

*This article, by David Bradley, was in the National Post April 2, 2009  
David Bradley is CEO of the Canadian Trucking Alliance*

## **Stuck at the Border**

Two-thirds (by value) of Canada's trade with the United States moves by truck. So, I often get asked the question: How are things at the border these days?

Before answering that it is important to understand that North America – especially its manufacturing regions – has been in a freight recession for at least two years. Initially, the reduction in freight volumes – particularly a drop-off in southbound shipments -- reflected the impact from the appreciation in the value of the Canadian dollar, and ongoing problems in the auto and forestry sectors. What had been the Canadian truckers' traditional head-haul, and the major source of the industry's growth over the previous 20 years, has been drying up. The onset of the financial meltdown and a world-wide recession has only served to exacerbate what had been underway for some time.

Figures supplied by the Public Border Operators Association show that in February 2009, the number of trucks crossing between Ontario and the US continued to spiral downward. Compared to a year ago truck crossings were down 35% at the Ambassador Bridge, 28% at the Blue Water Bridge and 17% at the Peace Bridge. In 2008, total truck crossings were 10% below where they were in 2001.

It is no surprise to truckers that Canada finds itself in a trade deficit situation. In 2007, for the first time in decades, the number of trucks coming into Canada exceeded the number heading to the US. In 2008, US imports from Canada by truck declined by 6% over 2007, according to the USDOT, whereas US exports to Canada by truck were up a modest 2.4%. The trend continues in 2009 and there is virtually no indication that a recovery in freight is on the near-term horizon. This is as good a harbinger for overall economic activity as you can find.

Moreover, the current slowdown in trade is masking problems arising out of the "thickening" of the Canada-US border that has been occurring over the past number of years, in large part reflecting a series of measures introduced by the US in the name of enhanced security. No fewer than a dozen major US security programs have been introduced since 9/11. Other factors have also contributed such as infrastructure limitations (the Detroit-Windsor crossing being a prime example), inconsistency between US and Canadian programs, staffing issues and no doubt an element of US protectionist sentiment.

So, with cross-border truck traffic down, we are currently not experiencing the kinds of extended delays that have at times plagued the border in recent years. However, despite the drastic drop-off in volumes, border processing times have not improved. I am concerned that when the economy bottoms out, and growth resumes, there will be a return to extended border delays.

I'm not sure where the tipping point is, but continued heaping of costs on transportation and trade is a serious threat to the competitiveness of North American made goods and direct investment to North America. Anything that impairs the efficiency, productivity and reliability of the North American supply chain will have significant ramifications for both economies, given the high level of integration.

Recently, the new US Secretary of Homeland Security, commented on the northern border. Frankly, she did not say anything we did not already know – e.g., there is a cultural change underway that underpins the creation of a "real" border. Anyone who has been remotely involved in border issues since 9/11 knows that. As

---

Canadians, our concern should be what additional measures will be introduced on top of what has already been done over the past eight years to create that “real” border. The secretary’s remarks seem to indicate that what has been done to date is still not enough. She says that we should strive not to impact on trade but to not “unduly” impact trade. She talks about trying to avoid “an unnecessary division between our security responsibilities and our trade and travel desires.” What is her definition of “unduly” and “unnecessary”?

Is Canada positioned to deal with this challenge? I do not for a minute under-estimate how complex the matter of Canada-US relations is. However, the Canadian approach of recent years has been too diffuse. Too many federal departments have had some stake or responsibility for some aspect of the border. It is a challenge just to find out who’s who and to get the different parties working together. The results from the Security & Prosperity Agenda have been underwhelming.

A new approach is required including the creation of a cabinet committee on the border and/or a specific ministerial or senior bureaucratic position with authority for all aspects of the border. Second, we need to engage the Americans in a new Smart Border Accord. Ironically, the most productive period for advancing border issues occurred in the first few months following 9/11, culminating in the Smart Border Accord of 2001. We have to know what we want and bring solutions to the table. Just saying trade is important is not enough.

David H. Bradley  
CEO, Canadian Trucking Alliance  
President, Ontario Trucking Association