**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, and Nova Scotia**


# The Importance of Efficient Canada/U.S. Border Crossings and Recommendations for Action

***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 the priorities EBTC and its member states and provinces are advancing.***

## Overview

*The Importance of Efficient Canada/U.S. Border Crossings and Recommendations for Action* report is being updated to highlight the ongoing importance of providing funding and support for infrastructure and operations along the Canada – United States border. The details and statistics cited within this report are provided to give depth to the generally recognized fact that Canada and the United States share the longest, non-militarized border in the world and have the most prodigious trade and investment relationship of any two countries in the world. More specifically, this report focuses on the effects of this fruitful relationship on the economies of the individual states and provinces in the Eastern Border Transportation Coalition (EBTC) region, and recommendations to continue to facilitate this relationship.

EBTC is a non-profit organization dedicated to improving the movement of people and goods between Canada and the United States. EBTC members are the transportation agencies of the Canadian provinces of New Brunswick, Nova Scotia, Ontario and Quebec and the U.S. states of Maine, Michigan, New York and Vermont. In 2014, the EBTC region is home to more than 55 million people[1,2] As of 2012, the combined GDP of the four states and four provinces that comprise EBTC was $2.733 trillion.[3,4] According to the World Bank's rank of national economies, the EBTC region would have the fifth largest economy in the world if it were a separate nation, trailing only the U.S., China, Japan and Germany.[5]

EBTC members recognize that the economic strength of the region stems in part from the cross-border trading relationship between the states and provinces. The U.S. is the top export destination for each of the EBTC provinces and, similarly, Canada is the top export nation for each of the EBTC states. Overall, Canada is the top export destination for 35 U.S. states and the second ranked destination for twelve other states, including Texas and California.[6]

North American supply chains are highly integrated with plants, warehouses, distribution centers and parts and materials suppliers interspersed along both sides of the border. Eighty-four percent of this trade is moved by land and the majority moves through a select number of key crossings. As such, the ability to move people and goods across the border efficiently is critical to maintaining the tight schedules required for the movement of finished products and raw goods that are part of just-in-time supply chains. Efficient movement of passengers is also important, facilitating the tourism, employment, business and personal travel that links the two nations.

While efficiency is critical, international safety and security at the border is equally important. Recognizing the importance of security-related processes, it is important to consider ways to accomplish documentation and inspection requirements while minimizing congestion and border delays.

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[1] US Census Bureau, State and County Quick Facts

[2] Statistics Canada, CANSIM, Table 051-0001

[3] 2013 Statistics of GDP by State, Bureau of Economic Analysis, US Dept. of Commerce

[4] Statistics Canada, CANSIM, table 384-0038

[5] National GDPs, International Monetary Funs, World Bank, 2012

[6] Canada and the United States, Embassy of Canada in the United States, November 2014

Many infrastructure and operational improvements have been completed since the initial version of this report was completed in 2005. In addition, a number of the elements of the *Beyond the Border Declaration: A Shared Vision for Perimeter Security and Economic Competitiveness* Action Plan jointly issued in 2011 by Prime Minister Harper and President Obama have been implemented. However, despite this progress, there remains an overall need to continue to address infrastructure and operational needs at the Canada – U.S. border to improve the efficiency and effectiveness of these critical crossings.

This report offers a number of near-term and longer-term recommendations, based on stakeholder recommendations that would continue to build on the improvements being made at the borders. Many of these strategies do not require major financial commitments and can be implemented quickly, while addressing many of the major factors that cause delays at the border. Others may require more time.

## The Canada/U.S. Border Is Important to the National Economies of Both Countries

**Trade** - Canada and the United States enjoy a unique economic partnership. In 2014, Canada and the US did more business with one another than with either did with any other country in the world – more than $730 billion in goods and services.[7] That works out to about $2 billion a day.

Canada is currently the United States' largest goods trading partner with $660 billion in total (two ways) goods trade during 2014. Goods exports totaled $312 billion; goods imports totaled $348 billion.[8]

The United States trade in private services with Canada (exports and imports) totaled $91 billion in 2012 (latest data available). Services exports were $61 billion; Services imports were $30 billion. The U.S. services trade surplus with Canada was $31 billion in 2012.[9]

### U.S. Exports to Canada

Canada was the United States' largest goods export market in 2013. U.S. goods exports to Canada in 2014 totaled $312.4 billion, up 3.9% from 2013, and up 83% from 2003. U.S. exports to Canada were up 211% from 1993 (prior to the North American Free Trade Agreement (NAFTA)). U.S. exports to Canada accounted for 19.0% of overall U.S. exports in 2014. [10,11]

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[7] U.S.-Canada Trade Facts, Office of the United States Trade Representative
[8] Ibid
[9] Ibid
[10] Ibid
Note: All monetary figures are in U.S. dollars unless specifically indicated otherwise.
[11] U.S. Dept. of Commerce, U.S. Census Bureau, Foreign Trade

**Growth in US Exports to Canada Since NAFTA**

| | US Exports to Canada | % Increase | Increase since NAFTA |
|---|---|---|---|
| **2014** | **$ 312.4 B** | **3.9 %** | **211 %** |
| **2013** | **$ 300.2 B** | **2.6 %** | **199 %** |
| **2012** | **$ 292.6 B** | **72.2 %** | **191 %** |
| **2003** | **$ 169.9 B** | **69.2 %** | **69 %** |
| **1993** | **$ 100.4 B** | **NA** | **NA** |

**The top U.S. export categories to Canada in 2013 were:**[12]

| | |
|---|---|
| Vehicles | $ 51.7 B |
| Machinery | $ 45.3 B |
| Electrical machinery | $ 26.8 B |
| Mineral fuel and oil | $ 24.7 B |
| Plastics | $13.0 B |

U.S. exports of agricultural products to Canada totaled $21.3 billion in 2013, the second largest U.S. agricultural export market. Leading categories include: prepared food ($1.9 billion), fresh vegetables ($1.8 billion), fresh fruit ($1.8 billion), snack foods ($1.3 billion), and non-alcoholic beverages ($1.2 billion).[13]

[12] U.S.-Canada Trade Facts, Office of the United States Trade Representative
[13] Ibid

U.S. exports of private sector professional services (i.e., accounting, telecommunications, travel) to Canada were $61.2 billion in 2012 (latest data available), 4.7% ($2.8 billion) more than 2011 and 145% greater than 2002 levels. It was up 260% from 1993 (pre-NAFTA).

**Canadian Exports to the U.S.**

The United States was the largest market for Canadian exports in 2014, while Canada was the United States' second largest supplier of imported goods. Canadian goods exported to the U.S. totaled $347.8 billion in 2014, a 4.7% increase from 2013, and up 57% from 2003. Canadian exports to the U.S. have increased by 213% from 1993 (pre - NAFTA). U.S. goods imported from Canada accounted for 14.6% of overall U.S. imports in 2014. More than two-thirds of Canadian exports are destined for the United States.[14,15]

**Growth in Canadian Exports to U.S. Since NAFTA**

| | Canadian Exports to U.S. | % Increase | Increase since NAFTA |
|---|---|---|---|
| **2014** | **$ 347.8 B** | **4.7 %** | **213 %** |
| **2013** | **$ 332.5 B** | **2.6 %** | **199 %** |
| **2012** | **$ 324.2 B** | **46.3 %** | **191 %** |
| **2003** | **$ 221.6 B** | **99 %** | **99 %** |
| **1993** | **$ 111.2 B** | **NA** | **NA** |

[14] U.S.-Canada Trade Facts, Office of the United States Trade Representative
[15] U.S. Dept. of Commerce, U.S. Census Bureau, Foreign Trade

**The five largest export categories in 2013 were:**

| | |
|---|---|
| Mineral fuel and oil | $ 109.4 B |
| Vehicles | $ 55.7 B |
| Machinery | $ 19.8 B |
| Plastics | $ 10.6 B |
| Special other (returns) | $ 10.2 B |

Canada was the leading supplier of U.S. imports of agricultural products totaling $21.8 billion in 2013. Leading categories included snack foods and chocolate), ($3.2 billion), fresh/ chilled/ frozen meats, ($1.9 billion), other vegetable oils ($1.7 billion), live animals ($1.7 billion), and processed fruit and vegetables ($1.4 billion).

U.S. imports of private sector professional services from Canada were $29.8 billion in 2012, up 4.8% ($1.4 billion) from 2011, and up 66% from 2002 level. It was up 227% from 1993 (pre-NAFTA).

For 2013, Canada was the origin of 16.5% of all imports of goods and services to the United States, while the United States sold 19% 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.

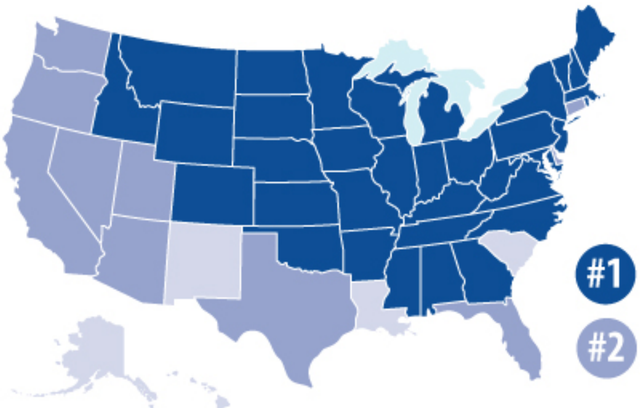
Almost one of every five dollars of U.S. exports goes to Canada. U.S. exports to Canada are up 77% since 2003 and 300% since 1993. The value of U.S. exports to Canada in 2013 was 2.5 times greater than exports to China. In 2013, U.S. trade with Canada, a country with a population of 35 million inhabitants, was greater than its trade with the European Union whose population exceeds 500 million people.[16]

**U.S. - Canada trade is important to the economies of every U.S. state**. As shown in the following map[17], Canada is the top export destination for 35 states. In terms of economic activity, in 2014, this relationship accounted for $67 billion in goods trade with Illinois, $48 billion

[16] Ibid

[17] Canada and the United States, Embassy of Canada in the United States, 11/2014

with Texas; $46 billion with California; and $38 billion with Ohio.[18] Nearly 9 million U.S. jobs depend on trade and investment with Canada.[19]




The United States is the main international trading partner of every Canadian province. The percent of each province's exports sent to the U.S. ranged from Quebec (68.5%) to New Brunswick (86.3%), with Nova Scotia and Ontario in the middle, at 71.6% and 79.2%, respectively. [20]

**Two-Way Trade has major impacts on the economies of EBTC states and provinces.**

For EBTC states, bilateral trade in goods is vitally important to their respective economies. Trade between the EBTC states and Canada topped $117 billion in 2013, representing 19% of the total amount of trade in goods for all 50 U.S. states.[21]

EBTC States' Trade with Canada

| | |
|---|---|
| Michigan | $ 74.6 B |
| New York | $ 33.7 B |
| Vermont | $ 5.7 B |
| Maine | $ 3.6 B |

EBTC Provinces' Trade with U.S.

| | |
|---|---|
| Ontario | $ 293.5 B |
| Quebec | $ 68.7 B |
| New Brunswick | $ 18.3 B |
| Nova Scotia | $ 3.38 B |

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[18] Ibid
[19] Canada and the United States, Embassy of Canada in the United States, 11/2014
[20] Statistics Canada
[21] U.S. Department of Transportation, Bureau of Transportation Statistics, Transborder Freight Data

**Michigan**

Michigan's bilateral trade in goods with Canada was $74.6 billion in 2013. The state exported $25.9 billion in goods to Canada and imported $48.7 billion. Canada was Michigan's largest export market, selling 44% of its total foreign-bound goods. 259,000 Michigan jobs depend on trade and investment with Canada.[22]

**New York**

New York's bilateral trade in goods with Canada was $33.7 billion in 2013. The state exported $14.2 billion in goods and imported $19.5 billion. Canada was New York's largest export market, selling 17% of its total foreign-bound goods. Close to 681,000 New York jobs depend on trade and investment with Canada.[23]

**Vermont**

Vermont's bilateral trade in goods with Canada was $5.7 billion in 2013. Canada was the state's largest export market at $1.9 billion, 46% of all goods sold to foreign countries. Vermont sold more goods to Canada then the state's 12 next largest foreign markets combined. Vermont imported $3.8 billion in goods from Canada with electricity and fuel oil comprising approximately 28%. 18,000 Vermont jobs depend on trade and investment with Canada.[24]

**Maine**

Maine's bilateral good's trade with Canada was $3.6 billion in 2013. Canada was Maine's largest export market at $1.2 billion, representing 51% of all foreign-bound goods sold. Maine sold more goods to Canada than to all other countries combined. Maine imported $2.2 billion in goods, with electricity, wood pulp, and fuel oil comprising approximately 37% of total imports. 38,500 Maine jobs depend on trade and investment with Canada.[25]

**Ontario**

Ontario's international trade totaled $436 billion in 2011, representing 49% of Canada's total international trade. Ontario's bilateral goods trade with the U.S. was $293.5 billion in 2013. Ontario exported $147.2 billion in goods to the U.S. and imported $146.3 billion. Daily Ontario-U.S. trade totaled $804 million. The United States was Ontario's best customer, buying almost

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[22] Job numbers are from a study commissioned by the Government of Canada (11/2014 release). **U.S. Census Bureau**: trade, Canada's export ranking (2/2014 release). Produced by the Embassy of Canada in Washington, D.C.
[23] Ibid
[24] Ibid
[25] Ibid

80% of the province's exports.[26] Ontario's top U.S. export destinations in 2011 were Michigan ($38.9 billion); California ($15.1 billion); New York ($13.1 billion); Ohio ($7.5 billion), and Texas ($6.9 billion).

**Quebec**

Quebec's bilateral goods trade with the U.S. was $68.7 billion in 2013. Quebec exported $45 billion in goods to the U.S. ($11 billion in minerals and metals) and imported $23.8 billion. Daily Quebec– U.S. trade totaled $188 million. The U.S. was responsible for 70% of the province's exports.[27]

**New Brunswick**

New Brunswick's bilateral goods trade with the U.S. was $18.3 billion in 2013. The province exported $12.6 billion in goods ($9.8 billion in energy) and imported $5.7 billion. Daily New Brunswick – U.S. trade totaled $50 million. The U.S. was the destination for 90% of the province's exports.[28]

**Nova Scotia**

Nova Scotia's bilateral goods trade with the U.S. was $3.388 billion in 2013. The province exported $2.9 billion in goods ($488 million in energy) and imported $488 million. The U.S. was New Brunswick's best customer, buying 71% of the province's exports.[29]

**Jobs**

In a 2014 study[30], Peter Dixon and Maureen T. Rimmer from the Center for Policy Studies, at the University of Victoria found that nearly 9 million U.S. jobs depend on trade and investment with Canada. The researchers also found that:

- U.S/Canada trade is responsible for about $1 trillion of the United States' G.D.P.
- U.S.–Canada trade creates employment in every state and congressional district
- The number jobs in each state supported by trade and investment with Canada ranges from 21,300 (Alaska) to 1.2 million (California)

[26] Ibid
[27] Ibid
[28] Ibid
[29] Ibid
[30] THE DEPENDENCE OF U.S. EMPLOYMENT ON CANADA; 2013 by Peter B. Dixon and Maureen T. Rimmer, Centre of Policy Studies, Victoria University, December 3, 2014

- The number of jobs in congressional districts supported by trade and investment with Canada ranges from 5,000 (TX-09) to 43,500 (NY-12).
- Canadian-owned businesses in the United States employ over half a million Americans

The following table[31] shows the job impact of bilateral trade in U.S. states.

| **State** | **Jobs Supported by U.S./Canada Trade** |
|---|---:|
| California | 1,166,100 |
| New York | 680,900 |
| Florida | 620,200 |
| Texas | 459,700 |
| Pennsylvania | 346,000 |
| Illinois | 344,300 |
| Georgia | 330,600 |
| Ohio | 308,700 |
| New Jersey | 274,300 |

Bilateral trade is a job creator for EBTC member states. Trade with Canada supports 259,000 Michigan jobs, 38,500 Maine jobs and 18,900 jobs in Vermont.

**<u>Major industries rely heavily on Cross-Border Movements</u>**

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 and business or for personal travel and tourism, are also important economic and social factors.

The economies of the United States and Canada are highly integrated, a process that has been accelerated by the bilateral Canada – U.S. Free Trade Agreement (FTA) of 1989 and the North American Free Trade Agreement (NAFTA) of 1994.The U.S./Canada trading relationship is focused heavily on manufacturing sectors.

Autos and auto parts represent the top U.S. exports to and second-largest imports from, Canada. Agriculture and construction machinery, computer equipment, general purpose machinery, aerospa product and parts, basic chemicals, pharmaceuticals and medicines, iron and steel and precision instruments are other major U.S. exports.

[31] Canada and the United States; Embassy of Canada in the United States, 11/2014

Primary U.S. imports from Canada outside the automotive sector are energy (natural gas, petroleu products, electricity); pulp, paperboard, and paperboard mill products; aerospace products and par nonferrous metal and processing (ex. aluminum); and basic chemicals.

The symmetry of many of the same goods by category for each countries top imports and exports l demonstrates the economic integration of the two economies. This integration has been assisted b trade liberalization over the past 40 years, beginning with the Automotive Agreement of 1965 (whic eliminated tariffs on shipments of autos and auto parts between the two countries), through the FT and NAFTA. Under the FTA (which was incorporated into NAFTA), bilateral tariffs except for certai agricultural products were phased out over a 10-year period culminating in 1998.[32]

## Intra-firm and affiliated trade

Another illustration of the level of integration of both countries' economies is the relative importanc of intra-firm trade. According to the U.S. Bureau of Economic Analysis, in 2007, 32.1% of Canada-U.S. trade in goods was intra-firm. Transportation equipment account for 38.6% of the total intra-fir trade. According to the same source, 30.9% of Canadian trade in goods with the U.S. involved affiliates of U.S. companies operating in Canada. As a result of the high level of familiarity between the two economies, unlike foreign companies, Canada and U.S. businesses do not feel the need tc establish a foreign presence in order to conduct trade.[33]

## How Goods Move Between the United States and Canada

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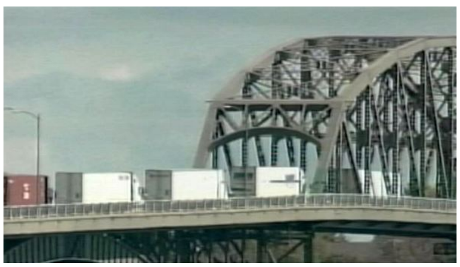
[32] United States-Canada Trade and Economic Relationship: Prospects and Challenges, Ian F. Fergusson. Congressional Research Service, September 14, 2011
[33] Foreign Affairs, Trade and Development Canada, 2010: http://www.international.gc.ca/economist-economiste/performance/state-point/state_2010_point/2010_6.aspx?lang=eng
[34] U.S. Department of Transportation, Bureau of Transportation Statistics, Transborder Freight Data
[35] Current members of the PBOA include the: Blue Water Bridge Authority, Buffalo and Fort Erie Public Bridge Authority, Detroit Windsor Tunnel LLC, Michigan Department of Transportation, Niagara Falls Bridge Commission, Ogdensburg Bridge and Port Authority, Sault Ste. Marie Bridge Authority, Seaway International Bridge Corporation, and the Thousand Islands Bridge Authority.
[36] Public Border Operators Association Traffic Data
[37] Statistics Canada
[38] U.S. Department of Transportation, Bureau of Transportation Statistics, Transborder Freight Data
[39] U.S. Energy Information Administration
[40] Income and Expenditure Accounts Technical Series, Estimates of Cross-border Shopping, 2006 to 2012 by Patrizia Corbi, Statistics Canada, Release date: October 8, 2014
[41] U.S. Department of Transportation, Bureau of Transportation Statistics, Border Crossing/Entry Data
[42] Ibid
[43] Amtrak, Cross Border Rail Passenger Service, Transportation Border Working Group, April 2014
[44] U.S. Department of Commerce, International Trade Administration, National Travel and Tourism Office Top 10 International Markets: 2013 Visitation and Spending
[45] Ibid
[46] Statistics Canada
[47] Bureau of Transportation Statistics, Passenger Travel Facts and Figures, 2014

Approximately 84% of all goods traded between the U.S. and Canada move by land transport modes.  Fifty-four percent of all U.S./Canada trade was transported by truck.



all 50 states.[36]

The following table provides data on inter-country truck movements for the top PBOA ports in 2013 (totals are for both directions).

| **Ontario Crossings with Michigan and New York** | **Trucks** |
|---|---|
| Ambassador Bridge, Detroit/Windsor | 2,351,069 |
| Blue Water Bridge, Port Huron/Sarnia | 1,536,951 |
| Peace Bridge, Buffalo/Fort Erie | 1,244,736 |
| Lewiston-Queenston Bridge, | 680,688 |
| Thousand Islands Bridge, Alexandria Bay/Lansdowne | 369,759 |
| International Bridge, Sault St. Marie MI/ON | 95,584 |
| Total | 6,278,787 |

In 2013, 5.37 million trucks entered Canada at one of the 124 port of entries. Two-thirds (66.3%) of these vehicles were registered in a Canadian province, one-third (33.7%) were registered in a U.S. State. In addition, 77% of these trucks used a border crossing located within the EBTC region to enter Canada (17 ports in Ontario, 32 in Quebec and 18 in New Brunswick).[37]

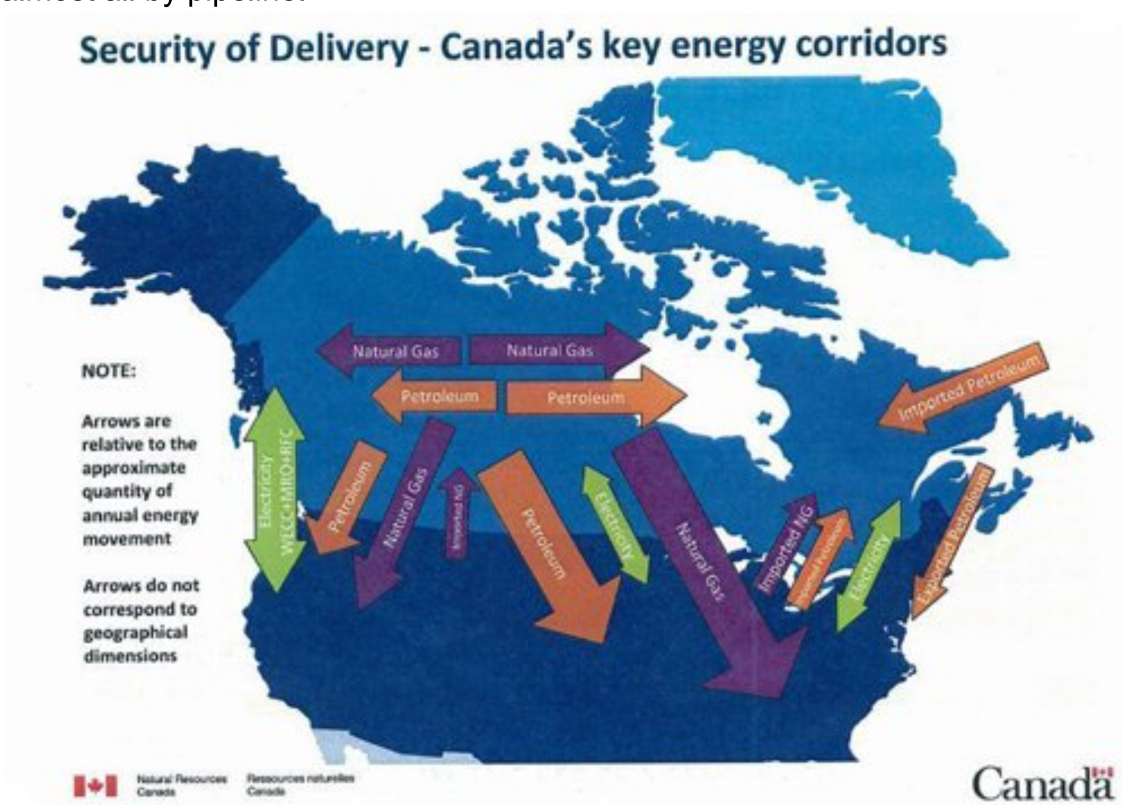
The ports of entry cited include the major regional border crossings, but also small and remote ports of entry. Small and remote ports of entry, despite the lower truck volumes, often play critical roles in the local economies. As a result, smaller communities in the Quebec, Atlantic and New England regions are very sensitive to, and highly impacted by, border policies and U.S. – Canada relations because of the dependence of key local industries on these ports.

**Rail**

More than $105 billion in U.S./Canada trade moved by rail in 2013. All states except Hawaii used rail to move goods between the U.S. and Canada. The ports with the highest value of cross-border rail trade were Sarnia-Port Huron ($28 billion), Windsor-Detroit ($24 billion), Fort Frances - International Falls ($13.4 billion) and the Niagara Region ($11.3 billion).[38]

**Energy**

Canada is the number one supplier of energy to the United States. In 2013, the U.S. imported mor
than twice the amount of oil from Canada as it did from Saudi Arabia. Canada is also the largest supplier of natural gas to the United States, providing 2.7 trillion cubic feet (97% of total imports), almost all by pipeline.[39]




Transmission lines crossing the U.S.-Canadian border enable trading in electricity. More importantl
the North American electric power system is integrated, allowing the United States and Canada to pool resources to improve electric reliability. Trade is highest in regions with large amounts of hydropower.

Canadian hydroelectric generators are concentrated in the Pacific Northwest; in Northern

Manitoba, which exports electricity via transmission lines running south through Minnesota and North Dakota; in Ontario bordering New York and Michigan; and in Quebec north of New England. Certain states rely heavily on imported electricity: Maine and Vermont acquired, respectively, 25% and 40% of their power from Canada in 2010.

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 contributors to the economies of the border jurisdictions, of states removed from the Border, and of both nations.

**Passenger Travel**

According to a recently completed study by Statistics Canada, the annual number of same-day trips by Canadians to the United States has generally increased from 2006 - 2012, notwithstanding a slight decline in 2008 (-0.7%) and a larger 13.9% decrease in 2009. In 2012, the number of Canadians taking same-day trips to the United States, by all modes of transportation, totaled 32.9 million, an increase of 36% from 2006. Similarly, the number of Canadian travelers visiting the United States on overnight trips trended upwards between 2006 and 2012, reaching 22.7 million in 2012.[40]

The number of passenger vehicles entering the U.S. from Canada dropped significantly after the September 11, 2001 terrorist attacks and has been slow to recover to pre-9/11 levels. In the year 2000, almost 90 million people traveling in personal vehicles entered the U.S. from Canada by land ports of entry. Canadian personal vehicle passenger travel to the U.S. hit a low in 2009 at 53.5 million and has slowly recovered[41] to 63 million people in 2013, a 30 percent decline since 2000. PBOA members have reported a decline in passenger vehicle traffic from 33.4 million vehicles in 2006 to 31 million in 2013. During the same period, bus crossings also dropped by 43%.

The EBTC region contains six of the top ten ports of entry for passenger vehicles, thirteen of the top twenty. Of the non-EBTC ports in the top twenty, five of the seven are in the British Columbia – Washington corridor that links Vancouver and Seattle. The EBTC ports of entry in the top twenty include[42]:

| Rank | EBTC Port of Entry | Passenger Vehicles |
|---|---|---|
| 1 | Buffalo/Niagara Falls (NY) - Fort Erie/Niagara Falls (ON) | 5,847,483 |
| 3 | Detroit (MI) – Windsor (ON) | 4,129,032 |
| 4 | Port Huron (MI) – Sarnia (ON) | 2,037,430 |
| 8 | Champlain (NY) – Lacolle (QC) | 1,163,033 |

| | |
|---|---|
| is (ME) – St. Stephen (NB) | 1,004,666 |
| : Ste. Marie (MI)/(ON) | 1,003,967 |
| sena (NY) – Cornwall (ON) | 901,987 |
| y Line (VT) – Stanstead (QC) | 732,900 |
| andria Bay (NY) – Lansdowne (ON) | 674,294 |
| awaska (ME) –Edmundston (NB) | 616,924 |
| gate Springs (VT) – Saint Armand (QC) | 508,916 |
| ensburg (NY) – Prescott (ON) | 388,548 |
| ton (ME) – Woodstock (NB) | 352,050 |

**Rail**

rently three train services operating between the U.S. and Canada, all operated by

ork City to Montreal "*Adirondack*",
ork City to Toronto "*Maple Leaf*", and
e to Vancouver "*Amtrak Cascades*"

| | Total Ridership (2013)[43] | Passenger Border Crossings | % Passengers Crossing Border |
|---|---|---|---|
| *ondack* | 133,008 | 90,374 | 67.9 % |
| *le Leaf* | 406,973 | 36,787 | 9.0 % |
| *cades* | 811,692 | 142,697 | 17.6 % |

ssenger ridership represents a very small percentage of U.S. - Canada passenger portunities for significant growth have been hampered by border processing nd inadequate customs infrastructure to handle passenger volumes.

S. - Canada *Beyond the Border* agreement called for a pre-clearance agreement , including rail that would facilitate existing cross-border service. In March 2015, *nt on Land, Rail, Marine and Air Transportation Preclearance Between the of Canada and the Government of the United States* was announced by Canada's ublic Safety and Emergency Preparedness and the U.S. Secretary of Homeland agreement provides the legal framework to allow each inspection agency to uties in the other country and would allow for consideration of requests for new locations across all modes. The agreement must be enacted by legislation in the

Canadian Parliament and the U.S. Congress before any aspects can be implemented.

Once finalized, such an agreement could enable efforts to construct new passenger rail facilities at Central Station in Montreal. With the introduction of pre-clearance, these facilities could reduce border crossing times by an hour in each direction between Montreal and New York, and could promote re-instated service between Montreal and Vermont. The agreement also potentially could enable new service being considered between Michigan and Ontario.

**Tourism**

Canada remained the undisputed heavyweight in terms of annual spending on U.S. travel and tourism related goods and services. Visitors from Canada injected a record-breaking $27.0 billion into the U.S. economy in 2013, an increase of nearly $1.5 billion (6%) when compared to 2012. Travel and tourism exports account for 42% of all U.S. services exports to Canada.

More Canadian tourists visited the United States in 2013 than from any other country (23.39 million arrivals.) In 2013, Canada set a volume record for the 4th consecutive year. The bulk of the 3% increase was from the small one-night auto segment, which was up 19% for the year and which began registering big increases coinciding with the June 2012 duty-free exemption increase by Canada. Canada accounted for a 33.5% share of 2013 visitor volume.[44]

U.S. leisure travel represents Canada's largest inbound travel market, accounting for 75% of all overnight inbound travelers in 2013. U.S. leisure visitors took 12 million overnight trips to Canada in 2013, up 1% from 2013 and injected $4.8 billion into Canada's tourism economy, a 4.3% increase over 2011.[45] Longer haul travel by air (3.8 million was up by 5%. The leading sources of U.S. leisure visitors were the states of New York, Michigan, Washington, California and Ohio.[46]

Along the U.S.-Canada border, the largest number of person crossings took place between New York with Ontario and Quebec (33 %), between Washington and British Columbia (24.5 %) and between Michigan and Ontario (20.8 %).[47]

**<u>Beyond the Border Action Plan</u>**

On February 4, 2011, the Prime Minister of Canada and the President of the United States issued *Beyond the Border Declaration: A Shared Vision for Perimeter Security and Economic Competitiveness*. The Declaration established a new long-term perimeter approach to improve the legitimate movement of trade and travel across the Canada – U.S. border.

Key goals of the Beyond the Border Action Plan included:

- Addressing threats early, at foreign ports and the North American perimeter
- Infrastructure and operational improvements to facilitate trade movement
- Expansion of trusted trader and traveler programs
- Better integrated cross-border law enforcement and cybersecurity

**Accomplishments**

In March 2015, the governments of Canada and the United States released the third *Beyond the Border Implementation Report*[48], which listed the year's accomplishments. Highlights of trade, travel and economic growth initiatives included the following:

- Increased membership in the NEXUS trusted traveler program to more than 1.1 million members, an increase of 20% over 2013 levels and an increase of 80% since 2011;
- Canada and the United States launched the operational test phase of the truck cargo pre-inspection pilot in February 2014 at the Peace Bridge crossing between Fort Erie, Ontario and Buffalo, New York. This phase, which concluded in January 2015, tested the concept of the U.S. Customs and Border Protection (CBP) conducting primary inspection of U.S.-bound commercial trucks on the Canadian side of the border to determine the impact on border wait times and congestion. An evaluation of the test phase is now underway;
- The aforementioned pre-clearance agreement for all modes, announced in March 2015;
- Canada and the United States established a common approach to screening travelers through the ongoing deployment of the Entry/Exit initiative at all automated common land ports of entry, including the sharing of biographic and biometric data for third country nationals, permanent residents of Canada and the U.S. Both countries are working on regulatory and legislative issues that need to be addressed before data exchange on all citizens can be established;
- The Integrated Cargo Security Strategy (ICSS) proposes to "push out the border" by addressing risks at foreign ports or at the North American perimeter. Through ICSS marine pilot projects in Montreal and Prince Rupert,

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[48] Canada's Economic Action Plan, http://actionplan.gc.ca/en/content/beyond-border-implementation-report-march-2015

British Columbia, Canada and the United States have been testing the ability to use advance data for security screening and inspection of inbound marine cargo at the first point of arrival in North America. The projects are being evaluated, with in-depth assessments to be completed in 2015 to identify next steps;

- Both countries have identified a set of common data elements for in-bond/in-transit cargo that applies to goods with an origin and destination in one country but routing that requires transit through the other country. A pilot project to test the new in-bond transit module process is expected to be launched in 2015;
- In 2014, Canada commissioned a third party to conduct an economic impact assessment of border fees as a follow-up to the 2013 joint inventory of border fees and charges. The assessment is scheduled to be completed in 2015;
- In February 2015, Canada and the US released the second joint Border Infrastructure Investment Plan that details major infrastructure upgrades at the top 25 commercial and passenger land border crossings;
- Canada, the United States and the State of Michigan signed a February 2015 agreement to expedite the construction of Detroit River International Crossing/ New International trade Crossing between Detroit and Windsor.

**Has implementation of the Beyond the Border Action Plan improved the movement of people and goods between the U.S. and Canada?**

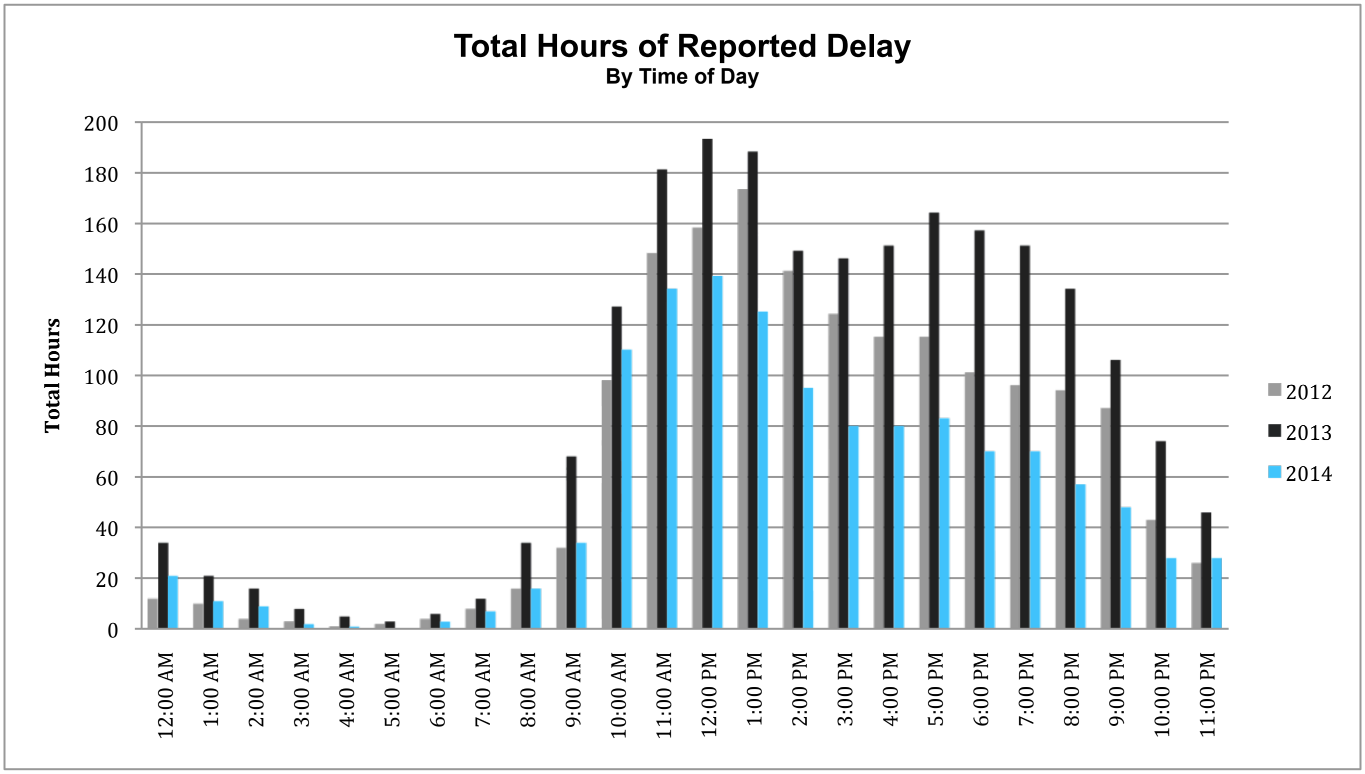
As indicated in the second annual implementation report, the Beyond the Border Action plan has focused, with the exception of the NEXUS enrollment initiative, primarily on the implementation of pilot projects to test different approaches to reducing congestion at land borders. At the time of this writing, there are no plans in place to fully implement those pilots that have successfully demonstrated reductions in border wait times.

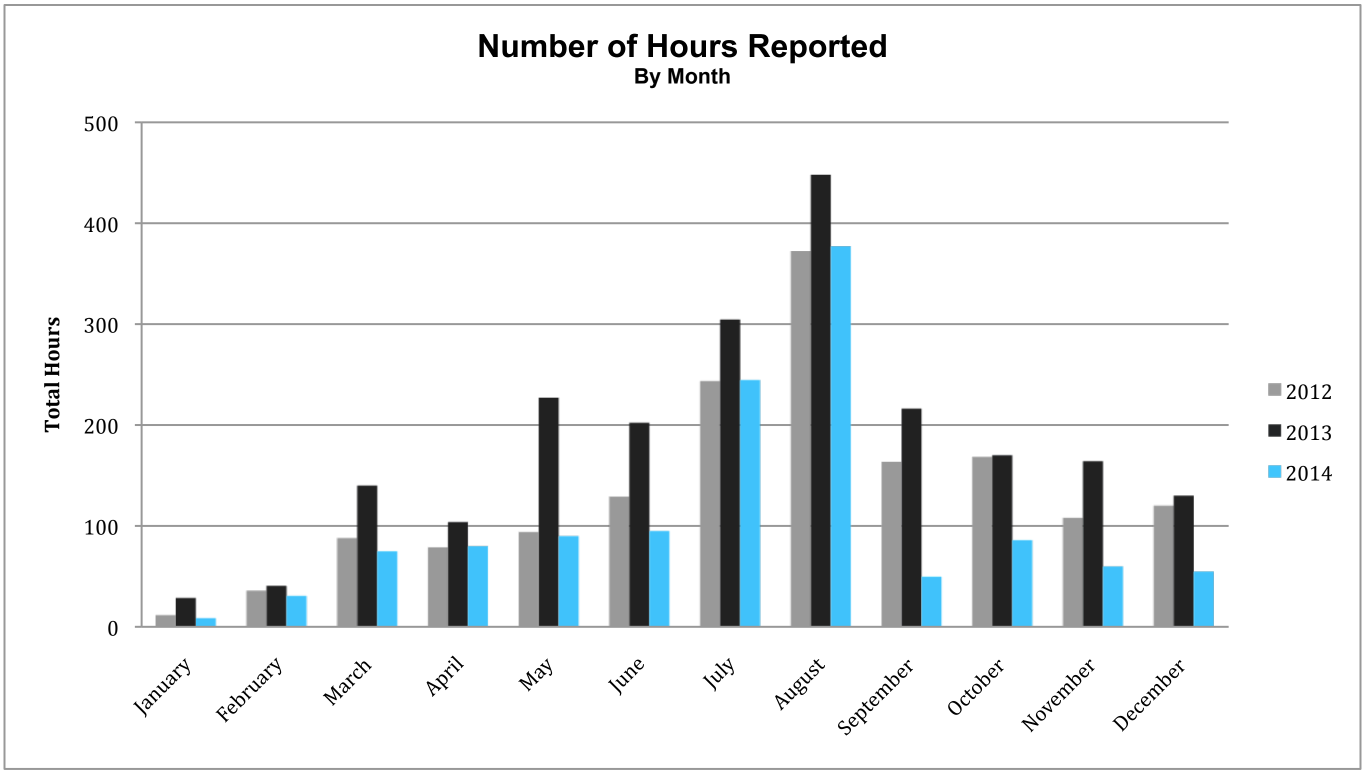
Overall, most stakeholder groups involved in bi-national trade and transportation have reported little or no improvements to border delays at the major U.S. Canada border crossings. The 2013 Niagara International Transportation Technology Coalition (NITTEC) Annual Report documents increasing border delays at the Peace, Lewiston-Queenston and Rainbow bridges that connect Ontario and New York between 2011 and 2013.

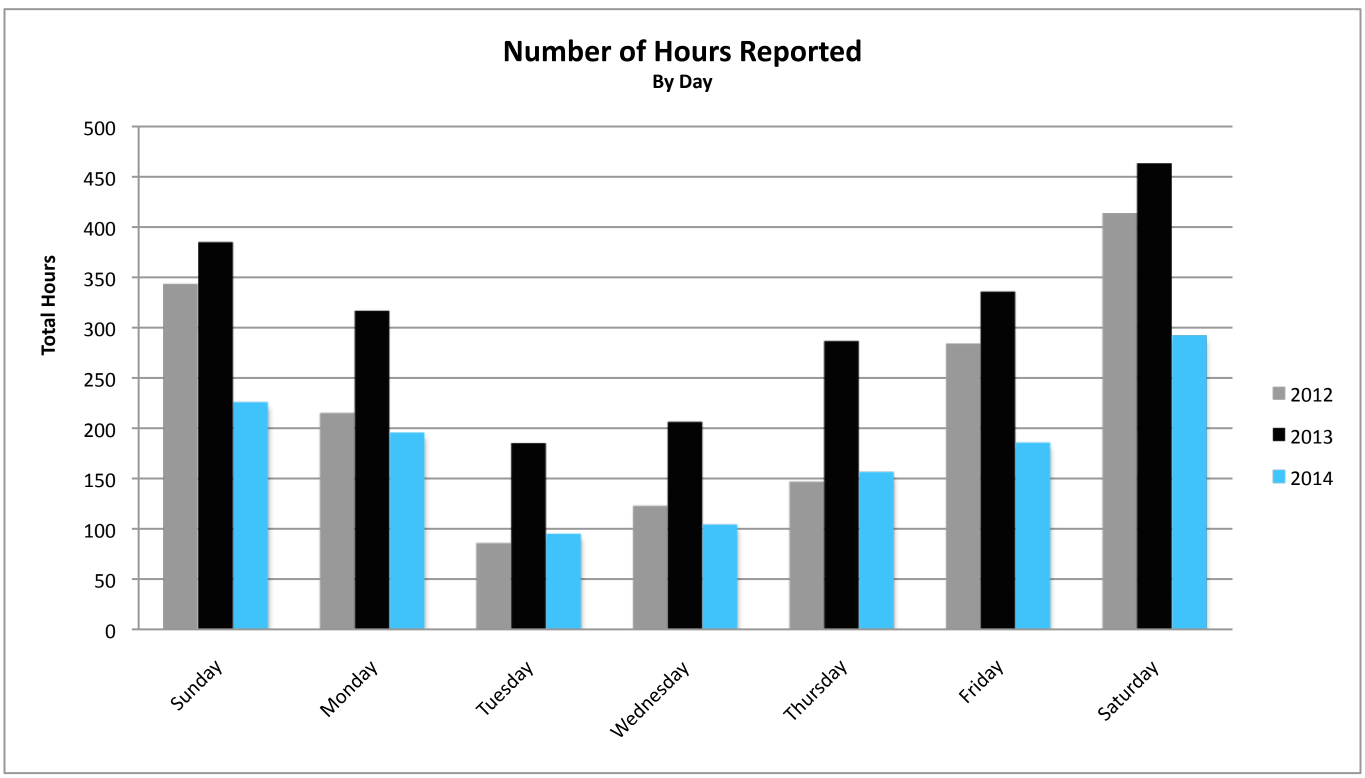
Delays are classified as any time period where vehicles crossing the border experience a wait time of thirty minutes or greater. The results presented below are available for passenger vehicles only and are split into four categories: no delay, 30-60, 60-120 or 120+ minutes.

***NITTEC Border Crossing Yearly Comparison***

The next three graphs display the delay experienced at the Lewiston-Queenston Bridge, Peace Bridge, or Rainbow Bridge by the time of day, day of the week and by monthly distribution. The graphs were provided by the Niagara International Transportation Technology Coalition (NITTEC). NITTEC is a coalition of agencies serving western New York and southeastern Ontario. NITTEC provides real-time traffic and roadway information to motorist to improve traffic flows on roads in the region and across the international bridge crossings,




Number of Hours Reported
By Month
Total Hours
500
400
300
200
100
0
January
February
March
April
May
June
July
August
September
October
November
December
2012
2013
2014


Number of Hours Reported
By Day
Total Hours
500
450
400
350
300
250
200
150
100
50
0
Sunday
Monday
Tuesday
Wednesday
Thursday
Friday
Saturday
2012
2013
2014

## Factors Causing the Increase in Border Delays

### Traffic at the crossings

EBTC reviewed traffic statistics collected on a monthly basis by the Public Bridge Operators Association to determine if the delays are being caused by a growth in traffic.

Each of the bridges saw a decline in cross-border traffic between 2012 and 2013, so the border delays cannot be attributed to traffic volume increases.

| | | 2012 | 2013 | % Change |
|---|---|---|---|---|
| | Passenger Cars | 4,747,023 | 4,653,634 | -1.97% |
| **Peace Bridge** | Trucks | 1,265,351 | 1,244,738 | -1.63% |
| | Buses & Misc. | 30,244 | 29,514 | -2.41% |
| | **TOTAL** | **6,042,618** | **5,927,886** | **-1.90%** |
| | | | | |
| | Passenger Cars | 3,178,793 | 2,902,182 | -8.70% |
| **Lewiston-Queenston Bridge** | Trucks | 689,178 | 680,688 | -1.23% |
| | Buses & Misc. | 7,926 | 7,658 | -3.38% |
| | **TOTAL** | **3,875,897** | **3,590,528** | **-7.36%** |
| | | | | |
| | Passenger Cars | 3,634,749 | 3,394,578 | -6.61% |
| **Rainbow Bridge** | Trucks | 133 | 124 | -6.77% |
| | Buses & Misc. | 27,892 | 25,302 | -9.29% |
| | **TOTAL** | **3,662,774** | **3,420,004** | **-6.63%** |

Reliable border wait times were not available for other border crossings. At those crossings, delays are estimated and put online on custom's agencies web sites based on custom officer's observations, homemade wait time measurements or estimation systems. It was part of the *Beyond the Border Action Plan* to measure delays at 14 major ports of entries along the Canada-U.S. border by 2013. Such delays, available in real time would be useful tools for travelers and businesses planning international trips and activities. However, border wait time compilation, analysis and evolution is even more important to support the implementation of efficient transportation policies and infrastructures at the border and to measure their efficiency over time.

At EBTC's annual workshop in Toronto on September 16, 2014, business and industry groups, EBTC member agencies, and other stakeholders identified the following problems as significant contributors to border delays.

1. Inadequate staffing by border enforcement agencies during peak crossing times.

2. Inadequate primary inspection facilities that are not able to handle the increased volumes that have occurred since the facilities were built more than 50 years ago.
3. Inadequate access to plazas and trusted trader/traveler booths (e.g., access to the FAST or NEXUS lanes can be blocked by queuing vehicles in the non-NEXUS/FAST lanes because of the plaza design).
4. Low participation in trusted trader programs due to the high costs to participate versus the low return on investment in terms of time savings.
5. Manual fee collections at the border by U.S. Customs and Border Patrol.
6. Information requirements for electronic manifests are not the same for Canada and the U.S.
7. Multiple documents are required for different inspection agencies.
8. The use of passports for identification instead of RFID readable documents increases the time necessary to process each vehicle. Further, the lack of RFID readers at some of the major plazas in Canada reduces the benefits of these technology-enabled documents.
9. Multiple inspections of goods during the manufacturing process.
10. The exclusion of empty trucks from the e-manifest program, requiring the use of paper documentation.
11. Inconsistencies with the application of border requirements.
12. Border inspection policies that cause supply chain inefficiencies and delays in the release of goods.

The Canadian/American Border Trade Alliance (Can/Am BTA) is a broad based, grassroots organization comprised of businesses, private and public sector organizations, and individuals involved in cross-border trade, transportation, and tourism. In a recent publication, entitled "United States - Canada Beyond The Border Phase 2: A Compilation Of Initiatives And Solutions Generated By Canadian/American Border Trade Alliance (Can/Am BTA) Members And Associated Organizations And Companies From Across Canada And The United States", the CAN/AM BTA lays out key problems with infrastructure, border processing, and border staffing that are contributing to costly border delays.

These include:

- While the number of primary inspection booths present at a crossing is important, there is no benefit unless the booth is staffed. The number of primary inspection booths that are open and available, combined with the number of vehicles to be processed and the time necessary to process each arriving vehicle will determine the length of the queue. A major cause of border congestion is the inability of border inspection agencies to fully staff all primary inspection booths during peak traffic hours.

- Requiring CBP officers to physically collect cash for the U.S. Animal and Plant Health Inspection Service (APHIS). APHIS fee collection adds up to an extra 45 seconds per truck at truck primary inspection.

- The current system of first come, first served for processing trucks at primary inspection booths prevents optimization of the border crossing process and penalizes those who have made the considerable effort and investment to comply with specified Trusted Trader programs to achieve the known low-risk status that was promised. Ideally, primary inspection booths would provide prioritized access to Trusted Traders instead of forcing them to intermingle with a mix of passenger and non-FAST trucks.

- Border Infrastructure Funding. An analysis of Canadian and U.S. funding expenditures and commitments for plaza improvements shows a strong commitment by Canada to address border infrastructure needs while American funding for border infrastructure has been virtually nonexistent since 2008.

**Cost of Border Delays**

A 2011 study by the departments of economics at Ontario's University of Waterloo and Wilfrid Laurier University found that border delays cost the U.S. and Canadian economies as much as CA$30 billion each year. The study, "Border Delays Re-Emerging Priority: Within-Country Dimensions for Canada," shows, as successful as U.S.-Canada trade may be, there are serious potential roadblocks to future growth and success.

This most recent study supports a report issued in 2009 by the U.S. and Canadian Chambers of Commerce, "Finding the Balance: Shared Border of the Future," which concluded that increased government regulation – regulation that is often redundant - has resulted in onerous delays and increased costs for businesses. The study is also consistent with an August 2012 report by Canada's Fraser Institute, "Measuring the Costs of the Canada-US Border," which found that post 9/11 security requirements and other border costs account for nearly 1.5 % of Canada's GDP.

In the Waterloo/Wilfrid Laurier study, the authors found that while every industry was affected by border delays, the automotive industry was especially hard hit, observing that "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." By way of comparison, a shipment of automobiles arriving from Asia is only required to give a 24-hour advance notice and go through a single security check before rolling off a ship and on to car dealerships.

The studies' authors, Trien T. Nguyen and Randall M. Wigle, cite three main areas of concern:

- Increased security mandates, especially since 9/11
- Infrastructure that has failed to keep pace with increased volume
- Increased random inspections and additional regulatory layers

The cost of border delays is not a new concern for the trade community and the trucking industry. In 2005, Transports Canada with the participation of provincial ministries of transportation commissioned a study revealing that mid-range estimates of the cost impacts on the Canadian trucking industry only due to the U.S. border security measures is in the order of CA$290 million per year. Increased truck delays was identified as the key factor. The report also recommended a more refined measurement and knowledge of border wait time to support decision making and to guide investments at the border[49].

**Cross Border Data Needs**

While this report provides a wide range of data regarding the importance of cross border trade and travel, significant data gaps in coverage exist in the patchwork of passenger and multi-modal freight information available to track traffic volumes and trade moving across the U.S.-Canada border. Criteria-based investment strategies based on sound data are critical to building an equitable degree of reliable crossing capacity, meeting the needs of border states and provinces and trade partners far removed from the border.

Trade volumes have rebounded as the U.S. economy has slowly improved and multi-jurisdictional planning efforts dealing with security and transportation issues can ill afford to impede national and regional economic growth.

North American supply chains, for both large and small companies, are highly integrated with plants, distribution centers, warehouses and retailers dispersed between the two countries. Efficient border crossings are vital to the global competitiveness of Canadian companies that have supply chains that span between U.S. and Canada.

Congestion continues to be a serious problem at Canada-U.S. land border crossings, impacting the ability of companies to move goods efficiently. A major factor in the reduced cross-border passenger travel is long and unpredictable border delays. Having accurate and current information on border wait times is key to identifying solutions, whether they are infrastructure improvements or border processing improvements.

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[49] Cumulative impacts of U.S. import compliance programs at the Canada land border port of entries on the Canadian trucking industry, DAMF consultants Inc & L.-P. Tardif Associates Inc, May 2005.

EBTC provinces and states strongly support border data collection and dissemination efforts undertaken by federal, provincial, state and regional government entities that reduce existing data gaps, and assist transportation and border agencies in identifying and prioritizing border investments that improve the cross-border movement of people and goods.

## Reducing Border Delays

A range of business and industry groups and other border stakeholders have identified a variety of strategies for reducing delays at U.S./Canadian border crossings. Many of these strategies do not require major financial commitments and can be implemented quickly, while addressing many of the major factors that cause delays at the border. Potential solutions include actions to:

### Near Term

1. Eliminate fee collection for trucks at border crossings (use transponders to pay).
2. Reduce paper work for empty trucks by using the e-manifest program to process them through primary inspection.
3. Fully staff primary inspection booths during peak hours and peak travel periods
4. Expand hours for trusted trader inspection lanes.
5. Where physically feasible, increase the number of primary booths; where not, install double stack or staggered booths.
6. Expand the truck pre-inspection program to other feasible ports of entry.
7. To minimize paper work requirements, harmonize pre-arrival Canadian and U.S. data requirements for all stakeholders.
8. Fully implement current pilot projects that focus on inspecting cargo only once on entering the U.S. or Canada when it is bound for the other country, “Inspect once clear twice”.
9. Reduce/eliminate reporting requirements for Canadian domestic shipments moving in transit through the United States.
10. Share cross-border trade and travel data collected by federal, provincial, state, and regional transportation agencies, and border inspection agencies to facilitate future port and transportation infrastructure planning.

### Longer Term

1. Establish a “single window” for all paperwork to significantly reduce the number of forms that need to be completed by exporters/importers, carriers, brokers and drivers.
2. Establishing pre-clearance at major ports of entry on the northern border under the newly approved *Agreement on Land, Rail, Marine and Air Transportation Preclearance Between the Government of Canada and the Government of the United States*.
3. Give first priority to Trusted Trader/Travelers at primary inspection booths, using techniques like vehicle streaming, which would separate Trusted Trader/Traveler approved vehicles from non-priority cars and trucks to give them prioritized access.

4. Implement RFID technology at Canadian ports of entry.
5. Implement a Canadian passport companion card, similar to passport cards available to United States citizens, that would be readable by RFID technology and would significantly reduce the need for border officers to type information into computers.
6. Secure necessary infrastructure funding ($250 million) for the U.S. customs plaza at the planned Detroit River International Crossing / New International Trade Crossing.
7. The U.S. government should complete projects at ports of entry where the lack of capacity has been identified as an issue and where projects have been announced in the past, such as the Derby Line (VT) / Stanstead (WC) and Alexandria Bay (NY) / Lansdowne (ON) ports of entry, or otherwise identified in the *Border Infrastructure Investment Plan.*
8. Develop joint U.S./Canada border facilities where feasible.

## Conclusion

In the 2011 Beyond the Border Declaration, Canada and the United States established a shared vision for security and economic competitiveness identifying principles to which each country is committed. The initiative lays out key areas of cooperation that include:

- Managing the flow of traffic between the two countries by focusing investment in modern infrastructure and technology at our busiest ports of entry;
- Striving to ensure that the binational ports of entry have the capacity to support the volume of commercial and passenger traffic critical to economic growth and job creation in both countries
- Expanding trusted traveler and trader programs, harmonizing existing programs, and automating processes at the land borders
- Looking for ways to reduce the cost of conducting legitimate business across the border by implementing, where practicable, common practices and streamlined procedures for customs processing and regulatory compliance.

While progress has occurred in the facilitation of trade and travel, there still remains a significant amount of work to be done to achieve the principles of the Beyond the Border Action Plan. In many areas, progress has been slow and critical initiatives, such as a new pre-clearance treaty, have been delayed.

Delays between the U.S. and Canada are increasing at some of the busiest land border crossings, costing both countries billions of dollars and thousands of jobs. Border delays have a major impact on supply chain management adding uncertainty to the movement of goods in a cost effective manner and make U.S. and Canadian goods less competitive in the global economy.

Both countries need to complete all of the initiatives announced in the Action Plan as soon as possible and quickly move to expand the programs and initiatives needed to “accelerate legitimate flows of people and goods into the United States and Canada and across our common border."[50]

EBTC recognizes that given the current political and economic realities in both countries today, securing the funds necessary to complete the needed infrastructure projects at the border could take many years to accomplish. We believe, however, that there are many initiatives, like eliminating cash collections at the border, and others mentioned in this report, that will significantly improve trade and travel flows between the two countries. These relatively low-cost actions can deliver high rates of return to the economies of both countries.

Finally, EBTC believes that the long-term success of the Beyond the Border Action Plan is dependent on both governments working cooperatively with provincial, state and local governments, with communities, non-governmental organizations, and the private sector on innovative approaches to security and competitiveness.

An efficient border does not rely only on customs infrastructure, officers and safety programs. Integrated transportation systems, compatibility between highway infrastructure and customs plazas, use of technology that allows the monitoring of circulation approaching the border, and transportation policies that take into account the security requirements of the 21st century supply chain all contribute to make movement of people and goods more efficient at the Canada-U.S. border.

Over the past twenty years, EBTC has acknowledged the importance of, and worked to facilitate a continuous dialogue between border agencies and state and provincial departments and ministries of transportation to maintain a fluid border without compromising security and road safety. EBTC and its member states and provinces remain ready to work cooperatively with our federal governments to continue to build and support a strong economic partnership between our two countries.

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[50] United States-Canada Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitive