



Canada/U.S. Border Issues Research Report - Follow Up Survey

Report date: June 21, 2021

UPDATED 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 (NIA).

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 91 participants 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. This updated study was to compare the results to our earlier survey about common border crossing issues due to COVID-19 that have been experienced by those in the industry, who have identified that many of their businesses rely on travel between the U.S. and Canada. Thanks to our combined efforts we had **91 responses** to this follow up survey, which is a substantial increase over the 39 responses in our survey of December 2020.

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 and further, that essential work does not necessarily require the daily crossing of the border like some occupations related to front-line or health care sectors.

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 NIA, have voiced their concerns regarding evolving border crossing issues. While restrictions on travel have changed over the course of the pandemic, it is clear from the survey results that our respective industries continue to suffer economic losses specifically due to border restrictions.

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 to support customers in the U.S. This ongoing study aims to determine common COVID-19-related border crossing issues to assist government officials and border security in reducing delays and keep companies in this sector running.

The severity of the issue is demonstrated by the survey results. In December 2020, an average of 70 per cent of employers reported quarantine orders for employees and visitors and denial of entry by visitors into Canada. In May 2021, this increased dramatically to 87%.

An overwhelming 69% 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 91 participants. All participants are members of the CTMA, CAMM, Automate Canada, NIA and/or related supply chain. Survey respondents are primarily in the tool/die, mould making, industrial automation/robotics, engineering and machine tool sectors. Much like the prior survey, more than half were from Windsor-Essex, a region whose economy relies heavily on exports to the

U.S. and whose primary route for crossing into the U.S. is the Ambassador Bridge or the Windsor Tunnel.

To synthesize the results and allow conclusions to be drawn in relation to the overall awareness of issues, the concerns and issues were compared with prior survey results and will note decreases or increases in particular areas. It should also be mentioned that we had a 200% increase in participant engagement and when asked to share specific examples to support their feedback, the summary of comments showed a significant increase demonstrating the impact.

SUMMARY OF FINDINGS

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.

Central Categories of Survey Data		
Question	Themes	
What is your company’s primary business activity?	Mould Making	31.8%
	Automation & Robotic Equipment Manufacturing	28.5%
	Tool & Die Making	27.4%
	Engineering & Design	27.4%
	Precision/Custom Machining	23.0%
	Gauges, Fixtures, General Tooling	19.7%
	Machine Tool Building	14.2%
	Controls Design & Programming	10.9%
	Additive Manufacturing/Rapid Prototyping	6.5%
	Cutting Tool Sales	6.5%
	Software Development	5.4%
	Associates and Suppliers	3.2%
	Other (<i>Chemical manufacturing, Complete Turnkey Project Management</i>)	13.1%
Have any of your U.S.-based visitors been suspected of bringing COVID-19 into your facility?	89 of 91 respondents answered “No”	97.7%
	2 of 91 respondents answered “Yes”	2.2%
Has there been a COVID-19 outbreak at any of your facilities? If yes, please comment how many times.	74 of 91 respondents answered “No”	81.3%
	17 of 91 respondents answered “Yes”	18.6%
How often are you required to send technical personnel to the U.S?	Other	12.0%
	Never	13.1%
	Often (5+ times per month)	27.4%
	Sometimes (1-5 times per month)	49.4%
To what extent have you, your employees, or visitors experienced any of the following border crossing issues?	<i>Never = 1 Sometimes = 2 Often = 3 Always =4</i>	
	A. Employees requiring 14-day quarantine when returning to Canada: Average 2.3 (between sometimes and often)	

	<p>B. Visitors requiring 14-day quarantine when coming into Canada: Average 2.2 (between sometimes and often)</p> <p>C. Denied entry into Canada: Average 1.9 (between never and sometimes)</p> <p>D. Production stopped/work shortage: Average 1.8 (between never and sometimes)</p> <p>E. Loss of work/contracts: Average 2.1 (between sometimes and often)</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><i>Never = 1 Sometimes = 2 Often = 3 Always =4</i></p> <p>A. Progress reports/inspections: Average 2.4 (between sometimes and often)</p> <p>B. Sign Offs: Average 2.6 (between sometimes and often)</p> <p>C. Technical Machine Service or Repair: Average 2.3 (between sometimes and often)</p> <p>D. Other – 1.7</p>																
How has your business been affected by having U.S. personnel denied entry into Canada?	<table> <tr> <td>No effect</td> <td>8.7%</td> </tr> <tr> <td>Minimal effect</td> <td>20.8%</td> </tr> <tr> <td>Moderate effect</td> <td>29.6%</td> </tr> <tr> <td>Substantial effect</td> <td>37.3%</td> </tr> <tr> <td>Not Applicable</td> <td>5.4%</td> </tr> </table>	No effect	8.7%	Minimal effect	20.8%	Moderate effect	29.6%	Substantial effect	37.3%	Not Applicable	5.4%						
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What is the actual financial impact to your company in 2020 from these border issues?	<table> <tr> <td>\$0/none</td> <td>13.4%</td> </tr> <tr> <td>Up to \$100,000</td> <td>16.8%</td> </tr> <tr> <td>\$100,000 to \$500,000</td> <td>13.4%</td> </tr> <tr> <td>\$500,000 to \$1,000,000</td> <td>14.6%</td> </tr> <tr> <td>\$1,000,000 to \$5,000,000</td> <td>28.0%</td> </tr> <tr> <td>\$5,000,000 to \$10,000,000</td> <td>8.9%</td> </tr> <tr> <td>More than \$10,000,000</td> <td>2.2%</td> </tr> <tr> <td>Unknown/Not Yet Determined</td> <td>6.7%</td> </tr> </table>	\$0/none	13.4%	Up to \$100,000	16.8%	\$100,000 to \$500,000	13.4%	\$500,000 to \$1,000,000	14.6%	\$1,000,000 to \$5,000,000	28.0%	\$5,000,000 to \$10,000,000	8.9%	More than \$10,000,000	2.2%	Unknown/Not Yet Determined	6.7%
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What is the estimated future impact on your company in 2021 from these border issues?	<table> <tr> <td>\$0/none</td> <td>10.0%</td> </tr> <tr> <td>Up to \$100,000</td> <td>18.8%</td> </tr> <tr> <td>\$100,000 - \$500,000</td> <td>10.0%</td> </tr> <tr> <td>\$500,000 to \$1,000,000</td> <td>15.5%</td> </tr> <tr> <td>\$1,000,000 to \$5,000,000</td> <td>27.7%</td> </tr> <tr> <td>More than \$5,000,000</td> <td>12.2%</td> </tr> <tr> <td>Unknown/Not Yet Determined</td> <td>6.6%</td> </tr> </table>	\$0/none	10.0%	Up to \$100,000	18.8%	\$100,000 - \$500,000	10.0%	\$500,000 to \$1,000,000	15.5%	\$1,000,000 to \$5,000,000	27.7%	More than \$5,000,000	12.2%	Unknown/Not Yet Determined	6.6%		
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Are you anticipating workforce downsizing due to border issues in 2021?	<table> <tr> <td>Unknown / Not Yet Determined</td> <td>7.6%</td> </tr> <tr> <td>Yes in Q2</td> <td>10.9%</td> </tr> <tr> <td>Yes in Q3</td> <td>8.7%</td> </tr> <tr> <td>Yes in Q4</td> <td>6.5%</td> </tr> </table>	Unknown / Not Yet Determined	7.6%	Yes in Q2	10.9%	Yes in Q3	8.7%	Yes in Q4	6.5%								
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<p>At which border crossings have you experienced issues? Check all that apply.</p>	<table> <tr> <td>Cornwall - Seaway International / Three Nations</td> <td>1.3%</td> </tr> <tr> <td>Niagara - Rainbow Bridge</td> <td>1.3%</td> </tr> <tr> <td>Fort Erie - The Peace Bridge</td> <td>2.7%</td> </tr> <tr> <td>Sarnia - Blue Water Bridge</td> <td>13.6%</td> </tr> <tr> <td>Windsor-Detroit Tunnel</td> <td>58.9%</td> </tr> <tr> <td>Windsor-Detroit - Ambassador Bridge</td> <td>80.8%</td> </tr> <tr> <td>Other</td> <td>6.8%</td> </tr> </table>	Cornwall - Seaway International / Three Nations	1.3%	Niagara - Rainbow Bridge	1.3%	Fort Erie - The Peace Bridge	2.7%	Sarnia - Blue Water Bridge	13.6%	Windsor-Detroit Tunnel	58.9%	Windsor-Detroit - Ambassador Bridge	80.8%	Other	6.8%
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<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 research, the following central themes were retained to identify the comparison of results from the last survey period (December 2020) to the current period (May 2021):

Border Issues

Although most of the border crossing happens at the Ambassador Bridge and Windsor Tunnel (more than 80%), other crossings in the survey results include Sarnia Bluewater Bridge, Fort Erie Peace Bridge, Lester B Pearson International Airport, Niagara Rainbow Bridge and Cornwall Seaway International Bridge.

Respondents also noted the frequency with which they have been expected to cross the border. These results range from one to five times per month (49.4%) to more than five times per month (27.4%), and in some cases, respondents stated they travel two to five times per week. The activities range from service contracts and technical maintenance to emergency repair and breakdowns. Reasons for border crossing ranges from providing a technical assessment for the purpose of quoting work or accepting work that a current U.S.-based supplier can no longer perform.

The data collected from the 91 respondents who completed the survey suggests there is a lack of understanding among border security officials of what is deemed “essential”, and what protocols are recommended upon return. Aside from the lack of understanding between locations, there is also a lack of consistent advice from one border official to another at the same crossing.

More than half of the respondents provided detailed examples that could be grouped into the categories below. It is important to note that although the categories remain somewhat consistent, the volume of detailed examples provided by participants has increased dramatically.

- **Increased costs:** Extra time and administration, payment of wages while on border mandated quarantine/isolation.
- **Reduced Productivity:** Respondents indicated an increase in the unavailability of key personnel, which resulted in reduced productivity due to CBSA quarantine/isolation orders.
- **Loss of revenue:** Responded stated many of their customers are 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 by border officials at the same border crossing locations. It was also evident that there are interpretation issues between border crossing locations.
- **Reduced investment:** Survey results revealed a reduction in new contracts and supply agreements, as well as reduced scope for current maintenance and service contracts as a result of border crossing issues.

The comment below is one of many common experiences revealed throughout the survey:

“Two employees perform service calls a week apart for the same customer. One stays in the U.S. for three days and is allowed to re-enter Canada without quarantining. The other is mandated to quarantine when he returned the same day.”

There were 43 well written comments about the experiences faced when returning to Canada. Below is an example:

“People crossing are being determined essential based on the number of times they cross and not the purpose of crossing which encourages unnecessary crossing and hampers business. Border officials do not apply the rules consistently. Biggest issue is no understanding of what the rules are. Example: 2 employees can return from a U.S. customer site with the exact same paperwork. One may get a quarantine order while the other crosses with no issue at the same crossing.”

Outbreak Levels

While only 10% of respondents in the first survey (December 2020) had experienced a COVID-19 outbreak in their workplace (defined as two or more simultaneous cases), the incidence rate increased to 18.6% in the second survey (May 2021). However, the feedback and comments suggest the outbreaks recorded were a result of false positive testing results on-site and the remaining outbreaks were isolated incidents and caused by activities and exposure

outside of the workplace through family members. The survey revealed 81.3% of participants recorded no outbreaks and the discipline in strong workplace health and safety practices, including screening and preventative measures—as recommended by local public health authorities—have resulted in positive outcomes.

Impact of Quarantine Orders and Entry Denials

The impact of quarantine orders as directed from border officials or as a result of outbreaks has caused substantial interruption for the respondents. Majority of respondents noted the burden of having key employees in quarantine and unable to work on-site or unable to travel, has led to an inability to operate efficiently or meet the needs of their customers. More than 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 due to the unavailability of employees. The increased costs reported in this survey included greater administration fees to manage inconsistencies at the border and paid time-off for employees in quarantine.

In addition, the impact of having to source U.S.-based service providers and suppliers on behalf of Canadian manufacturers who were unable to cross the border and deliver expected services had increased.

“We have limited as much exposure as possible and have had to hire people in the U.S. to represent us.”

U.S.-based Customers/Suppliers

There was a tremendous amount of comments regarding relationships with U.S.-based customers and the continued frustration caused by the lack of consistency in policy regarding cross border travel. What is top of mind for the participants in the survey has been the erosion of business relations on behalf of U.S.-based firms.

Below are comments we received about this issue:

“Several critical U.S. based customers were not permitted to enter Canada to repair critical equipment necessary in the manufacturing of critical parts.”

“We represent many top tier U.S. manufacturers and our customer base counts on the factory representatives’ services.”

“Suppliers of machinery are unable/unwilling to risk entry into Canada to perform critical warranty work on machinery within their warranty period, that is about to expire”

It is clear that this has become a significant issue that is affecting business relationships today and threatens the viability of future contracts.

It is no surprise that a combined 67% of the 91 respondents have said they have been moderately or substantially affected given the survey results from December 2020 to May of 2021. Comments suggested that *“A substantial effect on customer relationships as the U.S. customer base is unaccustomed with Canada’s approach at the border. Most often they do not believe the obstacles we face crossing”* and *“We have had several U.S. prospects tell us to forget it if they are unable to visit and review in person”*.

The interruption in Canadian manufacturers’ ability to supply services and support U.S.-based customers is eroding and can be summarized by these comments:

“We haven’t been told outright yet, but we are getting a sense of frustration from our U.S. Customer base that they are getting to the point that dealing with a Canadian company isn’t worth the border hassle anymore. That is CATASTROPHIC if it gets to that point!”

“When we cannot service our U.S. based customers in person, the Americans simply move on to someone else. We might never get that opportunity again.”

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“Suppliers of machinery are unable/unwilling to risk entry into Canada to perform critical warranty work on machinery within their warranty period, that is about to expire.”

These results show how big of an impact this has had on those in the industry, and how it has affected business relationships, supply chains, and future contracts.

Financial Impact

Different from the last survey where respondents were asked to calculate the projected future financial impact, the most recent survey asked participants to report actual losses for 2020 and project current and future losses for 2021.

Although some participants were reluctant to share financial information due to issues with confidentiality, the majority noted there were undeniable losses from 2021 as a result of the interruption of COVID-19-related protocols. Of those who commented, 64.9% stated a combined actual financial impact of \$100,000 to \$10,000,000 for 2020; and 65.4% revealed an estimated financial impact of \$100,000 to more than \$5,000,000 for 2021.

One respondent noted: *“Due to uncertainty of the Canadian handling of the Border, we have suspended doing work in the U.S. This has caused a 30% drop in available work.”*

The financial impact is not only in lost business revenue, added costs related to quarantined personnel, but also: *“We have stopped sending our drivers over for regular deliveries, extra costs for deliveries”* and the cost of hiring U.S. third party providers or working from other U.S.-based centers causing extra costs.

“We have stopped sending sales and technical staff over from Canada (which is closer) and have outsourced work to U.S. competitors and to our Kentucky location.”

“We lost a \$4,500,000 USD program because our customer was denied entry into Canada to inspect jobs [that] were awarded to us pre Covid-19.”

Job Losses

In addition to the financial losses and estimated financial impact, respondents were asked to comment on actual job losses due to loss of business or revenue due to the impacts of COVID-19-related border crossing.

It was interesting to see that 65.9 % of respondents said that they would not be downsizing their work staff, which was a common theme.

“We are doing our absolute best to keep jobs intact, but are doing so at the expense of future growth and opportunities”

To those who had been affected the most by these issues, 26.1 % of respondents said that they would be reducing their numbers in the Q2, Q3 and Q4. *“We will be losing 40% in a Q2 layoff.”*

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, hoping in turn that we can participate in any further policy with respect to manufacturing and the nature of essential work.

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. Essential work should not be defined by how often you cross the border.

It is also clear that even though Canadian goods are being transported as part of the definition, the interpretation does not allow for the movement of people who support these products and services. This is needed to meet the needs, expectations, and obligations of existing contracts. and secure work, procure supplies. and suppliers and service the customers they have worked hard to build relations with over the course of the growth of the sector and advanced manufacturing supply chain.

Our recommendations to the Federal Government are:

1. To provide a clear and better definition of "essential workers" related to the nature of manufacturing business, 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.

It is our intention to release this report in cooperation between the participating associations. 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.