

Creating A Border Environment That Welcomes Trade



■ Trade and Transportation

By *Thomas O'Brien*

Despite the high profile nature of U.S. trade relations with China, Canada and Mexico are also vitally important to the health of the trade sector and, as a result, the nation's economic well being. Canada is the U.S.'s largest trading partner, responsible for 16.4% of all of this nation's trade in goods according to U.S. government figures. Mexico is responsible for 13.2% of our trade, just behind China.

The North American Free Trade Agreement and other institutional and regulatory reforms are designed to improve cross-border freight flows. Reduced trade barriers have allowed the U.S., Canada and Mexico better access to each other's markets and facilitated intra-industry (as in the auto industry) and intra-corporate trade as well.

A recent agreement between Washington and Ottawa has further harmonized regulations and will allow the U.S. and Canada to test customs clearance in Canada at locations other than crossing stations as a way to relieve congestion. The countries already do joint in-transit targeting, which begins the cargo screening process electronically before a ship leaves its port of origin for North America. The pilot project builds upon this cooperation by looking at the role technology can play in the safe and efficient movement of goods across the border. The concept is "once cleared, twice accepted." Once cargo clears a Vehicle and Cargo Inspection System (VACIS) on one side of the border, it would not need to be cleared a second time. If fully implemented, it should improve the flow of goods by reducing the number of containers inspected on both sides of the border.

The U.S.-Mexican border on the other hand is not as open. The U.S. has historically limited the number of Mexican trucks that can access this country apart from a narrow border region. But the lack of a more fluid border results in further delays at crossings as goods are often unloaded and reloaded on different vehicles on opposite sides of the crossing. This calls for a variety of technological, operational and institutional solutions that are made more complex by a set of multi-jurisdictional arrangements and funding agreements that govern the border crossing.

Funding for port of entry projects comes primarily from Congressional appropriations. The federal General Services Administration coordinates border improvements working closely with other agencies including Customs and Border Protection (CBP). However, the federal government's role is largely defined by security, not improved mobility. Unlike seaports or airports which are organized to serve their customers, international ports of entry are viewed as protective enforcement sites. While airports and seaports often have innovative and far-reaching commitments to their adjacent communities, ports of entry are traditionally much more insular.

This translates into a focus on planning at the port of entry itself and not on the border community arterials and connecting roadways that lead into and out of the border crossing. Higher traffic demands at the border will result in bottlenecks as well as congestion that spills over onto local infrastructure that is ill-equipped for high traffic volumes and commercial vehicles.

The California-Mexico border region in particular lacks a mechanism to address common border problems and to promote inter-agency solutions. Siloed funding streams and legislative and regulatory restrictions on project eligibility have significantly limited the ability of federal, state and local agencies to take an innovative approach to funding and financing improvements.

In response, a new CBP Resource Optimization Strategy was authorized in the 2013-14 federal budget. It allows CBP to enter into public-private partnerships, accept asset donations, and enter into alternate financing agreements for modernized, new or expanded port of entry services. Agreements have been negotiated in places like Dallas-Fort Worth, El Paso, Houston, Miami and New York State.

Because of this new strategy, it may be possible to encourage the CBP to work with partner agencies and the private sector to pursue federal, state and local funding that improves border operations. This benefits not only freight flows; it also facilitates improvements in the communities adjacent to the ports of entry in California. Here in the L.A. region, which is the destination for some of that cargo, a smoother supply chain benefits us as well.

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