



# CANADA-U.S. TRADE: SEAMLESS & STREAMLINED

**With a vital trade relationship aloft, moving shipments between Canada and the United States remains smooth and collaborative—thanks to reliable and experienced providers.**

In the view of Kirsten Hillman, Canadian ambassador to the United States, the longstanding spirit of friendship and good will that exists between Canada and the United States goes well beyond the relative ease with which cargo moves back and forth between the two borders.

“It’s more than just trade,” she says. “We don’t just sell products to each other, we make things together.”

“An automobile that is made between Detroit and Windsor will have crossed the border six to seven times before it rolls off the assembly line,” she says. “It’s the same for our agricultural sector and manufacturing sector outside of autos.

We are deeply integrated, and we create millions of jobs in both countries through that integration.”

The power of this integration transcends even the outbreak of a pandemic. When COVID-19 struck and restrictions were put on non-essential travel between the two countries, Hillman notes, all commercial traffic was deemed essential on both sides.

“This partnership is vital not only to our ability to weather difficult times as we saw with COVID but also to helping the world in moments of challenge and crisis,” she says.


There is no question that the U.S.-Canada trading relationship is a

particularly significant example of the comity between the two nations. A concrete manifestation of that relationship is the creation of the U.S.-Mexico-Canada Agreement (USMCA) on July 1, 2020.

“This agreement is the cornerstone of our trade relationship in North America, and it is the cornerstone of the Canada-U.S. trading relationship,” Hillman says.

The creation of the “new NAFTA,” as Hillman calls it, underlines a shared commitment to maintaining a robust relationship long into the future by updating an agreement that had become dated.

“When NAFTA was first entered



into force there was no internet, no e-commerce,” she says. “The way we do business today globally wasn’t at all the same. It was important to preserve the open economy between the two countries, and it was also important to modernize the agreement to recognize digital trade and to maintain regulatory cooperation.

“We worked hard to find ways to do what actually matters most to our businesses,” Hillman adds.

## PLAYING TO MUTUAL STRENGTHS

More recently, U.S. President Joe Biden and Canadian Prime Minister Justin Trudeau jointly created the Canada-U.S. Supply Chain Working Group to enhance collaboration on supply chain issues. The working group is led from the White House through the National Security Council and in Canada through the Privy Council Office, the central agency of the Canadian government that supports the prime minister and acts as the secretariat to the Canadian cabinet.

Biden and Trudeau established the group in November 2021 “to analyze

supply chain strengths and vulnerabilities and to make sure that we are putting in place systems that make both countries as strong, resilient, and mutually supportive as possible,” Hillman says.

On a practical level, for manufacturers to gain the full advantages of the cooperative spirit that exists between Canada and the United States it is vital that they work with logistics providers who understand and appreciate the changing times, rules, and regulations that affect cross-border trade.

“Compliance with these requirements should always be a key consideration for manufacturers and shippers,” Hillman says. “Do they have the right permits and licenses from the regulatory agency involved? Is the customs paperwork in order? Are labeling requirements compliant? Due diligence on all compliance requirements is important, as is making sure they get it right the first time.”

Occasional slowdowns at border crossings occur when preparation is lacking.

“If a truck gets to the border and doesn’t have the paperwork, that creates a chain reaction,” she says. “Doing the

work upfront, making sure carriers have everything in order before they get to the border is important. For companies that need help, there are experts who are very knowledgeable about the markets to which they export.”

## LEVERAGING RESOURCES

In addition, Hillman says, both governments provide plentiful online information.

“There are terrific resources online,” she says, adding that U.S. exporters typically turn to the Canada Border Services Agency (CBSA) website while Canadian exporters are primarily interested in the U.S. Customs and Border Protection (CBP) content. For importers, this equation is flipped.

For example, on the CBP website, U.S. importers can find insight on how to request merchandise processing fee refunds after entry if the USMCA treatment was not claimed at the time of entry for eligible goods.

Similarly, on the CBSA website, U.S. exporters can find information on the current low-value shipment thresholds and applicable de minimis duties and taxes.

Hillman also notes the importance of checking with specific government agencies, such as the U.S. Food and Drug Administration (FDA), for rules pertaining to regulated products. And the appropriate government agencies and industry groups sometimes offer best-practice webinars to increase exporter-importer regulatory awareness.

Consulting with logistics providers who are experienced in both the opportunities and the challenges inherent in Canada-U.S. trade is essential.

“It’s a big hurdle for companies to move from being focused only on their internal market to where they are growing and have other opportunities globally,” Hillman says. The “first step into the global world,” she adds, is usually for Canadian companies to move into the United States and vice versa.

While the transition can be smooth, it still means companies must consider the rules of international compliance.

## GROWING COLLABORATION

Dave Cox, who leads what he calls “an American company headquartered in Canada,” says that collaboration—not just between the United States and its northern neighbor but also between carriers and shippers—is stronger than ever in the pandemic (and looming post-pandemic) era.

“There’s a lot more collaboration with clients now,” says Cox, president of Polaris Transportation Group, based just outside Toronto in Mississauga, Ontario.

Polaris is an industry leader in transit to and from the United States. From that dual perspective, Cox notes that the longstanding spirit of cooperation between Canada and the United States remains as robust as it always has been, while the carrier-shipper relationship has grown more powerful still.

In large part, he says, this is due to the greater demands the pandemic has driven for transparency and communication in transportation and supply chain management generally.

“I have stronger conversations with



**Polaris Transportation Group is one of the largest privately held Canadian LTL carriers with four operating divisions: Polaris Transport Carriers, Polaris Global Logistics, Polaris Commercial Warehousing, and NorthStar Digital Solutions.**

our clients today, including discussions about where business is going,” he says. “In addition, we find more clients are pre-booking space. That didn’t happen so much before.”

Capacity is key in today’s business climate, he explains, and it is essential for shippers to stay informed about the capacity situation every step along their cargo’s journey.

Carriers like Polaris now have a deeper understanding of what capacity they have at any given moment, he says, and shippers are likewise acutely aware of the impact that capacity will have on the timeliness of their shipments. Shippers therefore insist that carriers communicate capacity realities promptly and accurately.

“In years past, carriers and shippers may not have been the greatest partners,” Cox acknowledges. But today, both are “100% better educated,” he says.

“We didn’t need to know each other’s businesses so much pre-pandemic,” Cox says. “But now we have ongoing conversations where we learn more about each other.”

This more collaborative relationship is likely to remain the norm, he says, as tight capacity conditions show no signs of abating. Speaking for Polaris, Cox is in favor of anything and everything that will make the cross-border movement

of goods more seamless and efficient. In that regard, he continues to emphasize the vital importance of shippers having their documents completed as early as possible in the process.

“Both Canada and the United States are great entities to work with if you are proficient and provide documentation well in advance,” he says.

## ENSURING EFFICIENCY

On the U.S. side, Cox adds, customs agents are increasingly focused on proper declarations of the country of origin of products being shipped. Failing to label products at all or mis-declaring their origins are “the two biggest things that slow crossings down,” he notes.

If issues are found in random inspections, he explains, shipments will not move quickly and efficiently across the border. “Shippers can help by getting documents to us when the client books an order,” he says. “It seems like a small thing, but it’s not.”

Heightened emphasis on border and supply chain security has resulted in an increase in contraband seizures, and agents are “very intentional and deliberate” in their cargo examinations, Cox says.

Moreover, he says, manufacturing and supply chain disruptions overseas mean that more facilities are operating near

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shore in the United States, Canada, and Mexico, resulting in even tighter bonds in the “North American supply chain.”

Cox believes COVID-induced changes have served to fine-tune operations at Polaris and other carriers, and the future of Canada-U.S. cross-border trade is bright.

## STRATEGIC PARTNERSHIPS

Jennifer Mead, CEO of S-2international LLC, says cross-border trade has been part of the Georgia-based international shipping company’s portfolio since its founding in 2004.

A single-source provider of premium transportation solutions, S-2 has its origins in the automobile sector but today provides comprehensive services to a wide variety of industries with ground expediting as well as service-sensitive LTL and truckload.

“Cross-border Canada has always been part of our business model,” Mead says. “As a result, we have built our Canadian vendor partnerships as a key business strategy, and our relationships are longstanding.”

Capacity is an increasingly challenging issue for shippers. “One thing that we have recognized in the past several years is that there are not a lot of new Canadian expedited trucking partners coming into the market,” Mead says. “This puts a strain on capacity for handling trans-border shipments

on the ground, especially in the expedited sector.

“When working with trans-border freight, you need Canadian expertise, she adds. “There are things that you need to know to ensure a smooth transition over the border so as not to impact delivery timing.”

Mead cautions those aiming to move cargo across the border to look for providers who can offer certification in the applicable border security programs such as ACE, FAST, C-TPAT, CSA and PIP. (See *acronym refresher sidebar*)

## EXPEDITING PROCESSES

“Using a carrier that has drivers who are FAST approved will help expedite the process of clearing the border,” Mead says. “When using a third party like S-2international, find out about their vetting process for Canadian providers and how they can help facilitate the process.”

In emphasizing the importance of knowing and understanding the alphabet soup of border-crossing programs, Mead echoes Kirsten Hillman’s caution that manufacturers must be prepared for their border crossings by keeping compliant with regulatory requirements.

Such cooperative approaches to border crossings will not only maintain but also enhance the excellent trade relationship that exists between the United States and its northern neighbor.

## SPELLING IT OUT: AN ACRONYM REFRESHER

**ACE**, or Automated Commercial Environment, is the system through which the trade community reports imports and exports, and the government determines admissibility.

**FAST**, or Free and Secure Trade, is a commercial clearance program for known low-risk shipments entering the United States from Canada and Mexico.

**C-TPAT**, or the Customs Trade Partnership Against Terrorism, is a program through which U.S. Customs and Border Protection (CBP) works with the trade community to strengthen international supply chains and improve U.S. border security.

**CSA**, or Compliance, Safety, Accountability, is the safety compliance and enforcement program of the Federal Motor Carrier Safety Administration (FMCSA) that holds motor carriers and drivers accountable for their role in safety.

**PIP**, or Partners in Protection, is a cooperative program between private industry and the Canada Border Services Agency (CBSA) aimed at enhancing border and trade chain security.



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“We continue to work on identifying more customers with Canadian transport needs while simultaneously working to expand capacity,” Mead says.

“Our carrier development team works with existing partners to build partnerships to ensure priority access to equipment and they work with our marketing team to solicit new providers,” she adds. “We continue to review requirements with existing customers to determine if they have additional needs that involve trans-border movements, introducing them to our Canadian capabilities to open up new lines of service.”

## CERTAINTY AMID UNCERTAINTY

The supply chain disruptions over the past three years have many shippers returning supply chain operations to North American soil.

In a world where the only thing that is certain is uncertainty, shippers are looking for proactive customer service, technology that provides shipment transparency, and fair pricing. Enter FLS Transportation.

With 18 offices throughout North America—11 of them in the United States—FLS is a cross-border 3PL specialist. In addition to its core competency in over-the-road transport, FLS provides highly customizable contract logistics functions, including warehousing, cross dock, project logistics, and freight management.

Shippers have turned to FLS to help streamline their shipping operations across North America with all the recent supply chain disruptions.

Craig Swain, senior vice president of sales for FLS Transportation, says the pandemic prompted customers to depend more heavily on their next-door neighbors as trading partners.

“With FLS Transportation being an expert in cross-border freight, we became the critical link in their supply,” he says. “The supply chain disruptions from overseas made our customers look at the products they are sourcing globally.

“The disruptions made Canada



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and the United States more reliant on each other.”

The skyrocketing costs of shipping containers from overseas, combined with customs delays and extreme congestion at overseas ports, acted as a boon to Canada-U.S. trade.

“Those high costs, extreme delays, and congestion at the ports made trade between Canada and the United States more appealing,” Swain says.

FLS has responded to the increased demand for its services. “We’ve done record volumes over the past 12 months,” Swain says. “Particularly in our cross-border lanes, we have seen strong demand, and we’re very optimistic that will continue.”

As shippers attempt to rein in costs, many have turned to FLS Transportation as their 3PL of choice to find capacity and fair pricing.

## PROVIDING TRANSPARENCY

“From the conversations we’re having with our customers, it’s clear that they’re looking for alternatives to add transparency to their shipping process,” Swain says. FLS Transportation listened to its customers and responded by investing heavily in its technology systems, including an online customer portal.

The improvements have allowed FLS customers complete access to every facet of their partnership with FLS Transportation.

Amid his optimism, Swain echoes the sentiments of other cross-border trade experts and Canadian Ambassador Hillman: Timely planning and paperwork are vital to make border crossings as efficient as possible.

That’s where utilizing a cross-border trade expert like FLS Transportation can add simplicity to moving freight across North America.

Knowing what’s happening in logistics and understanding the rules, following the protocols, and forging close relationships among customers, logistics providers, customs officials, and government leaders can be a lot for one shipper.

Companies have turned to FLS Transportation to navigate these difficult times. The company creates a winning formula that includes expertise, technology, and proactive customer service to maintain the strong trade ties between Canadian and U.S. supply chains long into the future.

Should you need extra help understanding the cross-border freight process, FLS created a free guide on its website: [www.flstransport.com/weekly-freight-report](http://www.flstransport.com/weekly-freight-report)

With due diligence, proper attention to regulatory requirements, and partnerships with expert providers, moving shipments between Canada and the United States can remain a stress-free, friendly, and mutually beneficial process. ■



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