Study: How much thicker is the Canada–US border? The cost of crossing the border by truck in the pre- and post 9/11 eras, 1994 to 2009

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Since September 11, 2001, it has become more expensive to move goods by truck across the Canada–US border.

This study is based on the first data produced to estimate the costs associated with trucking goods across the border before and after 9/11.

In the wake of 9/11, a new security regime was implemented to regulate the movements of goods across the Canada–US border, raising concerns that the cost of moving goods across the border would rise.

From 1994 to 2000, it cost, on average, 16% more to move goods across the Canada–US border by truck than to move the same goods the same distance domestically.

After 2000, the premium paid to cross the border rose steadily to 25% in 2005 and remained at about that level until 2009.

The two main factors in cross-border trucking costs are fixed costs per shipment of moving goods across the border and higher line-haul costs of trucking cargo over longer distances.

Delays at the border and other border compliance costs add to the fixed costs per shipment incurred by trucking firms. These fixed costs include facilities cost, insurance and terminal costs, that is, loading and unloading.

Differences in fuel prices or difficulties finding 'backhauls,' that is, cargo for a return shipment, can also add to the line-haul costs of shipping to and from the United States.

Whether these additional costs are imposed on the export or import leg of the cross-border journey depends on the balance of cross-border trips. The export leg bore these costs until about 2005 and, increasingly, the import leg thereafter.

In 2005, the premium on the export leg was 30.0%, while the premium on the import leg was 20.3%. By 2009, the premium on the export leg had fallen to 17.1% and risen on the import leg to 25.6%.

The extra cost associated with cross-border trucking added about 0.3% to the value of exported and imported goods, on average, from 1994 to 2000.

From 2005 to 2009, the extra costs of cross-border trucking added about 0.6%, on average, to the value of goods crossing the border. While these additional costs are relatively small on a percentage basis, their effect is larger for goods such as autos and auto parts that pass over the border several times as they move through the various stages of the production process.

Note to readers

This study is based on data from Statistics Canada's Trucking Commodity Origin and Destination Survey. It examines how much crossing the border adds to the cost of moving goods by truck. In addition, it quantifies the cost of border delays, border-related compliance costs, and other costs associated with moving goods to and from Canada's main trading partner.

Costs measured by this study are only part of the total cost of shipping goods across the border. Institutional costs borne directly by exporting firms for matters such as customs administration have been estimated to be as great or greater than the costs passed on to them by freight carriers.

Definitions, data sources and methods: survey number 2741.

The research paper "How Much Thicker Is the Canada–U.S. Border? The Cost of Crossing the Border by Truck in the Pre- and Post 9/11 Eras," part of the *Economic Analysis Research Paper Series* (**11F0027M**), is now available from the *Browse by key resource* module of our website under *Publications*.

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