

National Security and Free Trade

Can they co-exist?

by Edwin S. Rubenstein

The United States is the world leader of the movement to eliminate tariff barriers and other obstacles to the free international flow of goods, technology, and capital. The results have been spectacular. Since signing the North American Free Trade Agreement in 1989 U.S. imports from Canada have jumped 87 percent. Mexico signed on to NAFTA in 1994; since then the dollar volume of trade across our southern border has doubled to at least \$1.4 billion a day. President Bush now wants to extend NAFTA to the rest of Latin America.

But since September 11 border security has threatened the free trade movement in a way that even the anti-globalization protesters in Seattle last year failed to achieve. U.S. customs inspectors have been ordered to conduct more extensive searches and identity checks, causing huge delays for businesses dependent on transporting their goods across the border. The Administration is beefing up the border staff while funding new technology – from computerized preclearance systems to Mack-truck style X-ray vehicles for scanning tractor-trailers – that has been stalled for years. While these procedures are costly, they are just the tip of the iceberg. When you add in higher security costs, airport delays, supply-chain breaks, and heightened internet security, the security bill for U.S. companies this year is estimated at \$150 billion, or 1.5 percent of GDP.

None of the terrorists who took part in the attacks on the World Trade Center and the Pentagon entered the United States through Canada or Mexico. But even as the National Guard prepares to send 1,600 more troops to the borders, anti-terrorism experts and many

lawmakers are concerned that terrorists could take advantage of porous borders along thousands of miles of our international frontier. Homeland Security Director Tom Ridge says U.S. borders are disturbingly vulnerable to terrorists and complains that there is no “direct line of responsibility for agencies charged with protecting them.”

Cross border truck traffic represents an obvious security threat. According to the Department of Transportation 11.6 million trucks crossed the border into the U.S. in 2000 – 7.1 million from Canada, and 4.5 million from Mexico. That works out to 517 trucks per hour coming in from Mexico, 805 per hour from Canada. Since the inception of NAFTA in 1994 in-coming truck traffic is up 49.9 percent overall – rising 42.2 percent at the northern, and 63.8 percent at the southern border. By comparison, total U.S. GDP rose just 27 percent over the same period.

Detroit is the busiest entry point along the Canadian border. In 2000 1.8 million trucks, about 26 percent of all incoming Canadian crossings, came in through that city. Buffalo, with 1.2 million, was second. Laredo is the busiest southern entry point. In 2000 1.5 million trucks came in through Laredo – about one-third of all incoming Mexican truck traffic. El Paso, with 720,400 trucks, was a distant second.

Cross-border truck traffic has increased rapidly in large part due to increased industrial production in the U.S. and Canada and the trade liberalization measures with both Canada and Mexico. In recent years truck traffic has grown faster than industrial production. Much of this reflects the expanded use of “just-in-time” shipment system which requires more frequent shipments of smaller quantities. This trend will continue to push truck traffic up both within the U.S. and across international borders.

While the volume of cross-border traffic doubled in some locations, the number of U.S. customs inspectors hasn’t budged since NAFTA’s 1994 launch. The result has been a shocking gap in security procedures. Prior to

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September 11 less than 10 percent of the trucks coming in via Laredo were inspected, according to newspaper reports. Of the thousands of trucks that cross daily, customs officials say they might flag 200 to be X-rayed. Of those maybe 20 are actually unloaded and sorted through. It can take 3 to 4 hours to unload and reload a truck trailer. Police say drug sniffing dogs are responsible for 95 percent of the drug seizures along the border. It's not clear if such dogs are as effective in detecting explosive materials.

Airborne cargo, while still a minor segment of the total import picture, is growing rapidly. In 1977 (the latest year for which data are available), cargo planes carried 4.5 million tons of goods into the U.S., just ?? percent of total cargo shipments. However, airborne freight tonnage rose by 42.6 percent between 1993 and 1997 – nearly three-times as fast as overall import tonnage. As with air passengers, air cargo will require more security personnel in the future.

Meanwhile, a potentially larger threat looms in the 18 million cargo containers that arrive at U.S. ports each year. The United States receives 46 percent of its imported goods in seaborne cargo containers that are usually loaded directly onto trucks or trains for transport inland. According to spokesman Dan Dewell, the Coast Guard had been inspecting only about 2 percent of all incoming containers before the September hijackings and only about 20,000 high-risk hazardous materials containers a year.

In February the Transportation Department's inspector general ordered a nationwide survey of cargo container security measures at U.S. seaports. The concern is that an incoming container might be used to deliver biological or chemical weapons. Of ever greater concern is the possibility that international terrorists such as Al Qaeda could smuggle a "nuke in a box" and other weapons of mass destruction in one of the more than 50,000 containers that arrive in the U.S. each day.

Seaborne containers are huge. The most common type – the 40 foot container -has the following dimensions: 40' Long x 8' Wide x 8 ½' High. That works out to a carrying capacity of 2,720 cubic feet. By comparison, a typical cardboard box used by movers in the U.S. has dimensions 16 ½ inches long x 13 inches wide x 13 ½ inches high. That works out to 2, 896 cubic inches, or 1.67 cubic feet. So a 40' container can hold 1,629 standard packing boxes, enough to hold the entire

contents of many households.

Los Angeles and Long Beach, California are the nation's largest container ports, handling an estimated 1.95 million and 1.92 million containers, respectively, in 2000. The Port of New York was third busiest, with 1.20 million 40' containers in 2000.

From Tom Ridge on down, U.S. security officials are increasingly focused on the threat posed by seaborne containers. U.S. representatives at the International Maritime Organization meeting in London recently pressed for worldwide adoption of sweeping anti-terrorist safeguards, including the installation of transponder-like identification systems on all ship sand requiring background checks on all crews.

David Barnes, spokesman for the Transportation Department's inspector general, said their evaluation is aimed primarily at U.S. Coast Guard port security measures taken since the September 11 terrorist attacks. He said it will also involve the U.S. Customs Service, local port authorities, shipping industry associations, and freight handlers. Barnes said the last such survey was conducted in 1998.

In a presentation prepared for the international maritime meeting, the U.S. noted that many ships have or will have an automatic identification system for short-range tracking, with a range of up to 15 miles for ship-to-ship contact and up to 30 miles for ship-to-shore. To better track possible terrorist use of ships on the high seas, the U.S. is urging the development of a long-range identification system in which ships would update their positions to receiving stations ashore two to four times an hour.

The U.S. is also seeking a requirement for ships, off-shore oil rigs and ports to develop individual security plans; for every ship to have a designated security officer on board; and for crews to have background checks and carry identification. The goal is the issuance of seafarer identity documents that will allow the identity of the seafarer to be positively verified through biometrics on the document, such as finger print, retina scan, etc.

The Administration is also lobbying for the right to inspect and seal seaborne containers even before they leave foreign ports. But this tactic has already fanned anti-Americanism north of the border. Members of Canada's governing Liberal Party are calling it capitulation. And Maude Barlow, chair of the Council of Canadians, bristles at "being asked to harmonize our laws

and zip-lock North America into one big security zone.
Will there be a country called Canada left?"

To which we might ask: Will there be an America
left if we do nothing? •