

# MEASURING SUCCESS

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### Introduction

Since September 12, 2001, when security was exponentially increased at the U.S. southern and northern borders, policy makers, aided by security officials (“defencemen”) and shippers (“forwards”), have searched for the Holy Grail of border management: that fine balance between assuring the security of their citizens and facilitating legitimate cross border trade, so important to national prosperity.

But this search contains a conundrum: security is infinitely elastic (“you just can’t have enough of it”), while trade is highly inelastic (subject to the tyrannies of time and costs of moving product across jurisdictions).

Can policy makers find the sweet spot between security and facilitation?

This paper will briefly examine some of the obstacles and opportunities associated with the management of the U.S. northern border (with which the author is more familiar). Some policy options will be suggested on the premise that any short term costs can be justified by the strategic benefit of enhancing *North American* competitiveness in the global economy.

### Security

In the context of border management, security is a relative concept, never an absolute (i.e. no measure can guarantee 100 percent security). As with the philosopher’s arrow, one can infinitely half the distance leading to the target of perfection, but the target itself will never be reached.

One can, however, measure the arrow’s progress towards the target during its trajectory.

The most obvious metric of enhanced security, of course, would be a comparison of the number of incidents measured over a continuum of time. To be meaningful, incidents must be carefully defined and catalogued by class of transgression. Principal types would be illegal transfers of people, including everything from child smuggling to undocumented workers; movements of illicit products, from materials of mass destruction and illegal drugs, at one extreme, to unregulated food products (e.g. sugar coated Cheerios), at the other; and crimes committed in the host jurisdictions directly traced to unauthorized entries. Each of these general types would need to be divided into sub categories.

The cataloguing of incidents should be accompanied by identifying, to the extent possible, the location of the border transgression so as to assess the weaknesses of specific crossings.

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Defining and classifying incidents of illicit movements and transnational criminal activities, and their location, over particular time frames, will assist in measuring the effectiveness of current programmes, indicate failures by type of threat and suggest a rational re-allocation of resources by border location. Two qualifiers, however, should be factored into this essentially quantifiable model:

1. The degree to which the severity of the threats may vary over time. The demand for a given contraband, be it an undocumented labourer or a banned narcotic, may fluctuate so that the incidence of apprehensions may be unrelated to the relevant border countermeasures.
2. The second “known unknown” is the extent to which current border measures may act as a deterrent. In this case, illicit activities may decline simply because the risk of apprehension by the security services has become too great. While this should be counted as a success for border security, it cannot be easily quantified. How do you prove a negative?

Accountability for the protection of each NAFTA member’s citizens, of course, rests exclusively within the jurisdiction of the respective country. Cooperation among the three partners, however, enhances not only their collective security, but also improves their respective security.

Furthermore, the old slogan that “security trumps trade” must be replaced by the more forward looking dictum that “intelligent security can enhance trade”. In this regard, a few implementation levers are suggested by way of example:

- Harmonization of risk management criteria;
- Information and intelligence sharing at the border and overseas;
- Compatible information technologies among the three partners;
- Increasing automation of border check points;
- Joint infrastructure projects at key border crossings;
- Pre-clearance pilot projects; and
- Joint security operations such as IBETs and Ship Rider.

Building on these efficiencies and extending their application will depend directly on the level of trust and confidence attained among the security policies and services of each of the NAFTA partners. For example:

- Can the US Drug Enforcement Administration (DEA) afford to share highly sensitive intelligence with its Mexican partners, or the Canadians, for that matter?
- Can Canada and Mexico have confidence that US firearm regulations will be tightened sufficiently to reduce cross border weapons trade?
- Can Mexico have any expectation that its NAFTA partners will loosen prohibitions on selected illicit narcotics, thereby undercutting transnational crime profits?

Positive answers to some of these questions should result in less pressure for maintaining higher levels of border security with a corresponding easing of impediments to trade. The results should be measurable.

## **Trade**

As stated earlier, trade is elastic insofar that it is subject to quality, price and reliability. The latter two attributes are relevant to this discussion because each is determined by the product’s ease of access to market.

Security obligations can impose the following obstacles to delivering goods to the buyer in another NAFTA jurisdiction, thereby reducing productivity and competitiveness:

- Timeliness: delay at the border adversely affects just in time delivery and ruins perishables;
- Transport: idling at the border wastes energy, pollutes the environment while increasing carrying costs;
- Transaction costs: customs filings, user fees and portable security devices add to the bills to be paid by the shipper or client; and
- Tariffs and quotas: inefficient administration by border security personnel will adversely affect product pricing.

Developing performance standards to assist in determining the extent to which innovations are contributing to trade facilitation is more challenging than a similar exercise on the security side of the border equation. A larger number of variables, independent of border management factors, will affect product acceptability with respect to price and reliability. For example, prices set by the manufacturer, quality and adherence to specifications, after sales service etc.

To the extent that some performance standards can be established, they might consist in establishing cost curves which compare two sets of identical products, one manufactured in-country, the other from another NAFTA jurisdiction. Using graphic representations, it may be possible to plot whether the comparative advantage of the cheaper (imported) product is outweighed by the incremental transaction costs of moving the product to the partner's market. This model assumes that there are no rules of origin issues.

Similarly, it may be possible to calculate whether reductions in border impediments have resulted in bending cost curves downwards for a given set of NAFTA products over a defined time frame, net of inflation, increased labour costs or currency fluctuations. (Comparisons might also be made between models of automobiles made in Korea going through one clearance procedure at Long Beach, California, against similar autos jointly manufactured by Canada and the US in the Windsor-Detroit area which cross the border six to eight times during the manufacturing process).

### **Conclusion**

In full disclosure, I had long been a sceptic of looking at border security from a trilateral perspective. The types of threats and level competencies were so diverse between the U.S. northern and southern borders that it seemed detrimental to Canadian interests for us to be included in trilateral security discussions. We were better off working exclusively with the US.

My views have changed of late. The nature of the threats confronting our jurisdictions may still differ somewhat, but sufficient commonality exists for all three to benefit significantly from a cooperative approach. In addition, the level of competency of the security services in Mexico appears to have evolved over the past decade. A more integrated approach, fostering the sharing of new technologies, intelligence and best practices, can only contribute to more efficient trade flows and, by extension, enhanced *North American* competitiveness in a challenging global economy.