Americans must understand that border barriers will hurt them, too

There was a 9% drop in commerce between two nations in 2008 due to recession and stricter controls at crossing points, new report says

BY BARBARA YAFFE, VANCOUVER SUN FEBRUARY 16, 2010

A new academic study funded by Ottawa reaffirms a story of serious decline in economic activity along the Canada-U.S. border.

The 15-page report, titled Border Barometer, contains a litany of disappointing statistics, showing the value of trade between the two countries dropped nine per cent in 2008.

At the same time, auto and truck traffic at the border declined 4.8 per cent from one year earlier.

The researchers, from Western Washington University and the University at Buffalo Regional Institute, attribute the deterioration both to the recession and U.S.-inspired border controls.

The analysis was funded by Foreign Affairs and International Trade and is part of a year-old initiative to provide policy-makers with annual data on the trouble spot known as the border.

It's all well and good for Canadians to cheer a new deal overcoming Buy American provisions in the U.S. stimulus package, a deal that will open bidding on American infrastructure projects to Canadian companies. But such victories do little to address practical realities at the border that are thwarting commerce between the two countries.

One bright spot noted by the border study relates to rail exports which were up at most of the eight northern border points studied, "pointing to the potential of this transportation mode to future commercial exchange."

The study reported regional variations in findings at the various crossing points, with the Detroit border impacted by turmoil in the auto sector and the Blaine border affected by a downturn in the U.S. housing market, which in turn affected Canadian wood product imports.

The academics noted that their research points to "the need for policies that better enhance economic competitiveness" and called on stakeholders to "become better at telling their story of the border."

One of the questions they ask policy-makers to consider is: "What if border flows decline at a rate of five per cent per year over the next 10 years?"

The border has been a problem for nearly a decade, that is, since 9/11 when the Americans adopted the credo, "security trumps trade."

Canada quickly understood the imperative of giving the U.S. assurances about security along the northern border, and spent $10 billion on new national security investments between 2001 and 2009.

For all that, a border report last year from the University of Western Washington concluded: "border processes established in the aftermath of 9/11 have disrupted the social [and] economic fabric of borderlands."

It also warned, "The long run real living standards of both Canadians and Americans have been adversely affected by post 9/11 border security developments."

The issue has a much higher profile on the Canadian than the U.S. side -- a dilemma since it would be up to the Americans to moderate security measures that clog the border.

Stunning evidence that the issue is not on the radar screen in the U.S. came last May when former presidents Bill Clinton and George W. Bush both admitted during a joint public appearance in Toronto that they were unaware Canadians and Americans had to have passports to cross the border.

The requirement, part of the U.S. government's Western Hemisphere Travel Initiative, took effect in June of 2009.

American taxpayers need to be educated to the fact that industrial supply chains increasingly have become continental rather than national.

Only when they perceive that Americans, too, are being economically hurt by excessive border regulations, will their politicians move to address an ever-deteriorating situation.

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