
Border Administration

Certain U.S. entry procedures complicate the entry of Canadian exports leading to delays and additional costs.

In 1994, the U.S. Customs Service introduced the National Compliance Measurement Program. The program aims to measure the extent to which shipments comply with all U.S. import laws. On a product basis, over the course of each year, Customs is conducting a specified number of random intensive examinations of shipments and import documents, including the complete unloading of shipments at the border. Importers (often the Canadian exporter) must absorb all related costs and delivery delays. For example, several examinations of Christmas tree shipments (a duty-free product) at Maine and Vermont entry points resulted in delays and unexpected costs representing 25% of the value of the shipment. Although the shipments selected undergo a more rigorous inspection, on a national basis, the annual number of inspections will actually decrease significantly. Exporters and industry sectors which establish high compliance records can expect to receive fewer inspections in the future.

In certain border areas, Canadian exporters have complained of delays in obtaining U.S. Food and Drug Administration (FDA) decisions to release food products (i.e. imported food products cannot be released into U.S. commerce until the FDA has decided whether to sample the shipment). In addition, when samples are drawn at the border, the laboratory analysis process can introduce delays which are costly, in particular if perishable products are involved. U.S. domestic products are not subject to shipment-by-shipment approvals. The gradual introduction of an electronic interface between Customs and the FDA may alleviate some of these delays.

User Fees

The NAFTA specifically exempts originating goods imported from Canada from the U.S. Customs merchandise processing fee. Canada has opposed attempts by the United States to charge fees as a means of financing not only enhanced but also basic mandatory services, since they can undermine efforts by both countries to facilitate cross-border movements and can result in additional burdens for Canadian exporters. For many years, U.S. Customs has applied a commercial vehicle fee to finance Customs overtime inspections. For its part, the Food and Drug Administration has proposed to charge user fees on imports for inspection services. At the beginning of 1994, the United States began to apply its existing entry fee on persons arriving by air and sea to passengers arriving from Canada and Mexico via the same modes (Canada and Mexico were exempt previously). More recently, the U.S. Administration proposed to Congress, as part of the budget process, to impose a fee on persons entering the United States at land border crossings from Canada and Mexico. Following opposition from Canada and domestic interests, the Administration modified its proposal to provide individual states the option to have the fees applied at their own border points. This amended proposal remains a concern to Canada, and is still subject to debate in the U.S. Congress.
