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NEWS RELEASE

***Excessive Costs of Border Congestion a Growing
Threat to Canada-US Trade***

Unless border-crossing delays and uncertainties are addressed with a far greater sense of urgency than has been apparent in recent years, cross-border trade will be increasingly threatened, study argues.

Montreal – The Institute for Research on Public Policy (IRPP.org) today released a study by Norman Bonsor entitled “Fixing the Potholes in North American Transportation Systems”.

Bonsor, a professor of economics at Lakehead University, argues that the transportation infrastructure in North America has not kept up with the burgeoning volume of cross-border trade, and that the issue must be addressed urgently if the Canadian economy is to avoid serious long-term damage.

With nearly two-thirds of Canada-US trade moving by truck, the most critical factor in transportation costs is border congestion. Bonsor writes that, even nearly 3 years after the September 11 terrorist attacks, “key border crossing points are seriously congested and transit times are still unacceptably high.” Based on recent empirical research, he concludes that border delays add as much as 10 to 15 percent to truck transportation costs.

Bonsor singles out cumbersome customs clearance procedures as a major contributor to border congestion. Too much paperwork that could easily be done elsewhere in fact occurs as truck freight crosses the border. In his view, a better model is that followed by the railroads: most cargo is cleared prior to the physical crossing, and typical border delays have been trimmed from hours in the 1980s to minutes today.

The Free and Secure Trade (FAST) program, which allows pre-approval of truck shipments from registered shippers, is a step in the right direction according to Bonsor, but the absence of dedicated FAST lanes at many busy crossings defeats its original purpose. The author asserts that, “In the longer run, serious consideration should be given to preclearing trucks at joint US-Canada inland facilities.”

In addition to the clearance issue, Bonsor notes that the capacity of existing infrastructure is stretched to its limit, and significant resources are urgently needed to accommodate past and future growth in trade flows.

"Fixing the Potholes in North American Transportation Systems" is the latest *Choices* study to be released as part of the IRPP's Canada's Options in North America series. It is now available on-line in Adobe (.pdf) format on the Institute's Web site (www.irpp.org). Please find the summary attached.

For more information or to request an interview, please contact the IRPP.

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