serve the separate countries) could also be visible in goods trade, especially where scale economies are relatively unimportant.

Reflecting these concerns, Goldfarb and Robson note, "If security concerns make the border more of an obstruction to commerce, some companies that previously planned to produce in Canada to serve their U.S. operations or their U.S. consumers may add to their capacity in the United States instead."[53]

A much-quoted study by David J. Andrea and Brett C. Smith[54] shows the vulnerability of the auto industry in the event of a terrorist disruption. The report charts the significance of keeping components flowing across the border due to just-in-time deliveries (JIT).[55] The authors record that "automotive-related exports account for nearly 20 per cent of all of Canada's exports to the United States, with automotive-related imports accounting for an equal 20 per cent of all of Canada's imports from the United States."[56] Canadian-U.S. automotive-related trade was valued at U.S. $78.2 billion in 2000.[57] Canadian automotive trade activity with the United States equates to 97 percent of all Canadian automotive exports and 79 percent of all Canadian automotive imports. This kind of interdependence means efficiency at Canadian-U.S. crossing points is of paramount importance. "Before the tragic events of September 11th, logistics managers developed the current system of JIT logistics around a 20 to 30 minute time window to clear materials through the Canadian-U.S. border. [...] To move outside this time window threatens vehicle assembly plant profits in the

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[53] *Ibid.*, 13.

[54] David J. Andrea and Brett C. Smith, *The Canada-US Border: An Automotive Case Study*, Center for Automotive Research and Altarum Institute (January 2002).

[55] JIT is a system whereby components are sent to production sites only as they are needed to save on warehousing costs.

[56] *Ibid.*, 3.

[57] *Ibid.*, 1. A combined figure from US $43.6 billion in trade of vehicles and US $34.6 billion in trade of automotive parts.