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Border Thickening? What Border?

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

- Customs and Border Protection – Patriot Act of 2001 Trade Act of 2002, Lacey Act, Safe Port Act of 2002
- Food and Drug Administration – Bioterrorism Act of 2002
- Consumer Product Safety Commission – Consumer Product Safety Improvement Act of 2008

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.