

Rethinking our Borders

The terrorist attacks of September 11th have pushed security concerns to the forefront of the agenda for Canadians and Americans alike. They have also posed a threat to the economies of both nations. The federal government must take swift and effective action to respond to the new security reality. In

doing so, it will re-establish confidence in our trading relationship with the United States which is so vital for Canada.

Central to that trading relationship is a fluid and predictable Canada-U.S. border.

Resolving border issues is of critical importance to Canada's business community and to our economy. Given today's economic realities, security measures at our borders must be implemented effectively to avoid disastrous effects on our economies.

Canada's prosperity depends on our trading relationship with the United States which, in turn,

depends on the efficient flow of goods and people across the 49th parallel.

The tightening of the Canada-U.S. border in the immediate aftermath of September 11th caused lengthy delays that forced some Canadian plants to temporarily reduce or halt production. While border conditions have improved, the federal government must

act to ensure that such a situation does not become the new *status quo*. Thousands of existing Canadian jobs are at stake, and Canada risks losing future foreign direct investment and the new jobs that go with it.

Although current concerns are focussed on the Canada-U.S. border, it is important to recognize that these are related to Canada's ability to guarantee security at other points of entry. We must ensure that Canada is not used as a conduit through which high-risk goods and travellers can enter the United States. The challenge is: How do we maintain secure national borders while ensuring that low-risk goods and travellers can move efficiently between Canada and the United States?

As a starting point, this paper sets out guiding principles and general approaches for action on improving border management.

A New Reality

Border fluidity directly affects Canadian economic prospects and has important strategic implications. Much of Canada's economic activity depends on the problem-free movement of automobiles, airplanes, trains, trucks and ships, especially in the world of just-in-time production and delivery. It also depends on the mobility of people, including business travellers, service providers, tourists and commuters.

Border delays harm productivity and increase the cost of doing business. If the border is a barrier to the efficient flow of goods and people, it will directly affect the future flow of foreign direct investment into Canada. Without efficient access to the U.S., companies will be reluctant to establish operations in Canada. In addition, companies with facilities in Canada may relocate, and future investment by Canadian and foreign companies may be reduced.

The Coalition for Secure and Trade-Efficient Borders was formed by over 40 Canadian business associations and individual companies to help the federal government successfully deal with border issues, by ensuring that it understands the business perspective. Its purpose is three-fold:

- To recommend measures to facilitate the passage of low-risk goods and people across Canada's borders;
- To recommend ways to strengthen Canadian security and intelligence, immigration and refugee determination and border processing; and
- To increase cooperation between Canada and the U.S. and other allies to prevent the entry of terrorists, illegal immigrants, contraband and illegal goods into our countries.

The Coalition has established working groups that are developing proposals which will form the basis of its specific recommendations to the government on transportation, security and immigration, and customs.

Border-related concerns predate September 11th but those events have made it imperative that we address them. They must now be resolved within the context of the urgent need to ensure the individual and collective security of Canada and the United States. In particular, we must address the complexities of maintaining a secure Canada-U.S. border that enables low-risk goods and people to move efficiently. This requires governments, business and citizens to deal with a variety of important issues as they try to meet both security and economic needs.

Border delays harm productivity and increase the cost of doing business in Canada. If the border is a barrier to the efficient flow of goods and people, it will directly affect our economic potential and the quality of life for all Canadians.

The Coalition for Secure and Trade-Efficient Borders believes the following principles must underpin new border arrangements:

- **The security of Canadians and Americans is paramount.** As the events of September 11th have also threatened the economies of both nations, government officials and business leaders must work together to protect our citizens and safeguard the economic well-being of Canada and the U.S.
- **Security and trade are linked.** Increased security will facilitate trade if there is confidence and trust in the measures taken on both sides of the border. The steps that are taken must be in the context of a risk assessment model aimed at moving low-risk goods and people while focussing resources on threat mitigation. Management of the border on the basis of risk implies new approaches and techniques which allow clearance procedures for goods and people prior to their arrival at the physical border.
- **Collaboration is essential.** To combat threats to Canada, there must be greater dialogue and cooperation among Canadian government departments and agencies, and between Canadian and

American officials. Cooperation between Canada and the U.S. is not new. There are already longstanding joint arrangements on defence, the environment, transportation infrastructure and certain customs procedures. Both nations must have shared goals and objectives on protecting physical and economic security, but respective measures to achieve these do not need to be identical. However, any measures must include greater sharing of data and intelligence.

- **Technology is an essential tool.**

Governments and the business community must work together to use new technology to better facilitate business traffic while meeting security concerns.

- **Solutions must be bilateral in nature.**

While Mexico shares the same economic space within NAFTA, the border issues between Mexico and the United States are significantly different from the Canada-U.S. context. In addition, the dialogue between Canada and the U.S. with respect to border issues is much more advanced. Greater Canada-U.S. border cooperation could serve as a future model for a U.S.-Mexico accord, but for now, the two borders are so far apart, physically and figuratively, that they require significantly different treatment.

Canada and the United States must build on the 1995 Shared Border Accord, which targeted: international trade promotion; facilitating people movement; enhanced protection against drugs, smuggling and the illegal and irregular movement of people; and the reduction of costs for both government and users.

We must also build on and implement many of the solutions contained in the Canada-U.S. Partnership Forum (CUSP).

- **Solutions must be balanced, workable and predictable.** Getting the border “right” matters in a very tangible way and requires a comprehensive approach. There must be a balance between security and economic concerns, between individual

Statement of Principles - Coalition for Secure and Trade-Efficient Borders

and collective rights, and between collaboration and sovereignty. Moreover, it is essential that solutions be tailored to the different requirements of goods *versus* people, and different transportation modes, *i.e.* air, marine and surface.

- **The time for action is now.** Constraints at the border predate September 11th and solutions have already been identified in numerous studies and forums. It is now up to the governments of Canada and the U.S. to take concrete actions to address these issues. Both business and security concerns demand it. For its part, the Canadian government must act quickly to pass new legislation on security, customs and immigration, among other measures.

A New Approach

To ensure secure and trade-efficient borders, risk management and assessment must be at the heart of border management systems in the post-September 11th reality.

To deal effectively with unknown and high-risk movements, Canadians have to think of the border in terms that go beyond the 49th parallel. This does not mean the disappearance of the border. Rather, border management systems must effectively identify and facilitate known low-risk goods and people, including pre-clearance and other procedures prior to arrival at the 49th parallel. This will relieve pressure on the 49th parallel so that border resources can be targetted to areas of greatest risk.

This requires three integrated lines of security:

1. Offshore interception

Problems must be detected before they hit Canadian or American shores. In concrete terms, this means screening people and assessing their risk before they depart for North America.

This first line of security will require governments to place more resources abroad. It will also require new and timely methods of

information-sharing between Canada and the U.S. on a coordinated basis across the many agencies involved, *e.g.* police, customs, agriculture, immigration and transportation.

2. First point of entry into North America

Each year, 10 million visitors (excluding those from the U.S.) arrive in Canada, some 90% via large international airports like Montreal, Toronto and Vancouver. Canadian immigration procedures must be able to properly assess and deal with these arrivals, including individuals who may be transiting Canada to other destinations, especially the U.S. At the first point of entry into North America, it is essential that Canadian procedures ensure, to the extent possible, that these arrivals pose no threat.

On the cargo side, the bulk of international cargo enters Canada through a small number of seaports and airports. The system must expedite the entry and transfer of low-risk goods destined for either Canada or the U.S., while combatting the problem areas.

Canada-U.S. Border Facts

- *Canada and the United States have the largest bilateral trading relationship in the world.*
- *Canadians sell more to the United States than they consume at home.*
- *65% of Canada's manufacturing production and over 86% of its total exports go to the United States.*
- *A truck crosses the border every 2.5 seconds—that's 45,000 trucks a day.*
- *200 million people cross the border every year.*
- *A million dollars a minute of two-way trade flows across the border, totalling over \$700 billion CDN last year, or almost \$2 billion a day.*
- *85% of border crossings are non-commercial in nature.*
- *Eight of the top ten border crossings are either bridges or tunnels.*

3. The Canada-U.S. border

Ensuring that we have a smart border will strengthen its effectiveness. In particular, measures to move low-risk identification processing away from the border are essential. These would ease congestion and allow border authorities to concentrate on high-risk movements.

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Various measures that accomplish this have been in place or under trial for some time on the travellers' side, e.g. NEXUS and CAN-PASS. For commercial movements, Canada's Customs Self-Assessment (CSA) program is scheduled for implementation in December 2001, and in the U.S., the National Customs Automation Program (NCAP) is already being used by the automobile industry. Those programs which have been suspended in the wake of the September 11th events must be reactivated as soon as possible.

The "perimeter" concept, or "zone of confidence", does not mean the elimination of the Canada-U.S. border nor does it mean Canadian adoption of U.S. policies. Rather, it is a collaborative and integrated approach that better coordinates and manages existing practices, and establishes new steps that will ensure the protection of all North American citizens by focussing security resources on higher-risk areas through three integrated lines of security.

The three lines of security must be part of an integrated solution. None of these can operate in isolation if they are to be effective. This will require leadership and commitment from both governments at the highest political levels.

This approach has been variously termed a "perimeter" concept or a "zone of confidence". Canadians should not let the debate over terminology or labels obstruct the measures that are needed. The key point is that many of the components that provide the desired solutions are known. In essence, the perimeter approach or concept is not a top-down, grandly conceived scheme. It is a bottom-up approach which better coordinates and manages existing practices, and establishes new steps to fill the gaps which are being identified through the collaborative efforts of all concerned.

Conclusion

Canada and the United States are inextricably linked by geography and economics, and both countries must remain fully engaged in the world community. We must not allow the events of September 11th to impede the economically vital flow of people and goods across our common border.

Since September 11th, the Canadian and U.S. governments have moved quickly and effectively to ensure that people and goods can cross the border with a minimum of delay, while respecting security requirements. However, border-crossing volumes are down since September 11th; if they return to previous levels, serious delays are likely. The current situation is a short-term reprieve—attention is now focussed squarely on the question of how Canada-U.S. border management should evolve.

The current environment is, ironically, creating a window of opportunity for Canadians and Americans to re-evaluate their border relationship and to address issues that pre-date September 11th. The new imperative is the collective security of Canadians and Americans.

At the core, we can no longer think of only the 49th parallel, but must broaden our approach to managing our borders if we are to ensure security. Collaboration and cooperation must take place on a variety of levels within and between both nations: between governments and the business community; between businesses and business associations; and between governments.

Canada's business community, represented by the Coalition for Secure and Trade-Efficient Borders, has a vital stake and an important role to play in the successful resolution of border issues.

Through individual members, the Coalition is carrying a message of cooperation and common purpose to American businesses and business associations. Working groups composed of Coalition members are developing specific recommendations on customs, security and immigration, and transportation reforms to further the agenda. From this perspective, the Coalition will work with the Canadian government and Parliamentarians to ensure that federal officials have the information and input they need from the business community to move forward on this issue urgently.