Maritime Goods Movement Act

The Maritime Goods Movements Act (MGMA) was proposed in the United States congress in 2013. The legislation would impose a fee on all cargo discharged at Mexican and Canadian ports and bound for the U.S. The fee was based on the value of the goods being shipped and would replace the current Harbour Maintenance Tax (HMT). Fortunately, the proposed tax was defeated in recent congressional negotiations, but is a clear indicator of the protectionist sentiment among many in the U.S.

The MGMA was introduced as a measure to counter a perceived trend towards diverting cargo to Canadian and Mexican ports resulting from the implementation of the previously enacted HMT. The HMT enacted in the U.S. in the early 1990s as an "ad valorem" tax on all marine imports and exports is generating revenue for the Harbour Maintenance Trust Fund that is utilized for dredging projects throughout the U.S.

The main argument for the MGMA proposed legislation is that the HMT is diverting business from U.S. ports of entry with shipments being diverted to Canadian and Mexican ports and then the cargo being transported into the U.S. by land transportation. The proposal received support from several states with major marine capability (U.S. east coast and gulf states, etc.).

There are a number of issues of concern for the Canadian economy if similar legislation ever becomes law. Primarily, such new legislation will impose additional border fees for goods shipped across the Canada-U.S. land border. The imposition of such a tax would also have other unintended effects on cross border trade and commerce. The consequences include:

- Reduction in the overall maritime shipping
- Significant unintended delays at he border due to the problematic aspects of land border collection of fees

In addition to these negative effects such proposals are inconsistent with the efforts by President Obama and Canadian Prime Minister Stephen Harper to expand cooperation and accelerate the free flow of trade at the border through the Beyond the Border Initiative (BTB). As part of the BTB initiative, the U.S. and Canada last year published an inventory of all border fees with a comment to "reducing the costs to business and promoting trade competitiveness."

A number of maritime and trade related organizations have already stated the same facts and are actively engaged in dissuading the U.S. government from considering such legislation. This resolution also supports the positive role played by the Canadian Ports in the Canada-U.S. international trade and commerce. Canadian ports provide competition and encourage efficiency, provide U.S. importers and exporters with additional options in the event of supply chain disruption and offer U.S. importers and exporters additional shipping channels where U.S. port is not available to them.

The U.S. and Canada share the world's largest trading relationship, valued at over $710 billion in 2012. Canada is the top export destination for 38 U.S. states and more than eight million U.S. jobs depend on trade and investment with Canada.

Recommendations

That the federal government:

1. Work with the U.S. government to prevent the imposition of any new fees at the Canada - U.S. border.
2. Work with the Canadian cross-border stakeholders to provide information and facts to U.S. lawmakers on Canada-U.S. cross border trade and commerce.