

# INTERNATIONAL AFFAIRS

## 24-Hour Commercial Border Crossing Access

### Issue

Transportation and logistics plays a critical role in our economy, as it supports a variety of industries across the country. It is in the best interest of Canada to expand trade linkages with the United States through transportation crossings and corridors that link Canada to the United States to facilitate a growing trading market. A renewed effort is needed to eliminate the obstacles that continue to prevent the expansion of commercial port facilities.

### Background

Canada and the U.S. enjoy one of the most prosperous relationships in the world, with a staggering volume of bilateral trade totaling \$886 billion (CDN) in 2015<sup>106</sup> as well as close to 400,000<sup>107</sup> people crossing our shared border each day.

Total trade to the United States by province was as follows for 2016<sup>108</sup>:

Province	Total Exports to US	Total Imports from the US
Ontario	\$206,516	\$189,243
Alberta	\$68,041	\$16,386
Quebec	\$57,067	\$23,770
British Columbia	\$21,253	\$19,651
Saskatchewan	\$12,871	\$7,562
New Brunswick	\$9,732	\$4,097
Manitoba	\$9,189	\$15,269
Newfoundland & Labrador	\$4,972	\$1,286
Nova Scotia	\$3,649	\$1,032
Prince Edward Island	\$926	\$30,087

- *Value in millions of Canadian Dollars*

Even with this important trading relationship and the importance of border services and customs via all modes of transport, a current disparity in the relationship between trade, population, gross domestic product and the number of border crossing in each province currently exists across our country. Ontario, Canada's largest provincial exporter to the U.S. has 13 24-hour border crossings, while Alberta, the second largest, only has one.

<sup>106</sup> [http://can-am.gc.ca/relations/commercial\\_relations\\_commerciales.aspx?lang=eng](http://can-am.gc.ca/relations/commercial_relations_commerciales.aspx?lang=eng)

<sup>107</sup> [http://can-am.gc.ca/relations/border\\_frontiere.aspx?lang=eng](http://can-am.gc.ca/relations/border_frontiere.aspx?lang=eng)

<sup>108</sup> Statistics Canada & US Census Bureau - Trade Data Online: <https://www.ic.gc.ca/>

	<b>24-Hour Crossings</b>	<b>Total Crossings</b>	<b>Population (2016)</b>
British Columbia	8	19	4,751,600
Alberta	1	6	4,252,900
Saskatchewan	2	12	1,150,600
Manitoba	3	16	1,318,100
Ontario	13	14	13,983,000
Quebec	21	30	8,326,100
New Brunswick	12	18	756,800

In addition to limited hours, another barrier to our border crossings is a lack of an Electronic Data Interchange (EDI) at key ports of entry, which facilitates the electronic transmission and interchange of cargo, release and accounting data issued by customs brokers.

It is critical that we encourage the government to remove any barriers or encumbrances on imports and exports of our key sectors between Canada and the U.S. and work to improve international trade by removing pressure and congestion on our 24-hour commercial ports and corridors. Additionally, we must ensure that we can expedite legitimate and vital cross-border trade and travel through the implementation of efficient and effective security and technology measures.

Transportation access is fuel for economic development. Regions with flexible, efficient transportation networks can access product markets, suppliers, vendors, workers and customers more efficiently and more cost effectively than those that do not. Investment leads to trade, as companies' activities increasingly become part of the global value chain, necessitating not only clear and open investment rules, but also ensuring that goods and services produced in our region can be transported easily to market. To be part of this chain, Canada and the United States must not only be open to these cross-border opportunities, but also must ensure that the goods and services produced have easy access to markets in both countries and internationally.

It is in the best interest of Canada to expand trade linkages with the United States through transportation crossings and corridors that link Canada to the United States to facilitate a growing trading market. A renewed effort is needed to eliminate the obstacles that continue to prevent the expansion of 24-hour commercial port facilities and promote this as access to our north-south trade corridors.

## **Recommendations**

That the federal government:

1. Accelerate dialogue with U.S. counterparts to provide support for border initiatives and ensure that the hours and services of our border crossings consistently match the U.S. in both traveler and commercial services.
2. Ensure that provinces with high volumes of bilateral trade and corridor traffic have access to sufficient commercial border services and that all provinces have more than a single 24-hour full service commercial port of entry.
3. Ensure border crossings are equipped with efficient and effective security and technology measures, such as full Electronic Data Interchange (EDI) equivalency.

# Renegotiate a NAFTA Suited for Modern Business and Trade

## Introduction

NAFTA is Canada's single most important international free trade agreement. On May 18, 2017, the United States formally notified the U.S. Congress of its intention to initiate negotiations related to NAFTA with Canada and Mexico.

Canada must be prepared to renegotiate a NAFTA that reaffirms our commitment to free and open trade and that reflects the needs of modern business.

## Background

According to the US Chamber of Commerce the value of NAFTA is \$1.3 trillion (US) annually, impacting 125,000 American businesses and 15 million jobs.

*U.S. goods and services trade with Canada totaled an estimated \$627.8 billion in 2016. Exports were \$320.1 billion; imports were \$307.6 billion. The U.S. goods and services trade surplus with Canada was \$12.5 billion in 2016.<sup>109</sup>*

This trade agreement is critical for all three NAFTA partners, affecting each and every Province, Territory and State across North America.

In recent months, NAFTA has been oversimplified to emphasize trade deficits in what is too often portrayed as isolated bilateral import-export product exchanges. This view is misguided. North America's trade flows in fact demonstrate the extent of our highly integrated and globally competitive supply chains.

78% of imports from Canada to the United States are raw materials, parts and components and services used to make other goods and services in the United States. In a wide range of instances those raw materials, parts and components are moved up the value chain, sold domestically and/or exported abroad, including back to Canada.

Canadian inputs represent around 3% of the value of US exports to the rest of the world while U.S. inputs represent 10% of the value of Canadian exports to the rest of the world.

The above figures attest to the valuable contribution that international trade, regional and global, has to job creation, sustaining the livelihoods of millions of Canadians, Americans and Mexicans.

There is little doubt that NAFTA needs to be modernized. Our smart phones, nowadays crucial to day to day business, did not even exist when the agreement was originally signed. GPS and internet-enabled cars did not either. Correspondingly, the calculation methods for NAFTA's rules of origin are no longer suited for today's trade.

More and more, business is impacted by the rapid growth of digital trade and trade in services.

*"...the economy has undergone a radical transformation in the nearly 25 years since the North American free-trade agreement was signed... Cross-border flows of goods, and even services, have slowed in recent years. But data-based trade is exploding. Cross-border data flows already contribute more to the global economy than trade in goods, according to a recent McKinsey Global Institute study."<sup>110</sup>*

A new NAFTA must reflect the needs of modern business exchange. Moreover, it can serve as a reaffirmation of North America's commitment to free and open trade. A blueprint for multilateral trade agreements two decades ago, NAFTA can once again provide that standard for trade in the 21<sup>st</sup> century.

<sup>109</sup> Office of the United States Trade Representative, Executive Office of the President

<sup>110</sup> McKenna, Barrie, "Is Ottawa ready for a New Economy version of NAFTA?"; The Globe and Mail, 4 06, 2017; <https://www.theglobeandmail.com/report-on-business/rob-commentary/is-ottawa-ready-for-a-new-economy-version-of-nafta/article35199086/>