

Bottlenecks at the border are taking a toll on U.S.-Canada trade

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Don McArthur/Associated Press file
Scarcely adequate bridges and worn roads already stressed growing cross-border truck traffic between Canada and the United States before the Sept. 11 terrorist attacks. In the days afterward, when this scene unfolded, backups extended for miles. Now, delays are less severe, but manufacturers and shippers fear slowdowns in June 2009, when the next wave of Homeland Security rules are scheduled to go into effect, possibly stifling trade between the neighboring countries.

When Henry King drove back to Cleveland from Canada recently, he spied the jumble of semis queued up at checkpoints at the border. With each trip he makes, the international law expert at Case Western Reserve University said, the backup seems longer.

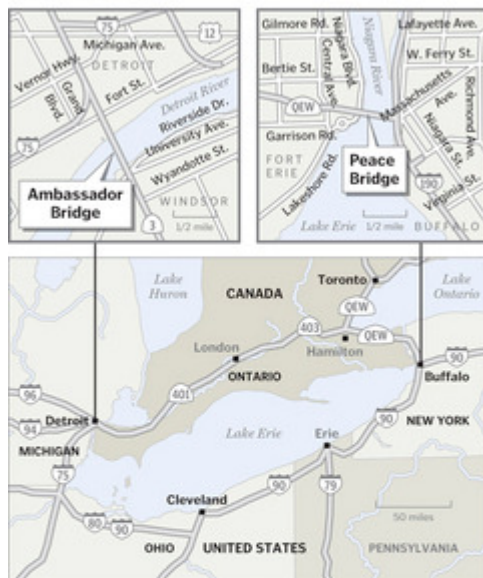
"It's costing us," he said about the old, overburdened bridges and the post-9/11 border security measures. All that puts a crimp in U.S.-Canada commerce.

"It costs companies to have those trucks sitting and waiting" along the boundary dividing the greatest cross-border trading partnership on earth.

The shipping bottleneck is a problem that needs to be fixed, King said, because it penalizes the United States, the Great Lakes region and Northeast Ohio, stealing money and stifling jobs. And within a year, new border security measures could slow commerce even more.

Choke points for Lake Erie manufacturing

Two of the busiest crossing points for goods shipped to and from Canada are at the ends of Lake Erie. Costly delays are a problem expected to get much worse in June 2009 when new U.S. security rules take effect.



The Ambassador Bridge

- About one-fourth of all trade between the U.S. and Canada passes over the Ambassador Bridge, between Windsor, Ontario, and Detroit.
- The value of cargo crossing the Ambassador is more than \$100 billion a year.
- Some 8,000 semi-trailers cross the privately owned bridge each day.

The Peace Bridge

- On an average day, 6,000 semi-trailers cross the Peace Bridge, connecting Buffalo, N.Y., with Fort Erie, Ontario.
- Some 375,000 tons of cargo cross the Peace Bridge each week.
- With free-flowing traffic, it would take 7 minutes to cross the Niagara River bridge; average crossing time is actually 59 minutes.

SOURCES: Canadian Consulate, Detroit; Migration Policy Institute; Buffalo-Niagara Partnership; U.S. Department of Transportation.

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It's a big concern for King, who heads the United States-Canada Law Institute.

"The public has to become aware that our prosperity suffers when we slow down trade with our biggest partner," he said.

King and many others yearn for a more streamlined process. That would mean modern crossings, less paperwork for truck drivers and travelers making business or tourism visits and, basically, a smoother, quicker and more hassle-free crossing. He knows the nations will have to cooperate to make that happen.

On average, 400,000 people cross the border each day, according to the Canadian government. By various estimates, from \$1.1 billion to \$1.6 billion worth of goods make

the trip every 24 hours, too. That adds up to about \$460 billion a year, the U.S. government says.

As the sum grows -- and everyone thinks it will -- backups of an hour, two hours, sometimes much longer become more frequent. Hassles multiply, ballooning the cost of shipping, interfering with just-in-time inventory needs and "thickening the border," as shippers say, referring to the decline in efficiency that more traffic brings.

Many are stressed over the backups

Supporters of a less bumpy ride for all those people, materials and products include area manufacturing executives with cross-border businesses, truck drivers and shipping companies, economists who value freer trade, politicians in border states and Robert Noble, Canada's consul general in Detroit.

Noble spoke about the bottlenecks at a recent international manufacturing conference in Cleveland.

"We buy four times as much from the U.S. as China does. Canada ranked No. 1 in 35 states as the leading export market for your goods in 2006," he told participants at the Great Lakes Manufacturing Forum.

National data from the U.S. Department of Commerce back up Noble's assertions. No other country comes close to Canada's import and export totals with this nation, including China, Japan and Germany.

Canada's place in U.S. trade

No. 1 export market for United States.

- No. 1 export market for Ohio products.
- No. 1 export market for 34 other states (2006).
- Bilateral trade between the two countries exceeds \$450 billion a year, or more than \$1.2 billion a day.
- Two-way trade crosses the border at rate of about \$1 million a minute.
- On average, 400,000 people a day cross the border.

SOURCE: Canadian Consulate, Detroit; Migration Policy Institute; Buffalo-Niagara Partnership; U.S. Department of Treasury

The issue is huge locally, too. Canada is the destination of 46.3 percent of Ohio's manufacturing exports, or \$19.6 billion worth in 2007. Out of total exports of \$8.3 billion, companies in Cuyahoga and Lorain counties sent \$3.1 billion worth of goods north in 2006, according to the U.S. Commerce Department.

The recent increase in value of the Canadian dollar, known as the loonie, has put it about on par with the U.S. dollar. That gives U.S. exports to Canada an advantage. Products made here now are cheaper for Canada's 30 million consumers than they were in the past, when the U.S. dollar overshadowed the loonie.

But problems loom, and not far from Northeast Ohio. The busiest crossing points along the 5,500-mile border include bridges between Detroit and Windsor, Ontario, and between Buffalo, N.Y., and Fort Erie, Ontario.

Those bridges, the Ambassador and the Peace, built 80 years ago, are old, too narrow, snarled by urban traffic and inadequate to today's task of export on a megascale, both governments agree.

Plans have been weaving through the giant federal bureaucracies for years to add more modern, perhaps truck-only, bridges to both of these crossing points, but little has happened. The U.S. Department of Transportation said it would take years more and perhaps billions of dollars to span the Detroit and Niagara rivers with modern crossings.

"I'm more optimistic about Windsor and Detroit because that planning has been under way for some time," said Jayson Myers, senior vice president and chief economist of Canadian Manufacturers & Exporters, a trade organization.

About the other area, near Niagara Falls, Myers said, "I'm less optimistic." The bottleneck there could continue tightening for years. At both locations, even now, bridge-bound traffic crawls through dense urban areas, causing miles of congestion.

Passport, please: More slowdowns ahead

But bridges aren't the only burden manufacturers and shippers face getting American-made goods to market in increasingly prosperous Canada -- or getting the Canadian goods and materials that U.S. industry and consumers need.

The Western Hemisphere Travel Initiative is a set of U.S. rules from the Departments of State and Homeland Security requiring citizens of the United States, Canada, Mexico and Bermuda to present passports when they enter or leave the United States from within the Western Hemisphere. Congress passed the rules as part of the Intelligence Reform and Terrorism Prevention Act of 2004, a response to the Sept. 11, 2001, attacks.

For now, travelers have to show passports when entering the United States by air. After businesses that ship to Canada, politicians and the Canadian government sought a delay, the United States agreed that not until June 2009 would passports or some as-yet-undetermined photo identification be required for anyone crossing a border by land or boat.

RPM International Inc. in Medina County is one of many area companies that do significant business with Canada. Revenues from that business are between \$210 million and \$280 million each year, or 6 percent to 8 percent of the company's \$3.5 billion in annual sales, according to Kelly Tompkins, RPM's chief financial officer.

He, of course, would like to see more modern roads and bridges and fewer traffic delays "so that commerce can operate at its most efficient." But he also hopes that next summer, when Homeland Security institutes its travel-identification policies, the bureaucracy doesn't slow cross-border shipping even more.

If every truckload of raw materials, chemicals or products is subject to a search and if the driver's ID is rigorously checked, "that will hamper the economic flow of goods and make the supply chain less efficient," Tompkins said.

He said he understands there's "a delicate balance between a need for security and global commerce." But many businesses would find further delays intolerably costly.

A few possible solutions are floating around. Myers of the Canadian manufacturers' group said both governments' officials have discussed more remote, off-site staging and inspection areas, where truck drivers can get their documents and cargo cleared. RPM's Tompkins hopes for a kind of toll-road EZ Pass, coded stickers permitting pre-inspected, fully documented trucks and drivers to zip through checkpoints.

Cleveland-Cuyahoga County Port Authority officials think lake shipping could lighten the load at border crossings in the future. Adam Wasserman, the authority's president, and Stephen Pfeiffer, vice president, said Canada's hope of developing deep-water ports along its Atlantic and Pacific coasts could introduce a new shipping model. It would spur new hub-and-spoke lake-port development along the St. Lawrence Seaway and the Great Lakes.

As Cleveland port executives described it, huge open-water ships would haul tens of thousands of containers from Asia or Europe to Halifax, Nova Scotia, and then unload. Smaller ships would load up and shove off for places like Hamilton, Ontario; Cleveland; and Detroit. Then trucks or trains would bear the cargo to retail and auto distributors, manufacturers and customers all over the eastern United States.

But Myers issued an important reminder: "The Canadian gateway ports plan -- and everything else we've discussed about cross-border trade -- all depends on cooperation between the Canadian and U.S. governments."

He and many others note that there's not much time for working out the details of the new U.S. border-crossing rules before June 2009, when every American going to Canada will need a passport.