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**(Honorary members are the Southeast Michigan Council of Governments, the Greater Buffalo-Niagara Regional Transportation Council and the Regional Municipality of Niagara)**

## **ISSUE: FEDERAL FUNDING FOR TRANSPORTATION BORDER INFRASTRUCTURE**

### **BACKGROUND:**

International border crossings are unique national resources that not only benefit the Border States and Provinces, but also the entire United States and Canada by providing improved trade and travel connections between the two countries and Mexico. U.S. goods and services trade with Canada totaled over \$680 billion in 2011. Exports totaled \$337 billion; Imports totaled \$343 billion.<sup>1</sup> Canadians and Americans can together claim bragging rights for the world's largest bilateral merchandise trade relationship. No two countries in the world trade more than Canada and the United States—a claim that has held true for the past decade.<sup>2</sup>

A recent study released by the Department of Economics at the University of Waterloo and Wilfrid Laurier University shows delays at U.S. and Canadian border crossings costs Canada between \$15 and \$30 billion every year. While U.S. exports to Canada are slightly lower than Canadian exports to the U.S., it is safe to say that the economic impact of border delays has the same disruptive effect on the U.S. economy, especially the automotive industry, potentially costing American businesses an additional \$15 to \$30 billion every year.

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<sup>1</sup> U.S. Canada Trade Facts, Office of the United States Trade Representative, <http://www.ustr.gov/countries-regions/americas/canada>

<sup>2</sup> Canada's State of Trade: Trade and Investment Update 2012, [http://international.gc.ca/economist-economiste/performance/state-point/state\\_2012\\_point/2012\\_5.aspx?lang=eng&view=d](http://international.gc.ca/economist-economiste/performance/state-point/state_2012_point/2012_5.aspx?lang=eng&view=d)

According to the study, “The automotive industry is so integrated that the production of 4,000 vehicles in North America may involve over 28,200 customs transactions. With car components crossing the border 5 to 7 times during assembly, delays can easily add an extra \$800 to the cost of production per vehicle, costing the automotive industry millions of dollars each year.”

Other businesses also rely on efficient and timely borders, allowing for free flow of goods between the U.S. and Canada. A study published by the Ontario Chamber of Commerce estimates that a four hour delay at the Ambassador Bridge can cost the Ontario economy as much as \$7 million in lost production. According to the study, by the year 2030, delays in the Detroit-Windsor corridor alone will result in direct costs to Canada and the U.S. of more than \$17.8 billion a year and result in over 70,000 jobs lost.<sup>3</sup>

The highly integrated nature of U.S. and Canadian manufacturing sectors and the need to move materials and components across the border to achieve finished products leaves State and Provincial economies open to very adverse impacts if a critical border infrastructure asset were to close due to a structural deficiency or other emergency or disaster.

To enhance economic growth and job creation in both countries, the U.S. and Canada must develop effective solutions to promote cross border mobility of people and goods, including removing barriers to cross border trade and travel. A major impediment to improving mobility has been the long delays at U.S./Canada land borders.

Amid the current global economic downturn, reducing border costs and facilitating the movement of low-risk goods and people will contribute to faster economic recovery. Expanding long-term federal investments in transportation infrastructure leading to and from the border is critical to creating new jobs and ensuring that Canadian and American

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<sup>3</sup> New International Bridge Crossing Coalition, this entry was posted in [Press Release](#) and tagged [Border Delays](#), [Canada](#), [Detroit](#), [New International Trade Crossing](#), [NITC](#), [U.S.](#), [Windsor](#) by [Admin](#)

<sup>4</sup>“The Border and the Ontario Economy” (2012), Dr. Bill Anderson, University of Windsor Cross-border Transportation Center

businesses remain competitive. The majority of exports to the U.S. are delivered by trucks (74%) traveling in the same corridors as tourists and cross-border commuters.<sup>4</sup>

## **CURRENT SITUATION:**

Under the Beyond the Border Action Plan, the U.S. and Canada are developing a rolling 5-year border Infrastructure investment plan that will identify the two countries' priority border projects. The Plan will cover major infrastructure upgrades, including customs plaza replacement and redevelopment, additional primary inspection lanes and booths, expanded or new secondary inspection facilities, and expanded or new connecting roads, highway interchanges and bridges.

Based on a preliminary assessment of investment needs, Canada has identified Emerson, Manitoba; Lacolle, Quebec; Lansdowne, Ontario; North Portal, Saskatchewan; and Peace Bridge, Ontario as initial priority crossings. Based on a preliminary assessment, the United States has identified Alexandria Bay, New York; Blue Water Bridge, Michigan; Lewiston Bridge, New York; and Peace Bridge, New York as initial priority crossings.

While the countries have developed this list of project priorities, there is no U.S. federal funding available. The General Services Administration does not have nor is it projected to have any significant resources in 2013 to address critical border infrastructure needs. The U.S. federal inspection agencies are looking more and more to states and border operators who have even fewer resources to fund border infrastructure improvements.

While the U.S. government alone is expected to generate approximately \$290 billion in customs duties and fees in 2013, none of these funds are dedicated to border infrastructure improvements. The \$833 million Coordinated Border Infrastructure program that allowed states to address infrastructure needs at or in proximity to the border was not included in the newest transportation legislation, MAP-21.

While MAP-21 authorized \$500 million for projects of regional and national significance, no funds have been appropriated. Border projects will have to compete for these funds with other transportation needs.

As of the beginning of 2013, the U.S. is not planning to designate any significant amount of funding to address border infrastructure needs. The result of this lack of funding inaction will be an inability to address border delays, reduce the costs for businesses, encourage reduced tourist travel, and support depressed bi-lateral trade. Increased funding could support more jobs, and improve the worsening global competitive environment for U.S. and Canadian exports.

The Border Infrastructure Fund and the Canada Strategic Infrastructure Fund are no longer accepting applications and will wind down by 2014. The Building Canada Fund will also wind down in 2014. We are anticipating a new federal infrastructure program to be announced in the 2014 budget but do not yet know its criteria\*.

The Border Infrastructure Fund provided \$600 million in funding for infrastructure projects that help sustain and increase the long-term efficiency of the Canada-U.S. border. The focus was on projects at or near the busiest Canada-U.S. border crossings. The Government of Canada contributed up to a maximum of 50 per cent of total eligible costs. Of the \$600 million originally allocated to the Border Infrastructure Fund, approximately \$18 million has been transferred to Canada Border Services Agency for border projects. No projects have been cancelled or otherwise affected as result of this reallocation.

The Canada Strategic Infrastructure Fund provided \$4.3 billion for large-scale infrastructure projects in support of sustaining the economic growth and enhancing the quality of life for Canadians. Investment categories included highways and railways.

The Major Infrastructure Component of the Building Canada Fund has been for larger, strategic projects of national and regional significance, contributing over \$2B to 27 projects since 2007.

**EBTC ACTION:**

- EBTC will monitor and evaluate the impact of U.S./Canada transportation border programs, federal funding proposals, and other proposed legislation impacting EBTC State and Provincial border locations and initiatives.
- In 2013, EBTC will advocate at the federal level for adequate funding levels to address infrastructure needs in the EBTC region. EBTC will look for opportunities to educate lawmakers on the economic benefits of the improved land border crossings.
- EBTC will collaborate with private and public sector organizations that support increased federal funding for border infrastructure.