

INFORMATION BULLETIN

DATE: July 21, 2009

SUBJECT: Border Traffic

SOURCE: Globe & Mail

Dramatically lower traffic at the Canada-U.S. border owing to the recession has lulled authorities into a “false sense of security” that delays are gone forever, says Perrin Beatty, president of the Canadian Chamber of Commerce.

The congestion of 2006 and 2007 will quickly return as the economy recovers because not enough has been done by both countries to cut red tape and tie-ups, Mr. Beatty warned Tuesday as he unveiled a joint report by the Canadian and U.S. chambers of commerce on how to fix border problems.

“If we had seen continued growth ... we would be seeing a crisis at the border right now,” Mr. Beatty told reporters in Washington by teleconference.

Long-standing problems have put manufacturers who operate in both countries – including the ailing Detroit Three auto makers – at a competitive disadvantage, according to the 29-page report, titled Finding the Balance: Shared Border of the Future.

With the auto industry “under threat,” now is the time to fix the system, Mr. Beatty argued.

The report points out that a shipment of 4,000 cars from Japan needs just a single customs clearance, while similar Canadian and U.S.-made vehicles face as many as 28,000 customs and security checks as they crisscross the border multiple times on their way to market.

Meanwhile, new impediments to trade have cropped up, including spreading Buy American rules on government purchases and mandatory U.S. passport and document requirements that took effect in June.

Mr. Beatty blamed the passport rules for the recent cancellation of several international conferences in Canada as well as a sharp drop in U.S. tourist traffic, which has left businesses reeling in places such as Niagara-on-the-Lake, Ont.

Effective June 1, anyone entering the United States by car, including returning residents, must carry a passport, a designated trusted-traveller card such as Nexus or an enhanced driver's licence issued by some states. A similar requirement was already in place for air travel.

The report also pointed to potential new problems, including a proposal by the United States to impose new standards for wooden freight pallets from Canada. The new requirement has “the potential to create delays for all freight crossing the border,” said the report.

Canada-U.S. trade is down nearly a third from last year, matched by similar declines in truck and traveller traffic. The report says truck exports to the United States are down 31.3 per cent from last year, while Canadian-bound freight is off 27.2 per cent.

The Canadian and U.S. chambers report lists almost 30 problems the groups say could be easily fixed. The recommendations include restarting a pilot project to preclear trucks away from congested land borders, improving so-called “trusted shipper” programs for frequent exporters, matching border staffing with demand, and improving border infrastructure.

The Canadian government paid \$34-million this week for property near a proposed new bridge linking Windsor and Detroit – the busiest Canada-U.S. border crossing.

“What business people are looking for is the predictability and reliability,” said Alfonso Martinez-Fonts, a former top U.S. Homeland Security official who now works for the U.S. Chamber of Commerce. “That's what we don't have.”

Mr. Beatty said the report's recommendations could be implemented within 18 months. “All that's required is the will to make it happen,” he said.

Officials of both groups said the new Obama administration offers an opportunity to resume work on key border irritants.