

**Enforcing duty and tax collection at the border**  
**SARNIA LAMBTON CHAMBER OF COMMERCE AND WINDSOR ESSEX REGIONAL**  
**CHAMBER OF COMMERCE**

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Restoring fiscal balance by improving the way government works

**ISSUE**

Cross border shopping has increased by 53% over the last 10 years<sup>8</sup> and the impact on Ontario retailers is costing the economy billions of dollars which could be minimized if duties were enforced at the border.

**CURRENT SITUATION**

According to the Bank of Canada and Douglas Porter, Deputy Chief Economist for BMO Capital Markets, cross border shopping officially accounts for less than 2% of consumer spending. However it is understood that over half of all cross border spending is unaccounted for in official estimates. Anecdotal evidence would suggest those numbers are much higher.

While consumers demand the advantages of product alternatives and lower prices offered by cross border shopping there is very little understanding of the economic and social impact that this specific consumer based economic activity has on the local border community.

The impact of cross border shopping is deeply felt in border communities as it is most difficult for retailers in these communities to compete when faced with governmental regulations that make doing business more expensive from the outset. This is of concern since the concentration of Canadian consumers resides within 100km of the Canada and United States border.

To ensure retail competitiveness the federal Government is required to address Structural, Political, Economic and Technological barriers that take time to change and evolve. While *Beyond the Border: a shared vision for perimeter security and economic competitiveness seeks* to reduce barriers and enhance our competitiveness in the long term immediate action is needed to stem the loss of economic and social benefit to Canadian retailers and the communities in which they do business.

**RECOMMENDATIONS**

**The Ontario Chamber of Commerce urges the Government of Ontario to:**

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<sup>8</sup>Statistics Canada, Canadian Travel to the United States

1. Urge the federal government to enforce duty and tax collection while not diluting the ability of CBSA officials to perform border security functions and fund infrastructure upgrades.
2. Eliminate the outdated tariffs on finished goods entering Ontario.

#### **ESTIMATED FINANCIAL IMPACT TO THE PROVINCE**

Be cost-neutral to the government

#### **OCC COMMENTS**

This resolution was reviewed by the Finance & Economic Competitiveness Committee.