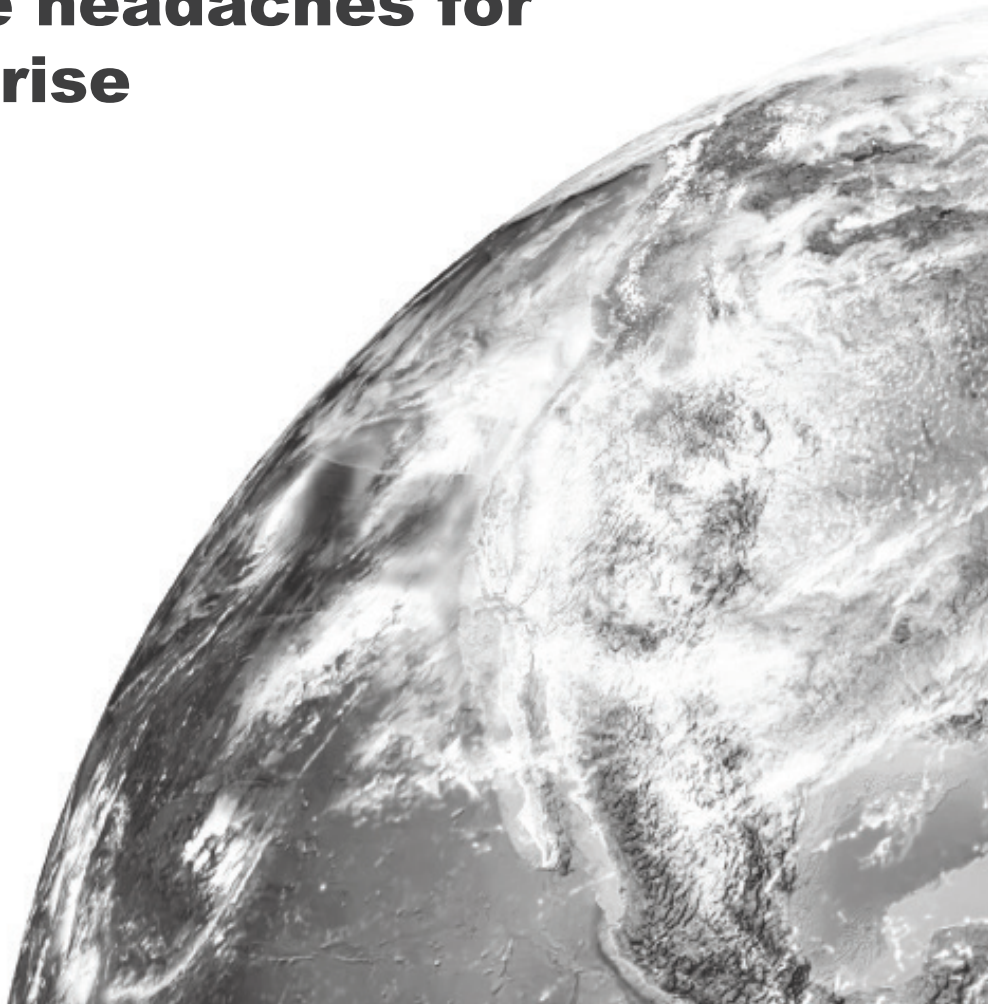




**BORDERS IN
GLOBALIZATION**

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Bottlenecks at the Alaska/Yukon border create headaches for Arctic enterprise





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GLOBALIZATION

POLICY BRIEF: vol. 1 no. 1 February, 2019

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Throughout much of Canada, trade networks both regional and international are formed from many connections including roads and highways, railways, sea lanes, and even by air. This holds true regardless of the points of origin or the destination for goods. In the Arctic however, shipping both regionally and internationally suffer from a sharp restriction in the number of points of entry. In the Yukon for example, there are few east/west connections across the Arctic, and almost all exports from the territory must pass through Skagway port in Alaska.¹ As a result, businesses in the north suffer from increased costs associated with clearance checks and duties. In addition, differing national policies along the border mean that often Canadian interests regarding the efficient transfer of goods across the border are at odds with American concerns regarding the security of their national borders.

THE RESEARCH

Research conducted through the Borders in Globalization Project (BIG) revealed that there exists a high demand for expanded transportation networks in the Arctic – especially for export-heavy businesses, but the demand is slowed by the recognition that to date, the cost of exporting goods from the Arctic remains high. This is true even in cases where goods are being shipped along traditionally cheaper overland networks (such as roads or railways). Where shippers in the southern reaches of the country are able to access several high-capacity highway systems running both east-west (such as the Trans-Canada highway) or north-south (including Highway 97 in British Columbia and the Queen Elizabeth Way/Interstate 90 connection via the Peace Bridge in Ontario), the north has limited options,

with the north-south Klondike Highway (Highway 2) being the most important for export.

Part of the problem is rooted in the geography of the region. The Arctic remains largely undeveloped, lacking many of the critical infrastructures present in the south. While southern trade networks have ready access to deep-water ports on both east and west coasts, northern harbours are difficult to maintain² due to the harsh climate and the increasingly unpredictable sea ice that is present most of the year.³ It is this lack of port access that drives Yukon businesses to make use of the Skagway port in Alaska.

This decision is not without costs, however. Where Canadian goods cross into United States territory, they are subject to security screenings and checks that increase the cost of shipping. Further, these checks also make exporting goods from the Yukon subject to frequent delays, as the volume of goods necessitates extra screenings.

While these checks can be costly for businesses who rely on exporting their goods to foreign markets, they present another set of problems for governments at both the territorial and national levels. While federal policy in Canada aims to streamline cross-border flows of goods at points of entry, the policies of the United States federal government instead tends to emphasize security. While this can lead to serious debates in the abstract, in practice this divergence tends to mean that American border services act unilaterally to enforce security protocols that increase wait times and costs for Canadian goods seeking to cross.

Enhancing economic competitiveness in the Arctic remains a challenge.

As a result, border management programs that are meant to facilitate trade instead become bottlenecks where the flow of goods from Canada meet the increased security protocols of American border services. What this research indicates is that national level policy is often at odds with regional needs, and this is exacerbated in regions like the Yukon, where trade networks are already underdeveloped.

THE POLICY

The research conducted by the BIG project suggests several policy options.

Canadian and American border services in the region ought to investigate the development of greater pre-clearance capacity, particularly on the Canadian side of the border. By pre-clearing goods well before they begin to move towards the border, American and Canadian border services could be assured that adequate security checks and clearances have occurred, and the cleared items could move more efficiently on their way to the Skagway port.

Federal governments could invest regional actors with greater authority to negotiate cross-border agreements within the Alaska/Yukon borderlands. As other BIG research has indicated, there are already several international organizations⁴ and regional actors⁵ engaged in such activity. Their successes could serve as

a model for other, trade-focused regional networks.

Future infrastructure programs in the North could include a working group to assess the feasibility of developing a Canadian deep-water port along the northern Pacific Coast. While the Skagway port is the principle point of departure for Yukon goods leaving by ship, there may be sites within Canadian territory that could accommodate Yukon goods. This would be beneficial as it would eliminate the costs associated with security checks and pre-clearance for small and medium enterprises.

Enhancing economic competitiveness in the Arctic remains a challenge. The geography and smaller population ensure that growth will often be slower than elsewhere in Canada. Despite this however, things are changing in the North. As climate change ensures that the Northwest Passage will remain free of ice for longer each year⁶, the need to assess the potential for deep-water ports in the North grows. As traffic in the Arctic becomes more frequent, the need for cross-border and regional networks to share responsibility for safety, security, environmental stewardship and trade will continue to grow. By planning for such inevitabilities, Canada can position itself as a leader in the economic and social development of the Arctic.

More information and research can be found by visiting the Borders in Globalization [website](#).

¹ Everett, Karen. 2017. "Chapter Nine: National Border Management Polices and Their Effect on Regional Trade: A Study of the Yukon Exporting Industry." In *The Networked North: Borders and Borderlands in the Canadian Arctic*, by Heather Nicol and P. Whitney Lackenbauer, 114-131. Waterloo, ON: Centre on Foreign Policy and Federalism, St. Jerome's University.

² Everett, 2017

³ Stephenson, Scott R., and Rebecca Pincus. 2017. "Chapter Six: Challenges of Sea Ice Prediction for Arctic Marine Policy and Planning." In *The Networked North: Borders and Borderlands in the Canadian Arctic*, by Heather Nicol and P. Whitney Lackenbauer, 77-94. Waterloo, ON: Centre on Foreign Policy and Federalism, St. Jerome's University.

⁴ Nicol, Heather. 2017. *Rescaling Cooperation: The Arctic Council and the North American Chairmanship*. Victoria, BC: Borders in Globalization.

⁵ Collins, Leslie. 2017. "Chapter Eleven: Yukon River Inter-Tribal Watershed Council: Management Across Borders." In *The Networked North: Borders and Borderlands in the Canadian Arctic*, by Heather Nicol and P. Whitney Lackenbauer, 159-175. Waterloo, ON: Centre on Foreign Policy and Federalism: St. Jerome's University.

⁶ Stephenson and Pincus, 2017



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