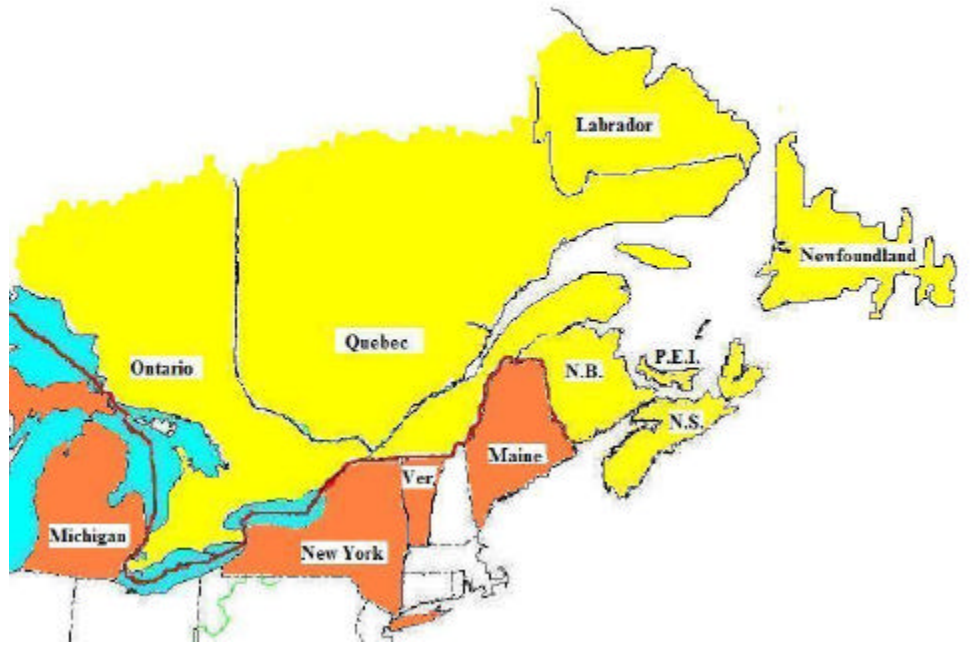


## Eastern Border Transportation Coalition

EBTC Members are the Transportation Agencies of the U.S. States of Michigan, New York, Vermont and Maine and the Canadian Provinces of Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland & Labrador



## **THE IMPORTANCE OF EFFICIENT CANADA/U.S. BORDER CROSSINGS**

*EBTC members believe that efficient north/south transportation corridors, including safe and secure border crossings, are vital to the national, state and provincial economies. This document outlines the reasons why this is so important, the issues affecting border crossing efficiency and what EBTC and its member States and Provinces are doing about it.*

(Note: All \$ are in Canadian \$ unless specified)

## Why are the borders so important?

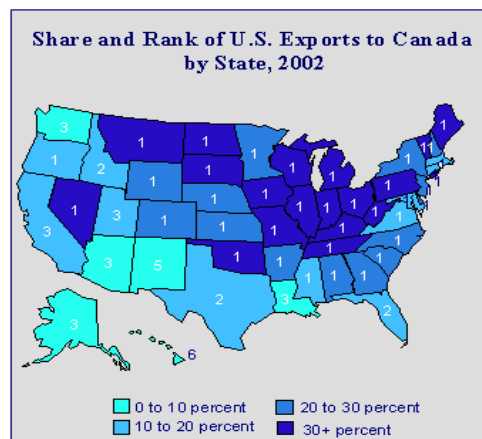
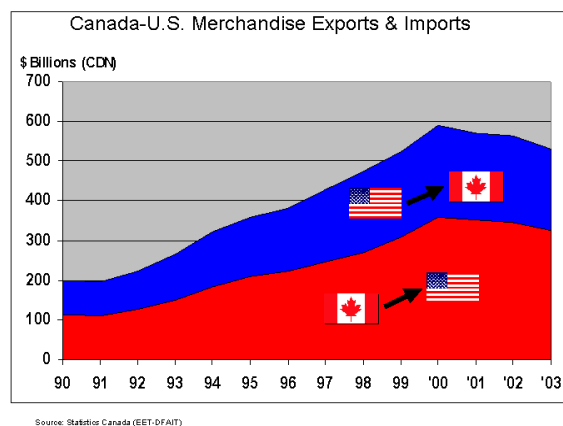
*Cross border movements of goods and people are vital to the economies of the Border States and Provinces, as well as to the two national economies.*

Canada and the United States enjoy an economic partnership unique in the contemporary world. In 2003, they did more business with one another than with any other country in the world - more than \$500 billion<sup>1</sup> or half a trillion dollars worth. That works out to about \$1.5 billion a day.

For 2002, Canada was the origin of 16.5 per cent of all imports of goods and services to the United States, while the United States sold 19 per cent of all its goods and services to Canada. The numbers are even more significant for Canada where 81% of the nation's exports went to the U.S. and 70% of its imports originated in the U.S.

According to the Canadian Department of International Trade, Canada- U.S. trade supports more than two million jobs in each country.

Employment in the transportation industry is also significant in both Canada and the United States. In Canada, for the year 2003, more than 766,000 persons were employed in the industry of transportation and storage, representing 4.8 % of the employment in all industries. In the U.S., recent figures from the U.S. Bureau of Labor Statistics indicate that there were 4,255,900 people working in transportation and warehousing, which is over 3% of total non-farm jobs.



The United States sells almost three times as many goods to Canada, a market of 30 million people, as to Japan, a market of over 125 million. Based on 2003 statistics, Canada is a larger market for US goods than all members of the European Union combined. Furthermore, in 2002, Canada was the most important destination for merchandise exports from thirty-nine out of the fifty U.S. states. Twenty-nine states sent more than one-quarter of their exports to Canada in 2002. Meanwhile, at least 45% of the total merchandise trade of every Canadian province was with the United States.

Canada and the United States share the largest bilateral trade relationship in the world. The annual movement of more than 200 million people and approximately \$500 billion in

goods across the Canada-U.S. border requires a well-developed transportation infrastructure, an efficient transportation industry and effective border inspection systems. It's not just the numbers - but the numbers do put the story behind this unique relationship into context. The lion's share of that trade - about two-thirds - is moved by truck. Our border sees approximately 13 million truck crossings every year - about 35,000 a day, or one every three seconds.

### **Which major industries rely heavily on cross border movements?**

*There are a number of industries, which differ from region to region, that either rely on cross border movements for the provision of raw materials or for the delivery of goods to market. The movements of people, either daily for employment or business or more occasionally for tourism, are also important economic and social factors.*

Although the specific commodities and services crossing the eastern Canada-U.S. border differ depending on the State or Province, there is no doubt that these movements are major components of the economies, not only of these border jurisdictions, but also of States more removed from the Border, as well as the two national economies.

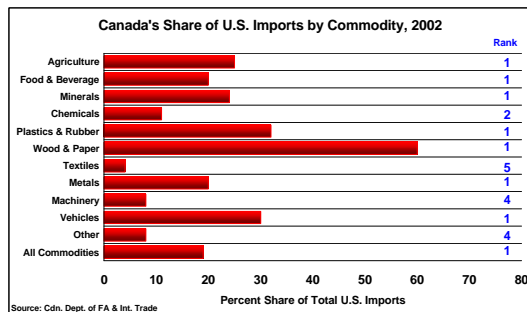
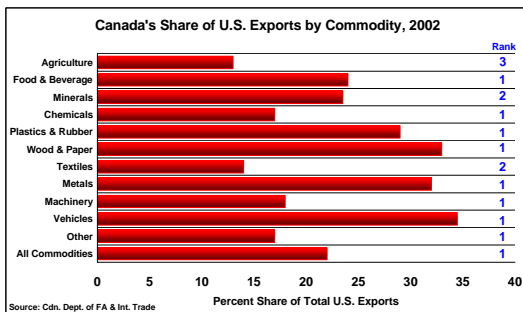
The EBTC States and Provinces each have their own specific trade flows. For example, in 2002, Canada and Michigan exchanged \$49 billion worth of automobiles, trucks and vehicle parts. These movements are critical to the vehicle manufacturing industries in both countries. The major commodities at New York's border crossings are wood, metals and manufactured goods. Fully 83% of Ontario's total merchandise trade is with the United States.

85% of Quebec's exports go to the U.S., much of which uses the eastern land border crossings. Aircrafts and aircraft parts, paper and minerals are the major commodities exported.

In the eastern Canadian Provinces, the priority exports to the U.S. are forestry, agriculture and fish products. Exports are a vital part of their economy and, for example, 89% of New Brunswick's, and 80% of Nova Scotia's exports go to the United States. For Prince Edward Island, as well as Newfoundland & Labrador, agricultural and fish products are their major export commodities.

More than half of Vermont's exports to Canada, worth \$440 million, were tubes and semiconductors and New Hampshire also exported \$90 million in high tech electronics to Canada. Maine's bilateral trade in forest products totaled \$995 million in 2002.

As indicated by the following charts, Canada is the most important destination for U.S. exports and the most significant origin for U.S. imports in many of the major trade commodity groupings.



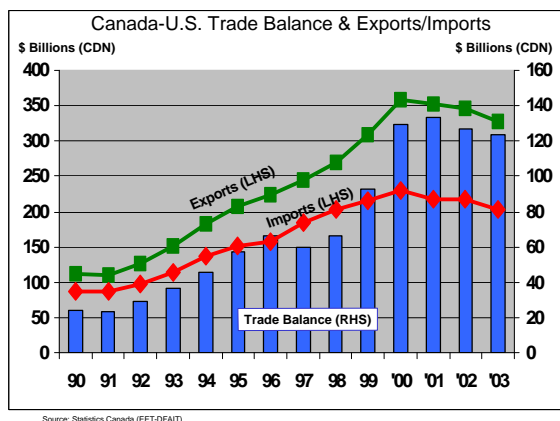
In addition to the flow of goods, cross border tourism is also important to both countries. In 2002, there were 16.2 million U.S. tourism visitors to Canada, spending approximately \$10.3 billion, and 13 million Canadian tourists traveling to the United States spending around \$11 billion.

There are also many people crossing the border every day to visit friends and relatives, shop, attend entertainment and for employment.

## What are the trends in cross border trade?

*Although there has been a decline in cross border traffic over the past few years, a recovery and return to growth over the next few years, as general economic conditions improve, is anticipated.*

Two-way trade between Canada and the United States has more than tripled in value between 1989 and 2003, and has grown an average of 9.3 % per year (non-compounded) since 1990. This unsurpassed level of growth can be attributed to the reduced trade barriers under the NAFTA agreement. However, a series of national and world events and a general economic slowdown in the last couple of years has resulted in this growth being changed to a small decline.



Canadian goods exports to the United States in 2003 fell 4.5 per cent (down \$15.6 billion) to \$331.4 billion while exports of services declined \$1.8 billion (or 5.0 per cent) to \$33.4 billion. Canadian goods imports from the U.S. fell 6.2 per cent (or \$15.7 billion) while services imports declined 0.4 per cent (or \$0.1 billion).

With the increasing integration of the Canadian and U.S. economies, it is expected that trade between the two countries will revert to a growth pattern as overall economies improve. A 1998 report by Industry Canada cited that “free trade forces will bring about a further growth in Canada-U.S. trade, which, by 2010 could be 20 to 30 % above what it would have been in the absence of NAFTA”.

Since this cross border economic activity is primarily moved by truck, there has been a dramatic 40% increase in commercial vehicle traffic at the borders since 1994. This has greatly impacted the ability to process this traffic efficiently within the constraints of existing border infrastructure.

### **What are the issues/challenges with borders today?**

*With security being the number one priority, the issue is how to quickly identify and facilitate the movement of low risk vehicles and to spend more time and resources dealing with high risk movements. This requires a new approach to clearance procedures, maximizing and supporting available manpower with new technology, programs and infrastructure. Perhaps most importantly, this new approach must ensure full coordination and cooperation among all of the parties involved.*

Obviously, following the events of 9/11 and other international terrorism activities, the Canadian/U.S. Border security has been significantly enhanced. There is no doubt that, for the foreseeable future, security will be the major focus of border operations. However, Canada-U.S. border ports of entry are faced with a variety of issues, many involving the need to balance security with the efficient and safe movement of passengers and goods through border crossing sites. These issues include operational procedures, manpower, technology, adequate infrastructure, and the need for increased education of the general public, and truck drivers, promoting their participation in available border processing programs.

The key challenge is to balance the need for security against the need for border efficiency while ensuring that movements are done as safely as possible. To state this another way, the challenge is to facilitate the low risk movements and focus resources on identifying and investigating the high risk movements.

Canada and the United States are working together on many fronts to address these issues. They have signed and are implementing a 32 point Smart Border Action Plan which is intended to enhance security as well as efficiency of the shared border.



Some of the key elements relate to new programs and technology to help identify the low risk movements and to facilitate border processing, thereby reducing the border delay and

the significant associated costs for the users. Two examples of the implementation of new programs are the NEXUS and FAST programs.



NEXUS is a joint customs and immigration program for frequent travelers that both the Canadian and American governments have implemented. The NEXUS program is designed to simplify border crossings for pre-approved, low-risk travelers. Once approved by both Canada and the U.S. as low-risk travelers, NEXUS members enjoy a simplified entry process while traveling back and forth across the Canada/U.S. border.



The Free and Secure Trade (FAST) program is a joint Canada-U.S. initiative involving the Canada Border Services Agency, Citizenship and Immigration Canada, and the United States Bureau of Customs and Border Protection (CBP). FAST supports moving pre-approved eligible goods across the border quickly and verifying trade compliance away from the border.

It is a harmonized commercial process offered to pre-approved importers, carriers, and registered drivers. Shipments for approved companies, transported by approved carriers using registered drivers, will be cleared into either country with greater speed and certainty, and at a reduced cost because of shorter border delays.

Another issue which has been identified is the requirement for reliable information on traffic flows across the border, including travel and delay time. Although there is a significant amount of data collected by various agencies, it is often either not well known that the data exists or it is not shared outside the specific collecting agency. EBTC undertook a major cross border truck study which was released in 2002, and is currently working with Transport Canada and the U.S. Federal Highway Administration with a view to cooperating in the future on cross border studies.

The 2002 EBTC study revealed that half of the truck trips crossing the border are bound to and from the border states, but only about one third of the value and tonnage. Fourteen states not on the border produce 56% of the goods flowing into Canada and consume about 40% of the Canadian goods coming into the U.S. This creates an issue for Border States (and Provinces) who are expected to make and fund the investment in road infrastructure leading to and from the border crossings.



While supporting the deployment of new programs like FAST and NEXUS at all crossings as quickly as possible, EBTC believes that the key to address border issues is through greater coordination by all agencies involved, including the Border States and



Provinces who are responsible for the planning and construction of road infrastructure leading to border crossings. Without this consultation and coordination, the new programs will not work as well as possible and therefore, the borders will not be as efficient as possible.

### **What plans are there for border improvements?**

*The EBTC States and Provinces are involved in a number of infrastructure projects to improve access to and efficiency of border crossings.*

There are a number of significant improvements currently required to address border congestion and delay. These have been identified in a compendium of border infrastructure needs compiled by New York State DOT under the aegis of the bi-national Transportation Border Working Group. The results of this compendium show that 224 projects are proposed to improve infrastructure and inspection operations at the Canada-U.S. border or in its vicinity at an estimated total cost of US\$13.4 billion. A number of these improvements are either in the planning or development stage.



#### ***Maine-New Brunswick:***

Maine and New Brunswick are coordinating and cooperating in the planning and engineering of an entirely new crossing at Calais, Maine/ St.Stephen, New Brunswick. This new crossing is planned to be in operation in 2007. New Brunswick also has plans to improve to four lanes the access highway to the Woodstock-Houlton crossing, which connects Interstate 95 to the Trans Canada Highway.

#### ***Quebec-Vermont:***

Québec and Vermont are cooperating with border agencies to improve facilities and infrastructure at their two major crossings which are key links in the Quebec-New England Corridor of Commerce. These improvements include reconfigured highway approaches to new customs facilities.

#### ***Quebec-New York:***

Québec and New York are making improvements to their infrastructure that fit into the “Port of Excellence” project at the Lacolle/Champlain crossing. This is being carried out with the cooperation and coordination of not only the two Departments of Transportation but also involves all of the border agencies on both sides of the border. This project is to rebuild the existing CBP facilities into a much bigger and more efficient port of entry. Québec and New York are also working together to improve the whole Québec City-New York City corridor in which the border crossing at Lacolle/Champlain is located. One of the key elements of the vision of this effort is to maximize the use of technology so as to make this a “smart corridor” from the perspective of the highway, traveler, freight movement and public transportation.

***New York-Ontario:***

New York and Ontario are supporting efforts of the Peace Bridge for an expanded crossing in the Buffalo area, which is required to relieve the congestion at the crossings in that region. The Government of Canada and the Peace Bridge will be carrying out a \$42 million improvement to enhance plaza capacity, security, technology and commercial vehicle processing.

In addition, New York and Ontario are advancing a Bi-National Transportation Strategy to address existing problems and to meet the future needs of border crossings along the Niagara Frontier in order to support trade and tourism. The strategy feeds into the border crossing element of the statewide ITS strategic plan for New York which will provide statewide direction on border crossing /priority corridor ITS activities.

Ontario is also investing \$166 million in infrastructure improvements in the area of the Queenston-Lewiston Bridge.

New York and Ontario with the Thousand Islands Bridge Authority, the Seaway International Bridge Corporation, FHWA, Transport Canada and the Federal Bridge Corporation are conducting a planning study for the Thousand Islands and Seaway International Bridges. This study will determine the short and long term requirements at these two crossings and will develop a long term plan and implementation strategy to guide investment decisions. The study will be completed in fall 2004.

***Michigan-Ontario:***

Michigan and Ontario are cooperating in studying the need for increased capacity in the Detroit/Windsor area to help accommodate the heavy and increasing traffic in that area, and work is now proceeding to seek environmental clearance for a new crossing. Michigan is undertaking US\$186 million in improvements to improve access and reduce travel times at the existing Detroit crossings. Ontario has also signed an MOU with the Government of Canada committing \$300 million over the next 5 years as part of a joint investment to upgrade existing infrastructure on the Ontario approaches to the Windsor-Detroit border crossings.



Meanwhile, Michigan is completing the environmental clearance process for a new US\$225 million border station plaza at the Blue Water Bridge linking Port Huron and Sarnia. In Ontario, \$115 million will be invested in improvements in the area of the Blue Water Bridge.

Ontario, Sault Ste. Marie and the Canadian federal government are investing \$15 million to develop a new international truck route linking Highway 17 and the International



Bridge which will smooth the flow of people and goods across the border at Sault Ste. Marie.

### What is the role of EBTC in border issues?

*EBTC is a forum for cooperation, consultation, exchange of information, common policy positions and joint studies related to making movements across the eastern Canada/U.S border more efficient.*

The Eastern Border Transportation Coalition is an excellent forum for U.S. States and Canadian Provinces on the eastern border to work together to emphasize the importance of cross border movements. EBTC also addresses programs, policies and infrastructure needs, and works to develop common positions, which will lead to more efficient border crossings. Because the EBTC members share in this common objective and because they are geographically adjacent, the coalition allows them to be more effective by working cooperatively instead of each jurisdiction working on its own. It has also enhanced their knowledge of issues and challenges and has resulted in more coordination between and among members.

EBTC has proven to be an efficient mechanism for conducting studies relating to cross border freight commodity movements which provides reliable information on which to base decisions on infrastructure improvements and policy development. A study to analyze truck freight crossing the Canada-U.S. border was undertaken in 1999 (published in 2002) and a companion study on rail freight crossing the border is currently underway and slated for completion late in 2004.

EBTC is also an effective mechanism for approaching, coordinating and consulting with the two federal governments and border agencies on issues common to its member states and provinces. Of course, the EBTC states and provinces continue to do this individually on issues specific to their jurisdictions and crossings.

EBTC fully supports the Canada/U.S. Smart Border Declaration, and in particular item #19 which promises to “Work to secure resources for joint and coordinated physical and technological improvements to key border points and trade corridors aimed at overcoming traffic management and growth challenges, including dedicated lanes and border modeling exercises.”

The EBTC believes that the most effective way to address border issues is through cooperation, ongoing dialogue and coordination between and among the border states and provinces, and the federal departments and agencies. EBTC will continue to promote this concept and act as a catalyst in making it happen.

<sup>1</sup>All \$ are in Canadian \$ unless specified



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