



Bright Spot on Trade with Canada

Gary Clyde Hufbauer explains how President Obama and Prime Minister Harper have brought progress on air transport and trucking to ease conditions at the border.

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Steve Weisman: Progress on trade agreements: and trade negotiations seem to stop and start and stop and start these days. This is Steven Weisman with Gary Hufbauer at the Peterson Institute for International Economics to talk about one area where some progress is being made. Gary, what's that area?

Gary Hufbauer: It's U.S.-Canada trade. Canada is the largest destination for U.S. exports and, of course, the U.S. is the largest destination for Canadian exports. And under the radar, the administration of Prime Minister Stephen Harper, who recently had a good election result in Canada, and President Obama have agreed to move forward on several important friction points.

Steve Weisman: And some of them are?

Gary Hufbauer: There are three: one is air traffic. The second is air traffic from third countries -- let's say from France or Japan -- between our two countries: Canada and the U.S. And the third is truck and car traffic.

Steve Weisman: Let's talk about them one by one.

Gary Hufbauer: OK. On air traffic from third countries, we each have so-called no-fly lists. These are people we don't want getting in airplanes and coming to our countries. Our lists are similar, but not identical, and there's the rub. One of the initiatives or buckets as the two governments call them, is to harmonize the two no-fly lists. So if there's a no-fly from France, it's the same criteria as on the Canadian list as on the U.S. list. So that's going to create more comfort in both countries.

Steve Weisman: And now flights in between our two countries?

Gary Hufbauer: Yes, those who have applied for the Global Entry System know that the requirements are slightly different. If you have a Global Entry pass that's not going to get you into Canada -- bypassing the Customs line -- the notion here is to merge, so that we have a single kind of test for people who go back and forth all the time, which are a lot of business men and a lot of people who live in the border area [who want to] really zip through those lines quickly. And indeed maybe—this is a big maybe— not have to take off their shoes and all that kind of inspection because they will be highly trusted travelers.

Steve Weisman: On trucks: that's also an issue with Mexico. Is it similar?

Gary Hufbauer: We're far further along with Canada than with Mexico on trucks. Let me leave Mexico to one side because we just have a pilot program now, which is doing with Mexico what we did with Canada 20 years ago. So we're just starting with Mexico. But with Canada we have a trucking program, which allows U.S. truck drivers to go to Canada and Canadian truck drivers to come to the U.S. The problem is at the border. The lines at the heavily traveled crossings--and there's a very heavy one in Detroit-Windsor and another very heavy one in Vancouver-Seattle and a couple of other heavy ones--those can be very long.

And the whole idea here is to do better with the so-called trusted trucker lines than we've done so far. There are lines for trusted truckers, but they're now only used by the very biggest companies you can think of. Ford, for example, is one of those companies. But for smaller truckers, it doesn't work very well. So the idea is to create a kind of a second-tier trusted trucker line, where you'd have random checks but not every truck would be checked. And this would really speed up the flow a lot.

Steve Weisman: Just a quick question about energy. I know there's a lot of controversy about shale gas drilling in both the United States and Canada. Isn't there some environmental concern if the shale gas in Canada is imported into the United States?

Gary Hufbauer: There is a big TransCanada pipeline which has been held up on various counts really for about eight, ten years now. That's another issue. It's a little different than the security at the border questions I just discussed. But the shale gas does come into this and Alberta is one of the big locations of shale gas in the world as, of course, are parts of the United States. If we are going to be energy, or more energy independent from the Middle East than we are now, shale gas will be a big part of the story. And you are right; there are environmental issues that are raised in both countries, in particular excessive use of water for the drilling and excessive release of methane, which has quite a warming effect in the atmosphere. So both of those have to be addressed going down the line.

Steve Weisman: Thanks, Gary.

Gary Hufbauer: Thank you.

