

Finding balance on the border

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The perimeter security and economic competitiveness initiative announced earlier this year by Prime Minister Stephen Harper and President Barack Obama is a refreshing outbreak of common sense.

In an age of new security threats, including from cyberspace, it makes sense to heighten surveillance and monitoring techniques. Likewise, the forces of globalization oblige countries like Canada and the U.S. to revitalize trade flows and reduce regulatory barriers. For too long, border issues have languished. New inspection procedures and fees, all in the name of enhanced security, are frustrating rather than facilitating bilateral trade and aggravating the competitive pressures from the rising Asian economies. A healthier balance is needed between legitimate concerns about security and the advantage of smooth access for people, goods and services.

The initiative will proceed on two tracks, one addressing measures to strengthen security while alleviating congestion and bottlenecks at the border; the second will endeavour to improve regulatory cooperation, reduce duplication and adopt more compatible approaches that are meant to drive greater efficiency, hence prosperity for both countries. Each negotiation will be led by senior officials reporting to the Prime Minister and the president, with specific mandates and timetables.

The concept of a perimeter approach to security will enable the two governments to work together “within, at and away” from the actual borders so as to enhance security — screening more closely those who pose a risk — while accelerating smoother entry for legitimate flows of people, goods and services. The two countries have pledged to establish binational port-of-entry committees to coordinate planning and funding for building, expanding and modernizing shared border management facilities.

As much as 40 per cent of bilateral trade is intra-firm, meaning much is based on value chains where products are assembled from a wide range of different components made by suppliers scattered across North America (and the globe). Yet integrative trade is hampered by divergent standards and duplicate inspection procedures from different jurisdictions that add little value to the end product. (According to the Canadian Federation of Independent Business, Canada spends 2.6 per cent of total GDP annually on federal/provincial regulatory compliance.) There is scope for consensus on a better alignment that would bring benefits to business and consumers alike.

Because of the many regulations and standards involved fall within provincial jurisdiction, it will be imperative to include the provinces regularly and deliberately.

Long-standing U.S. concerns about Canadian copyright and intellectual property protections have been a persistent thorn in the bilateral relationship. The regulatory agenda should act as a prod on efforts to gain Parliamentary approval on needed amendments.

Backed now by a solid majority government, Harper is in a strong position to drive the initiative forward but he will need a reciprocal commitment from Obama. Persistent support from stakeholders will also help. The biggest obstacle will likely be the chronic inertia of bureaucratic fiefdoms which see their existence as being dependent on the status quo. Preserving difference in the name of distinction and mindsets in the U.S. rigidly shaped by the “never again” reflex from 9/11.

Another big challenge will be to separate emotional or attitudinal undercurrents in Canada, favouring a “safe distance” or differentiation from practical considerations obliging us to harness geographic proximity to our advantage. Similarly, customary indifference or inattention by American leaders to the importance of links to Canada only compounds the problem.

No doubt jaded by the lack of progress on border and regulatory issues over the past decade, business firms and their associations have reacted guardedly to the initiative. Therefore, officials need to focus their negotiations on solutions to what the private sector identifies as key obstacles. Early, concrete results would give credibility and momentum.

The goals of the initiative are pragmatic, not theoretical and the results need to be tangible and mutually beneficial. Success is not preordained but Canada should never refrain from bilateral agreements carrying the greatest potential for reward. With clear and consistent political will from the top and healthy doses of imagination and determination from officials, innovative solutions can be agreed that will serve the interests of both parties.

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