

International Transport Activity in the Context of Contiguous Countries

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Several approaches have been used to discern the differences found in the conduct of transport activities in a domestic setting, on the one hand, and transport in an international context, on the other. One approach to considering the conduct of transport is the somewhat amorphous concept of regimes used by Cafruny (1987). Regimes comprise the principles, norms, and procedures that govern the conduct of transport. Some transport regimes are highly codified and formal in structure, and others are less so. If it is assumed that domestic transport occurs within the context of a national regime, then the extension of transport activity into an international setting requires either the extraterritorial adoption of one nation's domestic regime or the establishment of a wholly new one, which may require acknowledgement of some collective suboptimality on the part of the actors involved. These transport "actors" fall into three general categories: transport producers (carriers and their agents), transport users (goods shippers and passengers), and regulatory bodies. Such an analysis of transport regimes postulates that the *demand* for the movement already exists. The focus here is on the *conduct* of that movement.

Contiguous versus Non-contiguous Settings

This paper considers two questions: Is transport between countries that are physically contiguous a meaningful subset of international transport questions as a whole? And do the regimes guiding transport in a contiguous setting evolve and persist in a form fundamentally different than the form they would take in a non-contiguous environment? These questions are addressed by reviewing a number of

key issues that have arisen in the conduct of transport between the United States and Canada. Not only are the two nations physically contiguous on a continental scale, but they also are each other's largest trading partner and form the world's largest bilateral trading relationship. These issues are then categorized as to whether they tend to foster or inhibit the development of an identifiable contiguous country or transborder regime. If a given issue tends to make the border less permeable, it can be considered an issue of access. Examples of this would be cases in which different technical standards limit movement or a state of belligerency precludes meaningful interaction. At the other extreme are issues that tend to make the border transparent and the domestic regime indistinguishable from the transborder one. This situation typically occurs in a highly developed common market or free trade area. Intermediate issues, which attempt to coordinate the two domestic regimes, help form a recognizable transborder regime whether that process occurs deliberately or not. It is reasonable to expect that in real world cases most contentious issues relating to transborder transport involve attempts to harmonize or coordinate two disparate regimes. But it is also reasonable to expect that in an empirical setting the process of arriving at this harmonization would involve a degree of negotiation by the actors in each domicile.

Characteristics of Contiguous Transport Systems

Although some of the differences in the conduct of transport between nations that share a common border and between those that do not are obvious, other differences are more subtle. The differences between contiguous and non-contiguous cases have at least four characteristics: infrastructural, topological, proximal, and organizational.

Infrastructural characteristics are the most obvious and pervasive. Contiguity offers the option of surface modes of transport such as rail and trucking in addition to air and water modes. Long-established, formal multilateral regimes are found in the aviation and maritime sectors (Cafruny 1987). These air and water modes might be termed "traditional international" modes because they are the most common media for the transport of goods between countries. There are few such examples of surface modes in general, and fewer still between neighbouring countries. This omission implies that either informality, at one extreme, or lack of any appreciable demand, at the other, govern harmonization between contiguous countries.

Topologically, there is potentially greater access between neighbours, but only potentially. The first limitation stems from the general development of transport corridors. The second limitation is

that the number of border crossings is usually limited regardless of the physical openness of the boundary.

Regime harmonization introduces a paradox: proximity demands maximal harmonization, but the more interaction there is between the two regimes, the more the differences between them are accentuated. Although the overall differences between the U.S. and Canadian transport regimes may be small, the sheer volume of activity heightens those differences.

The fourth characteristic of the differences between non-contiguous and contiguous groups stems from the principle that formality is inverse to familiarity. As with everyday life, actors in transportation tend to make informal arrangements with familiar associates and insist on greater formality with strangers.

Transport in the Context of Bilateral Relations

Transborder transportation in this instance is best introduced by recalling one fundamental aspect of North American economic geography: Canada has a small population strung linearly near the U.S. border, while the United States has a larger, more rectangular, dispersed population base. The average length of a movement of transborder travel and shipments is therefore longer in the United States than in Canada (Boyer 1983). This difference means, *inter alia*, that the revenue distribution between carriers on a transborder shipment will more often favour the American side.

Some insight into the manner in which transborder transport issues are handled at the policy and procedural levels can be gained from a look at U.S.-Canadian relations in general. Bilateral issues tend to become compartmentalized—that is, technical experts within bureaucracies often become the most significant actors in setting policy agendas. Very often these officials interact through either temporary or permanent ad hoc advisory bodies. These interactions help maintain informality in the relationship by serving as an "early warning system" for potential problems before they become overly politicized and by acting as a forum where other actors (such as carrier and shipper representatives as well as state or provincial representatives) can be consulted without convening any conventional proceedings. Such ad hoc groups are popular with Canadian interests because they do not automatically give rise to a formal bureaucratic structure that implies a measure of political integration (Dolan 1982: 340-343). Canadian interests are sensitive to any hint of losing a measure of sovereignty to the United States, and the informality of ad hoc groups helps control this potential.

Over time, some measure of integration does take place, although the progress toward it is not always smooth—that is, there are short-term winners and losers, but over the long term the transborder transport regime undergoes some structural change and becomes synchronized. This pattern implies the occurrence of “punctuated integration”. An alternative view is that the two domestic regimes “leapfrog” one another—that is, one domestic regime alters some of its characteristics and, if the changes affect transborder movements or if the changes appear to be generally successful, they may be adopted by the other side. As experience in the particular aspect of transport conduct is gained, it propels a further exchange in the methods employed in the conduct of transborder movements. This process can be observed for each individual transport mode.

Modal Issues

Rail Transport

In recent years, the issues arising about transborder rail transport have stemmed from the disparities in regimes created by U.S. passage of the Staggers Rail Act of 1980. At that time, Canadian railroads were pricing their services quite liberally, both on domestic traffic as well as on transborder movements originating in Canada. But the Staggers Act shifted the advantage to U.S. railways. The act was formulated to help the ailing U.S. rail industry by giving it greater freedom to set rates and to undertake confidential contracting. In exchange for these freedoms, American railways were no longer eligible for antitrust immunity on cartel pricing. Canadian rate making meanwhile continued to require published tariffs and a collective agreement by two trunk lines on rates. These differences in the two regimes created a distinct conflict in laws: the United States disallowed collusion; Canada required it (Ongman 1982).

Before passage of the Staggers Act the originating Canadian carrier typically would haul the freight over the relatively longer distance and then exchange with the American carrier at the gateway closest to the destination. After the Staggers Act Canadian shippers gave the long-haul segment of the intercarrier movement to the American railway. The Staggers Act thus introduced a problem of access to the transborder regime. In response, Canada passed in 1987 the National Transportation Act (NTA), intended primarily to give shippers more alternatives for rail transport and possibly to help them reduce costs. The act also aimed to recoordinate the transborder regime. The NTA includes a variety of provisions for competitive access, thereby giving other railways the opportunity to serve captive

shippers. One of the potential effects of competitive access is to broaden the ability of U.S. railroads to short-haul transborder traffic since these provisions also apply to connections with foreign railways. Upon request from a shipper, the carrier that most directly serves it must provide a Competitive Line Rate (CLR). The CLR includes bids from carriers that connect with the originating railroad and could serve a portion of the haul. On transborder movements, American carriers have the opportunity to bid. Thus, CLRs are intended to widen the options of shippers, even if it means a loss of revenue to Canadian railways.

One of the issues arising from the provisions of the NTA is that there are no reciprocal opportunities for Canadian railways to compete for U.S. traffic. Although there is nothing comparable to CLRs in the United States, American railways will not likely expend a large measure of their strategic resources on capturing the CLR traffic because, taken as a whole, transborder traffic constitutes only about 8 percent of the traffic base of U.S. Class I railways as opposed to 25 percent for Canadian National and Canadian Pacific (Peat, Marwick 1987: 115).

In the context of this analytic framework, the NTA represents an attempt to recoordinate the regimes after Staggers created the problems of access. The rail issues shifted from a problem of access to one of recoordination through the recommendation that confidential rate making be allowed on transborder freight. As a result of the CLR provision, the transborder rail regime now appears to have shifted to a state resembling open competition between the two regimes. Because much of this shift was made in the interests of Canadian shippers, a situation has been created in which the Canadian regime has now “leapfrogged” the American regime.

For transborder rail there is no transborder regime similar to that existing for international air transport. The issues arising about transborder rail stem mostly from the inadvertent international effects of national policies. Such a situation might be resolved by reestablishing an equilibrium—that is, alternately adjusting each domestic policy to more closely resemble the other—but these adjustments are still based largely on domestic needs, and the transborder ramifications are secondary. This emphasis on domestic priorities creates a situation in which unintended effects on transborder rail transport can occur. Thus, the leapfrog cycle is perpetuated.

Trucking

Canada has never developed the extensive trucking industry found in the United States. In Canada, competition between the truck and rail

modes has been minimized by three factors: the relative freedom of pricing available to railroads, the maintenance of a "railway ideology" (which was particularly effective in the Prairies), and a greater permissiveness toward intermodal ownership in Canada (Munro 1969: 198). In the past, partly because the Canadian highway network was less developed, the longer leg of many transborder hauls was the American segment. Moreover, many Canadian domestic hauls used the more convenient American routes, especially to the south of Lake Superior (Clayton and Sem 1985). To counteract this practice, many provinces during the 1970s and 1980s enacted weight and dimension limitations higher than those in effect in the neighbouring states, thereby shifting traffic to all-Canadian and largely Canadian routes.

In the United States, interstate trucking entry, rate making, and service authority are subject to Interstate Commerce Commission (ICC) regulation, and intrastate carriage is subject to state control. Constitutionally, the same situation exists in Canada, but in practice the federal government has never fully exercised its authority over extraprovincial trucking. Indeed, the domicile of a carrier is not relevant to an application for operating authority within any province or state. Thus, the question of national treatment, prejudice, or discrimination according to domicile is not, at least in theory, of concern to transborder policy making. National treatment refers to the question of whether foreign applicants should be evaluated and licensed identically and accorded the same rights of carriers chartered within the host country.

Differences in distribution have contributed to the emergence of a long-haul, nationwide domestic trucking industry in the United States and a region-oriented one in Canada. This difference in operational scope is exemplified by the apparent higher rate of corporate concentration within the U.S. industry (Chow 1984). In addition to the difference in the sheer size of the domestic market, concentration means that the major American companies are considerably larger than the principal Canadian carriers. This contrast in size has added an emotional dimension to the debate over reform in the transborder regulatory regime. Canadian trucking interests frequently express concerns about being engulfed by the well-capitalized American interests.

Although trucking does not carry as large a share of freight in Canada as it does in the United States, it maintains the same relationship to transborder shipments as the other modes—that is, transborder accounts for a larger share of the revenue of Canadian carriers than it does for U.S.-domiciled truckers. Because the average transborder journey has a longer U.S. than Canadian segment (Chow 1984), a Canada-domiciled trucking enterprise must be able to

penetrate relatively deeply into the American market to compete successfully for transborder freight. Legal, regulatory, and operational constraints hamper this strategy, however.

Unlike air transport, where the regime of international transport is predicated on the equitable and reciprocal allocation of authority between the carriers of each party, the international trucking regime is mostly an extended version of the two national regimes. Since transport by air is more frequently international in scope, its regime is better structured to accommodate concerns of national treatment. International transport by motor carrier, in contrast, is mostly an appendage to domestic movement in a contiguous setting. Because a distinct transborder trucking regime incorporating such questions as reciprocity has not evolved, questions of equitable treatment and reciprocity became contentious issues in the early 1980s, culminating in the so-called trucking war of 1982.

The U.S. Motor Carrier Act (MCA) of 1980 had the unintended effect of precipitating one of the most diplomatically delicate disputes in transport relations ever encountered by the two countries. This act significantly eased requirements for initiating and expanding trucking concerns within the United States. It did so by relaxing the requirement to prove that a new or changed service is necessary for the public good. The act also created a more tolerant policy toward route rationalization and mergers and removed many of the previous rate-making restrictions. One immediate effect of the act was a large increase in the number of Canadian carriers granted U.S. operating authority. Because in the early 1980s the Canadian economy was suffering acutely from the effects of the global economic downturn, which was reflected in the trucking industry by the presence of excess capacity, the MCA presented Canadian truckers with a safety valve that allowed them to seek additional traffic. The entry of Canadian carriers, however, was at the real or perceived expense of incumbent American carriers. Thus, the American Trucking Associations (ATA) petitioned the ICC to suspend granting authority to Canadian carriers. The ATA argued that no reciprocity existed in transborder trucking; Canadian carriers could readily provide single-carrier service to the United States, whereas U.S. motor carriers wishing to provide the same service in Canada were hampered by their inability to obtain Canadian authority (U.S. General Accounting Office 1987). Partly in response to the ATA complaint, the United States undertook negotiations with Canada, and the resulting Brock-Gotlieb agreement called for consultation between the two sides whenever "a major shift in the balance of trade of trucking services" occurred. To facilitate this recommendation, a consultative mechanism was formed, but the scope and level of formality were left unspecified (Brock 1982; Gotlieb 1982).

The consultative mechanism has in fact been primarily an informal "early warning" forum through which officials attempt to pre-empt and diffuse bilateral problems.

In trucking, the term *cabotage* refers to the reservation of domestic trade for both domestic equipment and drivers. Cabotage arises as an issue mostly because of the difference in the average length of haul on transborder shipments. Although there is no federal statute within either country expressly forbidding the authorization of cabotage to a trucking enterprise, there are limitations on the use of foreign equipment or drivers to perform that service. This situation is in contrast to the more conventionally international modes of maritime and air transport. In the case of maritime transport, the United States through the Jones Act has an absolute ban on foreigners, and Canada's maritime cabotage laws are very nearly as strict.

Customs and immigration regulations have a greater effect on Canadian transborder carriers than on American carriers. Since most trips into Canada are relatively short, a U.S. trucker can serve transborder traffic and exit the country without a backhaul and with little lost revenue. Canadian truckers, however, penetrate a relatively greater distance into the United States on average, and an empty return is costly.

The MCA, the 1982 Brock-Gotlieb Agreement, and the 1987 Canadian Motor Vehicle Transport Act (MVTA) represent stages during which the two regimes alternately leapfrogged and were coordinated with one another. This is similar to the Staggers-NTA situation in rail transport, although, unlike rail, there appears to be a more distinct and incipient transborder trucking regime. The evidence for this regime is the emergence of a forum at the bilateral level. The complex, multifaceted nature of the trucking industry and of the various regulatory institutions does not lend itself well to solving problems through intercarrier contact as might be expected in rail. The lessons learned from the unintended effects of the MCA and the attention paid to the trucking war by both sides indicate that there is a growing awareness that contiguity creates a situation in which few trucking issues have only domestic manifestations.

Maritime Transport

Transborder transport issues in the maritime mode are different than those in the other modes insofar as they do not involve any commodity trade directly between the United States and Canada but rather shipments between either country and overseas partners. The major issue concerns the access to ports by shippers from the other country, a situation usually called "diversion", which unfortunately implies

that some impediment is preventing traffic from moving to the port for which it was originally intended or that a traditional routing pattern has been unduly usurped. In reality, diversion is actually a case of competition between two or more alternate routes. Port agencies, labour lobbies, and carriers who are not party to the traffic being diverted across the border frequently oppose the practice on nationalistic, legal, or economic grounds.

About one-third of all container traffic through Canadian ports is in transit to or from the United States (Archambault 1987). The percentage mix varies, however, depending on the coastal range under consideration. Central and eastern Canadian ports, particularly Montreal, have certain advantages for serving portions of the United States, and Puget Sound ports are in a favourable position to offer container services to western Canada. In the Pacific case, the large volume of container imports from Asia means that overland bridge services between the western United States and the Canadian core of Ontario and Quebec are commonplace (Hill 1987). In the past, Vancouver was further affected by a clause in its labour agreement which required that dockside longshore labour disassemble the contents of many of the import containers. The increased costs associated with this action stymied investment in the development of container terminals.

The cargo diversion issue has on occasion raised considerable controversy, comparable in scope to the debates about transborder trucking. But, unlike for trucking, there have not been calls for bilateral agreements on the allocation of an equitable proportion of traffic diversion between the two countries, partly because the diversion disputes are more geographically constrained (to specific ports, areas, and routes) than transborder issues in trucking and rail. The lack of bilateral action also reflects the fact that the inland intermodal system is part of an integrated continental transport system that responds to the broader interests of the carriers and is not readily subject to the imposition of border-related barriers.

The asymmetry of the two countries also affects the ability of Canada to enact a shipping act that diverges too greatly from that of the United States. This was demonstrated by the original draft of the Canadian Shipping Conferences Exemption Act (1987), which called for a more restrictive policy toward allowing shipping cartels, or "conferences", immunity from antitrust legislation. The problem with this proposal was that most of the conference shipping lines that call at Canadian ports participate in trade flows that cannot be sustained solely by Canadian imports and exports. All conference carriers require some measure of American traffic to support continuation of their Canadian calls. If the environment for maintaining the cartel becomes

overly hostile, the liner carriers can easily relocate to U.S. ports, thereafter serving the Canadian market as diverted traffic (Anderson 1982).

Thus, to maintain the presence of conference carriers at Canadian ports, the operating environment for conferences had to be equal to, or more liberal than, that of the United States. The Canadian Shipping Conferences Exemption Act was therefore amended to conform more closely to the U.S. Shipping Act of 1984. This adjustment was a case in which asymmetry and contiguity conspired together to force Canada to coordinate its regime with that of the United States. The shipping conference case is another instance of a demonstration effect similar to that occurring with the adjustments over Staggers. One nation's actions culminate in changes in the transborder regime, which subsequently prompt the other country to respond. The experience of the first country has a demonstration effect on the second and its response even parrots provisions of the first country's actions. The carriers have an interest in keeping the border as open as possible so they can operate their chosen routes regardless of their national locations. Thus, the carriers seek to shift the diversion-related issues toward a situation in which the border is more permeable. Ports and labour are concerned about maintaining diversion as a question of access. Local port and labour issues are seen as best served if the diversion issue maintains a high profile. In this manner the border is a tool used by local and regional interests to inhibit or control access to their facilities and away from competitors in the neighbouring country.

Air Transport

Although transborder flights are more important to Canadian carriers because they constitute a higher percentage of their total traffic, American carriers dominate the traffic overall. A network geometry conducive to the use of American carriers gives these carriers their inherent advantage in the transborder market. The hub and spoke pattern of routes in the United States is not replicated in the linearly distributed domestic Canadian route structure. American carriers collect and distribute their traffic through national or regional hubs. Canadian routes, however, are confined to the linear distribution of population centres in Canada, and there are few opportunities to establish hubs on transcontinental flights (Jordan 1987).

Carriers from one country cannot establish hubs in the other country because of cabotage restrictions. This is not a particular hindrance to American carriers because service to the major Canadian cities near the border simply constitutes a spoke feeding a hub within

the United States. Canadian carriers can only fly to an American city; they cannot carry passengers onward to another American destination.

Contiguity and the sheer size of the countries distinguish the North American setting from those of most other international markets. The market between non-contiguous countries is typically more concentrated spatially, and specific gateways for access are assigned more effectively. There is, for example, only one Japan-United Kingdom air market; an Osaka-Glasgow market, as distinct from the Tokyo-London market, is of little importance. Attempts at equitable allocation under those circumstances would be nearly impossible given the vast number of city-pair permutations possible in North America. Moreover, negotiating on a route-by-route basis becomes problematic as the demand for air travel expands.

Air transport, being one of the "conventionally international" modes of transport, is subject to the framework of bilaterally negotiated agreements. Recent bilateral negotiations have taken steps to ease the acquisition of authority (Stanbury 1984: 138). The result of this liberalization process in Canada-U.S. air agreements has been a reduction in the importance of the nationality of the carrier relative to most non-contiguous bilaterals where the allocation according to an aircraft's flag is more significant. Contiguity thus brings the air transport regime more into line with the surface modes where the nationality or domicile of the carrier may raise some concerns, but it is not generally a subject of diplomatic discussion.

Observations

The transborder regime in most modes is moving perceptibly toward either greater coordination or open competition. Leapfrogging aids the process by placing pressure on the other country to counter with a comparable policy so that transborder transport can take place smoothly. A few general principles—such as greater national treatment for the carriers of either country—is beginning to emerge across the different modes.

Policy coordination between Canada and the United States can be achieved through strengthening the existing bilateral organizations. Their authoritative powers could be enhanced and their scope of membership enlarged to include non-governmental actors. The unresolved question for these bilateral groups is to what extent their authority and scope should be formalized. The relatively informal trucking mechanism has managed to achieve some modest success in reducing tensions, and this success is an argument for a somewhat more informal framework for bilateral forums. Success depends in part on

how sensitive one side is to the other. Sensitivity is particularly important given the inherent asymmetry of the two economies. The bilateral institution must recognize that if a transborder policy has a small negative effect within the United States, it is likely to be compounded in Canada.

Four generalizations can be made about the role of transportation in the overall U.S.-Canada bilateral relationship. They concern (1) unintended effects, (2) demonstration effects, (3) informality, and (4) the preclusion of national treatment. The first, unintended effects, refers to the phenomenon in which one country promulgates a policy or practice without considering its effects on the other. The existing equilibrium between the regimes is then disrupted, and a series of disputes and misunderstandings arise. Given the asymmetric relationship of the two economies, almost all cases of unintended effects are initiated by domestic action in the United States.

The second generalization, demonstration effects, refers to the influence that one country's action has on policies adopted later by the other country. The phenomenon of leapfrogging is a proven by-product of the demonstration process. Leapfrogging implies that each new programme has elements that go beyond the existing regime.

The establishment of the motor carrier consultative group demonstrates the third generalization, the tendency toward settling issues by informal means. A similar group (not discussed in this text) has been constituted for issues concerning the Great Lakes and St. Lawrence waterways.

The last generalization, preclusion of national treatment, refers to the consistent reservation of privileges to one's own carriers. The influence of such participants as the American Trucking Associations and the American maritime lobby has meant that the issue of extending cabotage to foreign entities has remained highly volatile politically, thereby causing many transport issues to be side-stepped. The removal of the transportation annex of the Canada-U.S. Free Trade Agreement exemplifies this volatility.

Conventional and Non-conventional Modes

The interaction of transport modes typically international in scope such as air and maritime is handled differently in the transborder setting than are situations concerning the surface modes. The conventionally international modes of air and ocean transport have long-standing traditions about the handling of bilateral and multilateral issues. In contrast, the contiguous modes of rail and trucking have seldom (other than in Europe) been considered media of

international commerce. The difference between international and contiguous modes is one of attitude and knowledge as much as it is of policies, principles, and procedures. The expertise and focus of policy formulation in air and ocean transport are more oriented toward the international arena. Indeed, specialists within the transportation and foreign affairs departments of both the United States and Canada deal with bilateral air negotiations, shipping conference policies, and the like. Shippers using those modes, as well as their carriers, are more inclined to be knowledgeable about international transport.

Carriers and shippers operating in the contiguous modes tend to consider international transport more of an afterthought, a mystery, or, at worst, a nuisance. The relatively greater importance of transborder transport to Canadian carriers and shippers, however, means that they are less inclined than their American counterparts to see contiguity as problematic or unfamiliar. The regimes of conventionally international modes are usually predicated on access to the foreign countries through a limited number of designated points. The terms and conditions of transborder access are normally much more restricted than the rights that carriers have within their own countries. Contiguity, coupled with the volume and geographic breadth of trade, means that the regime applicable to non-contiguous geographic areas is too restrictive to encompass the varied demands found in North America. Regimes associated with non-contiguous states tend to treat countries as individual points in space, while contiguity demands that interregional variations along the border be considered in the creation of any regime.

Finally, contiguity requires the transport regime of one country to consider that of its neighbour. Thus, Canada has to worry what its neighbour does; Australia does not.

Free Trade and Transport

The Canada-U.S. Free Trade Area Agreement (FTA) deliberately did not include a transportation annex. Although transport issues were on the table during the FTA negotiations, the powerful U.S. maritime community lobbied successfully to have them withdrawn. Most of the transport-related issues appeared to be rather volatile, and there was concern that too much emphasis on that economic sector would prolong or altogether halt the FTA negotiating process (A. Levine, Director, Office of International Affairs, U.S. Department of Transportation, personal interview with author, 1987; J. Pringle, Director, Motor Carrier Policy and Programs, Transport Canada, personal interview with author, 1987). An overview of the early effects of the FTA on

transport seems to indicate that the FTA is not in and of itself a sufficient catalyst to encourage further coordination. This implies that when and if the FTA results in a significant increase in actual goods trade, efforts toward greater coordination will follow. Thus, the transport sector under FTA seems to be falling into its old role as a derived demand, waiting for the exigencies of trade before policy changes are made. In such a scenario, the process of transport regime coordination increasingly becomes an element of minor fine tuning intended to service the larger trade issues wrought by the FTA. Such *ex post facto* adjustments are likely to make the coordination of transborder transport less contentious. This depoliticization is in contrast to the past when policy initiatives frequently steered transborder practices that subsequently induced or otherwise channeled the demand for transport usage.

The European Community (EC) represents a case of "multicontiguity", where issues similar to that in the North American case can be expected to occur. The EC's transport system faces a multiplicity of national regimes which is likely to amplify many transborder concerns. In the EC case, however, the international character of the surface modes is more widely accepted, and there are a greater number of formal bilateral and multilateral instruments. A problem that the Common Transport Policy faces—and indeed a problem that permeates most of the EC's proposals—is that it is difficult to distinguish between the good of the EC and the good of its members (Button 1983). In fact, it is likely that what is best for the EC may compromise the goals and objectives of the individual states. This compromise is perhaps the most important lesson of the EC experience and may be vital as a benchmark for evaluating the coordination of transborder transport between the United States and Canada.

This overview may provide a useful guide for analyzing both the Canada-U.S. Free Trade Agreement and the planned harmonization of the EC in 1992. The four generalizations noted provide a taxonomic structure both for observing the conduct of transborder transport after the promulgation of policy and for guiding forthcoming policy changes. By keeping these generalizations in mind, the makers of future common transport policies will be able to devise optimal solutions that meet both individual national concerns as well as those of the larger trading blocs.

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