusted traveller programs such as Free and Secure Trade (FAST), NEXUS, Customs-Trade Partnership Against Terrorism (C-TPAT), Partners in Protection (PIP) and Customs Self Assessment (CSA). The Canadian Chamber of Commerce is a strong supporter of these programs yet the cost of participation in these programs is high and the benefits limited. Furthermore, many businesses remain concerned about overlap in areas such as risk assessment, client interaction and program conditions. There is a very real need to harmonize the different policies for participation in these programs.

Recommendations

That the federal government work with the U.S. government to:

1. Set up a pilot trusted shipper program for companies that are regulated by government agencies other than CBSA and CBP. This would allow more companies to participate in trusted shipper programs.
2. Develop accurate staffing models for border services that reflect demand –including participation from other government departments.
3. Ensure that there are a sufficient number of border crossings with 24/7 operations to facilitate cross border trade and travel in all of Canada’s provinces and territories.
4. Work to remove redundancies, harmonize Canada/U.S. requirements and programs, maximize benefits and minimize the costs of participating in trusted trader and traveller programs.
5. Continue to invest in modern infrastructure and technology to reduce wait times and improve security at the border.
6. Improve business traffic by addressing the inconsistent handling of inspections and infrastructure limitations.
7. Expand upon existing CBP and CBSA Cargo Security Initiatives and Joint Targeting Initiatives to allow for a North American perimeter approach to international container inspections.
8. Establish reciprocal processes for transborder Canadian or U.S. originated shipments for controls and interdiction at point of origin wherever possible, with a focus on the inherent controls of intermodal operations.
9. Where inland inspection of containers is required these should be modelled after CBSA's process for interdiction at destination.