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Canadian Manufacturers and Exporters
Border Thickening? What Border?

• The Auto Pact
• The FTA
• The NAFTA (1974)

• All 3 designed to reduce and eliminate remaining bilateral tariffs
1974-2009

• 35 years have passed!
• We now have the largest economic relationship in the world
• But, competition from abroad, especially China, is greater than ever
• Yet, cross-border barriers have risen
• And so have costs
The Border Line and the Assembly Line

• Integrated Markets
• Integrated Supply Chains
• One-third of Canadian exports are intra-firm
• Another third is intra-company
Where Has it Thickened?

• The 49th Parallel is not the problem
• Yes, the border today is an efficient step in the supply chain between Canada and the United States.
• The ports of entry are not the problem
So Where?

One Hour Out From the Border
Why and How

• Risk Management is the post 9/11 border management approach
• But what exactly is risk management?
• Ability to assess and manage risk
• To assess risk, you need …..
DATA!!

• Lots of data. Throughout the supply chain and beyond.
• Get more of it, get it to the border in time, (e.g. one hour before the truck gets to the border!) and get it there electronically.
• And if not - $10,000 penalty
The Race for Data

• Food and Drug Administration – Bioterrorism Act of 2002
Stove Pipes

- CBP has ITDS, ACE
- FDA has Prior Notice Web Portal
- CPSIA will be creating their own system
One more Piece of Data

• For the Lacey Act, alone?
• 12 new data elements
• $1/data element
• One CME member ships 10,000 shipments to the US each month
• Do the math
Not Just the Border

- US energy legislation that could increase fuel costs (two thirds of our trade is trucked)

- FMCSA’s current hours-of-service rule.
We need a more holistic view

- The competition
- The regulatory environment
- The business environment
- The innovation agenda
- The quality of life agenda.