



## **Canada/U.S. Border Issues Research Report**

Report date: Jan. 25, 2021

### ***EXECUTIVE SUMMARY***

The purpose of this qualitative and quantitative study is to determine common border crossing issues due to COVID-19 that have been experienced by members of the Canadian Tooling & Machining Association (CTMA), Canadian Association of Moldmakers (CAMM), Automate Canada, and Niagara Industrial Association.

Members of these Associations, as well as those in the industry, have identified that many of their businesses rely on travel between the U.S. and Canada, and there is a need to provide government officials and border security with stronger awareness around these business relationships.

In an effort to better understand commonly-experienced issues, approximately 39 individuals from Ontario-based companies, primarily from the tool and die, and mould making sectors, as well as industrial automation/robotics, engineering and machine tool industries, participated in this survey of 14 questions. Research findings suggested there is a lack of understanding among border security officials of what is deemed as essential, and what protocols are recommended upon return and a strong need for rapid testing at point of entry combined with appropriate reduction in quarantine/isolation periods.

According to the Federal Government's guide of essential services, "workers who support the metals distribution supply chain, including metal manufacturing, metal-casting, parts, and machining", as well as industrial automation, are considered essential, although this does not seem to be understood amongst all border security officers.

### ***INTRODUCTION***

On March 21, 2020, the Governments of Canada and the U.S. implemented restrictions on all non-essential travel at the Canada-U.S. border. Since then, members of the CTMA, CAMM, Automate Canada, and Niagara Industrial Association, have voiced their concerns regarding border crossing issues.

Manufacturing is vital for the economy, as these members service the automotive, aerospace, food packaging, consumer products, forestry, mining, and oil and gas industries. Products made by manufacturing industries are essential to the critical infrastructure in Canada. Canadian industrial automation, tool and die, and mould makers form the foundation of domestic manufacturers and their tightly integrated manufacturing partners in the U.S.

With the many challenges the current pandemic has introduced, manufacturers are not only contributing to the economy, but are essential for the production of medical equipment and personal protective equipment (PPE) for healthcare workers, patients, and the public. With such a high demand for PPE worldwide, the support from manufacturers helps essential workers across the board, including those in the foodservice industry and utilities sector.

While the manufacturing sector has been deemed essential, those in the sector continue to face a number of challenges when it comes to crossing the border in order to support customers in the U.S. This study aims to determine common border crossing issues due to COVID-19 to assist government officials and border security, reduce delays and keep companies in this sector running.

While the majority of respondents have not yet experienced production stoppages due to border issues, an average of 70 per cent of employers reported quarantine orders for employees and visitors; and denial of entry by visitors into Canada. An overwhelming 69 per cent have experienced loss of contracts due to border issues.

The Associations have identified that there is a need to provide stronger awareness to government officials and border security personnel around the importance of border crossings in this sector.

## ***METHODOLOGY***

This research included a 14-question online survey, which was completed by 39 individuals. All participants are members of the CTMA, CAMM, Automate Canada, and/or Niagara Industrial Association. Survey respondents primarily comprise the tool and die, and mould making sectors, as well as industrial automation/robotics, engineering and machine tool industries. More than half were from Windsor-Essex, a region whose economy relies heavily on exports to the U.S.

To synthesize the results and allow conclusions to be drawn in relation to the overall awareness of the target audience (government officials, border security) regarding concerns on border crossings, a combination of tables and quotes were used.

## ***SUMMARY OF FINDINGS***

The data collected from the 39 respondents who completed the survey suggests there is a lack of understanding among border security officials of what is deemed as “essential”, and what protocols are recommended upon return.

The table below indicates the most common trends that have been drawn from this set of data (survey). This provides a summarized version of the research findings.

| <b>Central Categories of Survey Data</b>   |  |        |
|--|--|--------|
| <b>Question</b>  | <b>Themes</b>  |        |
| What is your company’s primary business activity?  | Tool & Die Making  | 28.2%  |
|  | Mould Making   | 25.6%  |
|  | Automation & Robotic Equipment Manufacturing                                 | 33.3%  |
|  | Gauges, Fixtures, General Tooling  | 23.0%  |
|  | Precision/Custom Machining   | 23.0%  |
|  | Additive Manufacturing/Rapid Prototyping                                     | 2.5%   |
|  | Machine Tool Building  | 30.7%  |
|  | Cutting Tool Sales   | 7.6%   |
|  | Engineering & Design   | 25.6%  |
|  | Software Development   | 5.1%   |
|  | Controls Design & Programming  | 20.5%  |
|  | Other ( <i>Chemical manufacturing, Complete Turnkey Project Management</i> ) | 5.1%   |
| Which COVID-19 protocols have you put in place at your facility?                                     | Masks/face coverings   | 100%   |
|  | Physical distancing (six feet apart)   | 100%   |
|  | Hand sanitizing stations   | 100%   |
|  | Temperature Checks   | 46.1%  |
|  | Daily employee screening   | 76.9%  |
|  | Visitor screening questionnaire  | 92.3%  |
|  | Increased cleaning/disinfection of workspaces                                | 97.4%  |
|  | Mandatory 14-day leave for symptomatic employees                             | 69.2%  |
|  | Increased employee COVID-19 training   | 87.1%  |
|  | Expanded leave, work from home flexibility                                   | 66.6%  |
|  | Improved building ventilation  | 10.2%  |
|  | Other  | 7.6%   |
| Have any of your U.S.-based visitors been suspected of bringing COVID-19 into your facility?         | 38 of 39 respondents answered “No”   | 97.4%  |
|  | 1 of 39 respondents answered “Yes”   | 2.5%   |
| Has there been a COVID-19 outbreak at any of your facilities? If yes, please comment how many times. | 35 of 39 respondents answered “No”   | 89.7%  |
|  | 4 of 39 respondents answered “Yes”   | 10.2%  |
| How often are you required to send technical personnel to the U.S?                                   | Never  | 12.82% |
|  | Rarely (1-2 times per month)   | 7.69%  |
|  | Occasionally (3-6 times per year)  | 10.26% |
|  | Sometimes (1-5 times per month)  | 48.72% |
|  | Often (5+ times per month)   | 20.51% |

|   |  |
|---|--|
| <p>To what extent have you, your employees, or visitors experienced any of the following border crossing issues?</p>                    | <p>Employees requiring 14-day quarantine when returning to Canada:<br/> <i>Never 23% Sometimes 23% Often 23% Always 32%</i></p> <p>Visitors requiring 14-day quarantine when coming into Canada:<br/> <i>Never 33% Sometimes 30% Often 10% Always 27%</i></p> <p>Denied entry into Canada:<br/> <i>Never 30% Sometimes 47% Often 17% Always 7%</i></p> <p>Production stopped/work shortage:<br/> <i>Never 58% Sometimes 23% Often 12% Always 8%</i></p> <p>Loss of work/contracts:<br/> <i>Never 29% Sometimes 48% Often 19% Always 3%</i></p> |
| <p>How often does your company require U.S.-based customers or suppliers to visit your facility in Canada for any of the following:</p> | <p>Progress reports/inspections:<br/> <i>Never 19% Sometimes 46% Often 27% Always 8%</i></p> <p>Sign offs:<br/> <i>Never 20% Sometimes 31% Often 29% Always 20%</i></p> <p>Technical machine service or repair:<br/> <i>Never 22% Sometimes 42% Often 31% Always 6%</i></p> <p>Other:<br/> <i>Never 50% Sometimes 13% Often 38% Always 0%</i></p>  |
| <p>How has your business been affected by having U.S. personnel denied entry into Canada?</p>   | <p>No effect 15.3%</p> <p>Minimal effect 15.3%</p> <p>Moderate effect 33.3%</p> <p>Substantial effect 30.7%</p> <p>Not Applicable 5.1%</p>   |
| <p>What is the estimated financial impact to your company in 2020 from these border issues?</p>   | <p>\$0/none 15.38%</p> <p>Up to \$100,000 15.38%</p> <p>\$100,000 to \$500,000 17.95%</p> <p>\$500,000 to \$1,000,000 7.69%</p> <p>\$1,000,000 to \$5,000,000 12.82%</p> <p>\$5,000,000 to \$10,000,000 12.82%</p> <p>More than \$10,000,000 5.13%</p> <p>Unknown/Not Yet Determined 12.82%</p>  |
| <p>What is the projected future impact on your company from these border issues?</p>  | <p>\$0 to \$100,000 12.82%</p> <p>Up to \$100,000 5.13%</p> <p>\$100,000 - \$500,000 15.38%</p> <p>\$500,000 to \$1,000,000 17.95%</p> <p>\$1,000,000 to \$5,000,000 17.95%</p> <p>More than \$5,000,000 23.08%</p> <p>Unknown/Not Yet Determined 5.13%</p>  |

|  |  |                              |      |                          |      |                            |       |                                     |       |                        |       |      |      |
|--|--|------------------------------|------|--------------------------|------|----------------------------|-------|-------------------------------------|-------|------------------------|-------|------|------|
| <p>At which border crossings have you experienced issues? Check all that apply.</p>  | <table> <tr> <td>Fort Erie - The Peace Bridge</td> <td>3.3%</td> </tr> <tr> <td>Niagara - Rainbow Bridge</td> <td>3.3%</td> </tr> <tr> <td>Sarnia - Blue Water Bridge</td> <td>13.3%</td> </tr> <tr> <td>Windsor-Detroit - Ambassador Bridge</td> <td>83.3%</td> </tr> <tr> <td>Windsor-Detroit Tunnel</td> <td>53.3%</td> </tr> <tr> <td>None</td> <td>3.3%</td> </tr> </table> | Fort Erie - The Peace Bridge | 3.3% | Niagara - Rainbow Bridge | 3.3% | Sarnia - Blue Water Bridge | 13.3% | Windsor-Detroit - Ambassador Bridge | 83.3% | Windsor-Detroit Tunnel | 53.3% | None | 3.3% |
| Fort Erie - The Peace Bridge   | 3.3%   |                              |      |                          |      |                            |       |                                     |       |                        |       |      |      |
| Niagara - Rainbow Bridge   | 3.3%   |                              |      |                          |      |                            |       |                                     |       |                        |       |      |      |
| Sarnia - Blue Water Bridge   | 13.3%  |                              |      |                          |      |                            |       |                                     |       |                        |       |      |      |
| Windsor-Detroit - Ambassador Bridge  | 83.3%  |                              |      |                          |      |                            |       |                                     |       |                        |       |      |      |
| Windsor-Detroit Tunnel   | 53.3%  |                              |      |                          |      |                            |       |                                     |       |                        |       |      |      |
| None   | 3.3%   |                              |      |                          |      |                            |       |                                     |       |                        |       |      |      |
| <p>Please provide specific examples of any issues you have experienced with employees returning from the U.S., or customers/service technicians entering Canada.</p> | <p><i>Most common:</i> Denied entry; mandatory 14-day quarantine; inconsistent responses from border security; essential workers</p> <p><i>Others:</i> Unable to visit U.S. sites; inconvenient for those who have to travel often; U.S. customers unable to enter Canada; Costs associated with not being able to cross</p>   |                              |      |                          |      |                            |       |                                     |       |                        |       |      |      |

**CENTRAL THEMES**

Throughout the collection and analysis of this primary research, the following central themes emerged.

**Border Issues**

Respondents were asked to provide specific examples of issues at the border. Almost half of the respondents provided detailed examples. We grouped them into major issues:

- **Increased costs:** Extra time and administration, payment of wages while on border mandated quarantine/isolation.
- **Unavailability of key personnel** due to CBSA quarantine/isolation orders.
- **Loss of revenue:** Customers now placing orders with U.S. competitors and deciding against the Canadian supplier.
- **Loss of customer relationship:** Companies are unwilling to send sales & service personnel to U.S. customers if they will be required to quarantine upon returning to Canada.
- **Inconsistent interpretation of rules and inconsistent application of orders by CBSA:** Many examples were given to demonstrate this inconsistency.
- **Reduced investment** in new technology.

**Outbreak Levels**

While only 10 percent of respondents have experienced a COVID-19 outbreak in their workplace (defined as two or more simultaneous cases), the reality is a bit more complex. Of the five comments provided, one employer had two cases at different work locations, thus not an official outbreak. Another employer had nine workers affected over a two-week period. However, without knowing the total number of employees at the work site, it's impossible to

understand the impact of this outbreak. Regardless, the discipline in strong workplace health and safety practices, including screening and preventative measures, confirmed in Question #5 have resulted in little to no outbreaks throughout these workplaces.

### **Impact of Quarantine Orders and Entry Denials**

While the majority of respondents have not yet experienced production stoppages due to border issues, an average of 70 per cent of employers reported quarantine orders for employees and visitors; and denial of entry by visitors into Canada. An overwhelming 69 per cent have experienced loss of contracts due to border issues. Almost half of respondents provided greater detail on the impact. This ranged from loss of work and loss of customer confidence, to inability to deliver orders because of the unavailability of their employees. The increased costs reported in this survey included greater administration costs to deal with inconsistencies at the border and paid time off for employees in quarantine. What does this really mean? Long-term, our industry is going to shrink due to a loss of U.S. orders, to experience a shift of employment to the U.S., and undergo a weakening of our corporate bench strength and innovation. One comment says it all, “We have been advised by [a major automotive manufacturer] that if they can’t cross, they will place future work outside of Canada”.

### **U.S.-based Customers/Suppliers**

Eighty per cent of respondents need their U.S.-based customers or suppliers to visit their facility for project inspections, sign offs or technical support/service. Comments provided by respondents outlined the pivot to virtual inspections and sign offs, as well as the loss of business to U.S. suppliers for set-up and testing, prior to production start at the customer’s site.

We dug deeper into the effect of denied entry of U.S.-based customers or suppliers into Canada. Sixty-five per cent of respondents reported a moderate to substantial effect on their business. Again, the comments provided some critical detail on the impact:

- Weakened cash flow - delayed payments
- Increased costs - extra time and administration, extra shipping
- Unavailability of key personnel - due to precautionary quarantine/isolation orders
- Loss of revenue - orders placed with U.S. competitors

### **Financial Impact**

We asked respondents to calculate the projected future impact on their company from these border issues. The losses are stark and large - 78% reported over \$100,000 in projected impact with 41% reporting an impact of over \$1 million. Respondents also indicated they are delaying purchases of new equipment for their operations, effectively postponing investments in new technology.

## **OBSERVATIONS**

The types of comments varied, but tended to lean on the side of frustration with the inconsistent responses to their essential workers being able to cross the border.

More than half the respondents were from Windsor-Essex, Ont., a region whose economy relies heavily on exports to the U.S.

Survey respondents primarily comprised the tool and die, and mould making sectors, as well as industrial automation/robotics, engineering and machine tool industries.

All respondents are applying recommended public health guidelines in their workplaces, i.e., masks, physical distancing and hand sanitizing. Many have added additional protocols, such as increasing frequency of workplace cleaning/disinfection and visitor/employee screening and investing in health and safety training for employees.

Only one company reported that they suspected a U.S. visitor entered their facility while COVID-19 positive.

The low frequency of visits to the U.S. has often been used by border personnel (both in Canada and the U.S.) to question the “essential” nature of the crossing. While our industries have been deemed “essential”, in many cases personnel have been told they are not essential because they do not cross the border frequently. Almost half of respondents said their employees only need to cross into the U.S. between one and five times per month - nowhere near the daily crossing frequency that some border agents seem to be using to define “essential”.

Almost three quarters of companies reported they have or will have a negative financial impact specifically due to border crossing issues. More than a third of respondents reported that the magnitude is \$1 million or more.

The Ambassador Bridge, linking Windsor and Detroit, was the most frequently mentioned border crossing where issues are being experienced.

One key message is that it doesn't appear that the border officers have a clear understanding of what is deemed as “essential”, and what protocols are recommended to be followed upon return to Canada. One of the biggest issues seems to be that entry into Canada, with or without quarantine, seems to be granted on a random and inconsistent basis. For example, one respondent commented they had two essential workers returning from a U.S. customer's facility, both had the same paperwork and were crossing back into Canada at the same time, but in different vehicles. One was permitted entry into Canada without a requirement to quarantine; while the other was directed to quarantine for 14 days.

## **CONCLUSION & RECOMMENDATIONS**

In conclusion, this research has provided many insights and will act as a strong foundation as we move forward in building a communication plan to share this information with government officials.

While we recognize that public health guidelines are implemented to help stop the spread of COVID-19; workers in essential industries are required to travel internationally, as stated above.

Our recommendations to the Federal Government are:

1. To provide a clear definition of "essential workers" to help CBSA officials better understand the guidelines. According to the Federal Government's guide of essential services, "workers who support the metals distribution supply chain, including metal manufacturing, metal-casting, parts, and machining" are considered essential. This should be understood by all border security, which would improve communication and reduce the amount of time these essential workers are away from their workplaces.
2. To provide more clarification of the rules created by Canada Border Services Agency (CBSA) and the Public Health Agency of Canada (PHAC) regarding entry of returning Canadians; Canadians travelling to the U.S. to perform essential services, and U.S. visitors travelling to and from Canada to perform essential services.
3. To implement rapid testing protocols that are acceptable to PHAC and CBSA for screening of returning Canadians, Canadian's who travel to the U.S. to perform essential services, and for American visitors who are performing essential services here in Canada, which would reduce the quarantine/isolation periods. It is reported that visitors that are travelling to perform final buy off at Canadian manufacturers' facilities, are performing a specific task, and this would not require a complete opening of the borders, but only for essential purposes as noted in this survey.

The Associations would be pleased to participate in a virtual meeting with CBSA, PHAC, The Hon. Bill Blair, Minister of Public Safety and Emergency Preparedness, and other key decision makers to discuss this further and create a suitable action plan.