



Concern over border trade, security heightens after attacks

by *Tim Anderson*

Every day, more than \$1 billion in goods is traded between the United States and Canada. It is the world's largest trading partnership — one that has thrived and grown despite lingering policy disputes over issues such as the softwood lumber industry, wheat and dairy products.

Now, the two countries' economic partnership must overcome a barrier that has been dealt with for years, but one that could become more problematic after the Sept. 11 terrorist attacks on the United States — the border.

"The obvious response by U.S. authorities was to tighten it up," says Michael Hart, a professor at the Norman Paterson School of International Affairs at Carleton University in Ottawa. "That had an immediate impact on commerce between the two countries, slowing down goods moving across the border. In turn, that has a negative impact on the economy, particularly in the Midwest, because in the auto sector and similar sectors, a lot of firms have developed deep cross-border integration. Production lines were totally thrown out of whack."

While goods are still moving between Canada and the United States, Hart worries about the potential long-term economic consequences.

"Businesses will adjust, but one of the ways they could adjust is to say we're not going to invest in Canada; we're going to invest in the United States," he adds. "From Canada's point of view, that's not a very nice answer. In order to deal with the border as a commercial issue, the United States needs confidence in Canada not just as an economic partner, but also as a political and security partner. There needs to be more confidence in Canada controlling its outside perimeter."

More than 80 percent of Canadian exports go to the United States. Recognizing the importance of the trade relationship, Ontario Premier Mike Harris recently joined other Canadian provincial leaders in calling for a harmonization of immigration rules and better coordination of customs procedures between the two countries.

Gary Carr, speaker of the Legislative Assembly of Ontario, says there is growing support in his country for the creation of a coordinated border.

"We need to ensure that, economically, both countries continue to benefit from the movement of goods," he says. "At the same time, we have to protect our citizens on both sides of the

Ontario becomes 2nd province to join MLC as affiliate member

The key issues that Midwestern states face today easily cross the border into neighboring provinces.

In fact, ask leaders in Ontario and Saskatchewan what their top public policy priorities are, and their answers are strikingly similar to those given by lawmakers in the Midwestern region.

"We have been going through issues on how to fund the schools, while looking at vouchers and charter schools and the testing of students," says Gary Carr, speaker of the Legislative Assembly of Ontario.

"And just like your population, the Baby Boomers are beginning to age here, so health care is becoming a big, big issue. We're also having problems in the agricultural economy, especially with issues such as low commodity prices."

Those similar public policy challenges have led provinces and states in this region to seek a closer relationship, one that allows lawmakers from both sides of the border to share ideas on important legislative issues.

This year, the province of Ontario

joined the Midwestern Legislative Conference (which is staffed by the Midwestern Office of The Council of State Governments) as an affiliate member. The province of Saskatchewan joined the MLC in 2000.

"We are very hopeful that as a result of our joining the organization, we will be able to come up with some common solutions that can benefit constituents on both sides of the border," Carr says.

"Being a part of the Midwestern Legislative Conference is going to give us a tremendous advantage and great assistance."

The provinces and states operate under legislative systems with interesting structural differences. Only Nebraska shares the Canadian provinces' unicameral form of government. No U.S. state utilizes the parliamentary system in place in Canada.

"The interesting thing will be to compare how we handle very similar issues within our different systems," Carr adds.

border. Obviously, there are discussions going on at the most senior level between our two countries.

But the states and provinces also need to see what they can do to protect the relationship between our citizens."


The partnership has been valuable to the United States, with 22 percent of American exports being sent to Canada. U.S. companies have made substantial investments and developed important relationships with firms north of the border. Hart believes border issues must be resolved to avoid unproductive, expensive disruptions to the economy.

"The whole thing could result in a no-growth scenario, rather than a continuing-growth scenario; neither country benefits from that," he adds.

While the events of Sept. 11 created new challenges for the U.S.-Canada relationship, they also demonstrated just how friendly and close it is. For example, on the first day of the current session, the three party leaders in the Legislative Assembly of Ontario all gave speeches offering support and assistance to their American friends.

Mary Ryckman, deputy assistant for the Office of the U.S. Trade Representative for Canada, traveled north of the border soon after the terrorist attacks for meetings on the contentious issues involving softwood lumber. Recent events put the dispute in perspective for both sides.

"The Canadians were just as devastated as any American," she says. "They wanted to find an American to hug."

The partnership that has been built between the two countries gives Ryckman hope that it will continue to grow despite any new obstacles or traditional disagreements over commerce. "The trade relationship is healthy and robust, and it will continue to be," she believes. 

State	Amount
Illinois	\$9.05 billion
Indiana	\$7.09 billion
Iowa	\$1.72 billion
Kansas	\$1.33 billion
Michigan	\$21.1 billion
Minnesota	\$2.62 billion
Nebraska	\$556 million
North Dakota	\$354 million
Ohio	\$14.4 billion
South Dakota	\$260 million
Wisconsin	\$4.20 billion

Source: Consulate General of Canada