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## OpEd

### Pre-clear border shipping

U.S. and Canadian officials must get out of their bureaucratic silos

September 21, 2010, Financial Post – Michael Hart

For nearly a century, Canadian and American officials have worked together to reduce the divide created by their common border. Until 9/11, their efforts were crowned with increasing success; after 9/11, security concerns thickened the border and undermined the benefits that Canadians and Americans had come to expect from what Sir Winston Churchill once characterized as the world's longest undefended border.

This downward spiral need not, and should not, continue. Modern technology allows the two governments to return to the successful trajectory of the past by pre-clearing as many people and goods as possible before they arrive at the physical border. Clearance at the physical border limits the amount of information and time required for inspectors to make informed decisions about risk and compliance. Satisfying all clearance requirements at the border can also delay travellers and shippers, lead to traffic congestion, add to the cost of doing business across the border, and chill discretionary trade, investment and travel.

A well-functioning border is critical to commerce in the integrated North American economy. The days are long gone when the norm was a carrier crossing the border loaded with finished products destined for retail shelves. Today, that carrier is usually part of a time-sensitive supply chain, loaded with inputs and components destined for further operations in the other country. The hidden tax of new data and of processing requirements adds significantly to production costs, undermining the competitiveness of North American producers, particularly those whose products cross the border several times during production.

Pre-clearance will offer such users a system that is more cost-effective than one that relies almost exclusively on inspection and verification at the physical border. It will also provide border officials with more reliable and timely information to make prudent risk assessments.

And pre-clearance has a track record of success wherever it has been applied. It has proven to be a cost-effective way to provide air travellers with an economically efficient way to clear customs and immigration before entering the United States from Canada. European Union members, relying on a perimeter approach to pre-clearance, are satisfied that they have succeeded in guarding their security while promoting an integrated single market. Canada and the United States are relying on pre-clearance as the basis of trusted traveller and shipper programs.

Building on these successful models, Canada and the United States should now proceed to designing and implementing more ambitious programs that rely on expanding pre-clearance as a cost-effective way of ensuring a secure and efficient border for most travellers and shippers crossing by land.

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Getting there, however, will require a determined effort to get beyond conventional wisdom and bureaucratic silos. The current division of administrative and political responsibilities makes it very difficult for the two governments to get beyond current practice. To overcome this problem, the two governments should each appoint a special envoy reporting directly to the President or the Prime Minister through the Secretary of Homeland Security or the Minister of Public Safety, respectively, with a mandate to develop a coherent, joint program of land pre-clearance. A joint, independent commission to provide the two governments with advice on implementation and other issues related to pre-clearance would also be desirable.

In the current global economic downturn, reducing border costs and facilitating the movement of low-risk goods and people will contribute to faster economic recovery. This can be accomplished by expanding participation and delivering measurable benefits through existing trusted shipper and traveller programs, and by introducing new, trusted programs based on operational consensus between the two countries' security specialists. Improvements such as providing 24/7 access and border services at major crossings, implementing an integrated "single window" or portal for entering all border-related importing and exporting data, and differentiating between regulatory compliance and risk, will also contribute to better security outcomes.

The land, sea, and air border points are shared strategic facilities, part of each country's critical national infrastructure. Designing the best way to deploy and protect these facilities needs requires that the management and strategic planning of the border be a bilateral responsibility. The co-operative management model has worked well for everything from military security to the reduction of acid rain. This model has served, not impinged upon, both countries' national security interests.

A similar relationship of trust, with a long-term vision, must be applied at the shared border. There is no better way to recognize and bridge security and trade facilitation concerns and interests than to work side by side on both the management and the delivery of border security.

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