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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: EDUCATE FEDERAL OFFICIALS AND OTHERS ON THE IMPORTANCE OF FEDERAL FUNDING FOR TRANSPORTATION BORDER INFRASTRUCTURE

BACKGROUND:

International border crossings are unique national resources that benefit states, provinces and territories throughout the United States and Canada by providing improved trade and travel connections across North America.

In 2014, trade in U.S.-Canada goods and services totaled more than \$730 billion, an average of \$2 billion per day. U.S. goods exports to Canada totaled \$312 billion, while \$348 billion worth of goods were imported from Canada.¹ The U.S. exported more than \$61 billion in private sector professional services (e.g., accounting, telecommunications, travel) to Canada in 2012, while receiving just under \$30 billion in similar services from Canada.

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 - a claim that has held true for the past decade.²

In a 2014 study, Peter Dixon and Maureen T. Rimmer, of the Center for Policy Studies at the University of Victoria³ found that nearly nine million U.S. jobs are dependent on trade and investment with Canada. They also found that bi-national trade is responsible for about \$1 trillion of the U.S. GDP and that it creates employment in every U.S. state and congressional district.

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

² 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

³ [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

A 2011 joint study⁴ by the Departments of Economics at Waterloo and Wilfrid Laurier Universities shows delays at U.S. and Canadian border crossings cost Canada as much as CA\$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.

According to the study, “The automotive industry is so integrated that the production of 4,000 vehicles in North America may involve more than 28,200 customs transactions. With car components crossing the border five to seven 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 borders that support the 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 more than 70,000 jobs lost.⁵

The highly integrated nature of U.S. and Canadian manufacturing sectors and the need to move materials and components across the border to assemble finished products leaves state and provincial economies open to 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. Delays at U.S.-Canada land border crossings can serve as an impediment to improving mobility.

While both economies have rebounded from the global economic downturn, the reduction of border costs and facilitation of the movement of low-risk goods and people will continue to be a key to maintaining the 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 businesses remain competitive.

⁴ [Border Delays Re-Emerging. Priority: Within-Country. Dimensions for Canada; 2011 by Trien T. Nguyen \(Department of Economics, University of Waterloo, Ontario\) and Randall M. Wigle \(Department of Economics Wilfrid Laurier University\)](#)

⁵ [Cost Of Border Delays To Ontario, Ontario Chamber of Commerce, April 2005](#)

CURRENT SITUATION:

Under the *Beyond the Border Action Plan* – developed to enhance mutual security, prosperity and economic competitiveness – the U.S. and Canada have developed a rolling five-year *Border Infrastructure Investment Plan* (BIIP). The second edition of BIIP (BIIP 2.0), released in December 2014, identifies the two countries' priority border projects and catalogues infrastructure needs at the remaining crossings. The Plan covers 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. The third edition of BIIP is expected to be released in 2016.

Based on a preliminary assessment of investment needs, Canada has previously identified Emerson (Manitoba); Lacolle (Quebec); Lansdowne (Ontario); North Portal (Saskatchewan); and the 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.

U.S. Customs and Border Protection received no funding appropriations from Congress in federal fiscal years 2011, 2012 and 2013. In FFYs 2014, 2015, and 2016, its appropriation has averaged \$270 million. However, the amount needed to address land port of entry capital needs is approximately \$5 billion.

The U.S. federal government's Coordinated Border Infrastructure (CBI) program was enacted in 2012 and allows states to address infrastructure needs at or in proximity to the border. Although no funding has been provided since 2012, such projects continue to be eligible for certain federal transportation funding in the recently enacted transportation legislation, *Fixing America's Surface Transportation Act*. Because no specific funding has been identified, these projects have to compete for funds with other transportation needs.

In FFY 2015, the U.S. did not designate any significant funding to address border infrastructure needs. The General Services Administration (GSA) recently released budget request for Federal Fiscal Year (FFY) 2016 only includes \$248 million to support the second and final phase of the Calexico West Land Port of Entry modernization and improvement project along the southern border in terms of land port of entry projects. U.S. federal inspection agencies have been increasingly looking to states and border operators (who also have limited resources) to fund border infrastructure improvements. This philosophy has also extended to operations costs as the federal agencies have not identified funds to maintain proposed border wait-time system improvements. In 2014, the US Congress passed authorization to allow CBP to enter into public-private partnerships for certain services and to be able to accept donations. As an example, the Buffalo and Fort Erie Public Bridge Authority provided advanced funding to CBP to install new, state-of-the-art radiation portal monitors at the Peace Bridge in conjunction with other work the Authority was undertaking.

North of the border, a new Canadian government was elected in fall 2015. The country's new Prime Minister provided each of his Cabinet ministers with publicly-released mandate letters outlining the government's top priorities. These priorities include developing a ten-year infrastructure plan to provide significant new funding to provinces, territories and municipalities. This includes the delivery of a newly-focused Building Canada Fund (BCF) that is more focused on strategic and trade enabling infrastructure priorities. The federal government has said, specifically, that it "will make greater investments in Canada's roads, bridges, transportation corridors, ports and border gateways, helping Canada's manufacturers get their goods to market."

The Government of Canada is also playing a key role in advancing the Gordie Howe International Bridge at the Windsor-Detroit crossing. The Windsor-Detroit Bridge Authority's (WDBA's) mandate is to deliver, procure and fund the project through a public-private partnership (P3). In addition the Government of Canada is examining the planned replacement of the critical Champlain Bridge in Montreal.

What Is Needed

Increased funding for border infrastructure and adequate investment in border staff could support more jobs, increase tourism and improve the global competitive environment for U.S. and Canadian exports.

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 2016, EBTC will look for opportunities to educate lawmakers on the economic benefits of improving land border crossings and the importance of adequate border funding.
- EBTC will work with other private and public sector organizations that support increased federal funding for border infrastructure.
- EBTC and its member organizations, within the limits of their respective responsibilities will work with both federal governments to contribute to the implementation of border and transportation infrastructure projects and support coordination between border agencies and transportation departments/ministries for such projects.