

Connectivity Beyond the Borders

Improving our trade corridors

*A presentation
by the Continental Rail Gateway
to the
Eastern Border Transportation Coalition (EBTC)
September 13, 2011*

What we'll talk about today

- Advantages of Eastern Border Transportation Coalition (EBTC)
- Our common purpose: increase global trade
- Improving the EBTC trade corridors
- P3s — a useful financial model
- The Continental Rail Gateway (CRG) replacement rail tunnel at the Detroit-Windsor border



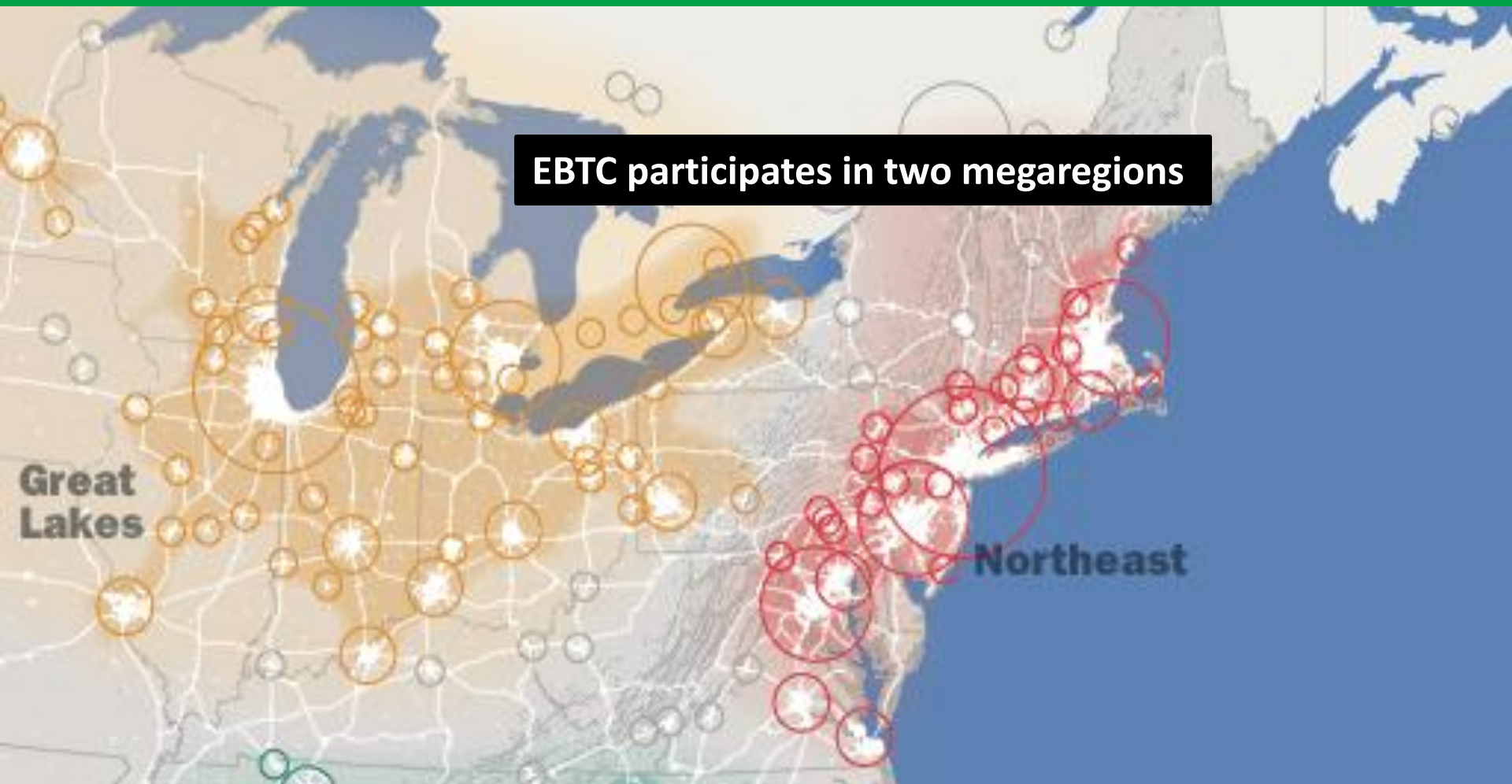
Advantages of the Eastern Border Transportation Coalition (EBTC)

Advantages of the EBTC

- The EBTC region includes over 54 million people
- Total U.S./Canadian trade = US\$511 billion in 2007
- Approximately 70% of that trade passes through EBTC border crossings
- In 2006, EBTC border crossings processed over 10 million trucks and 43 million autos



Advantages of the EBTC



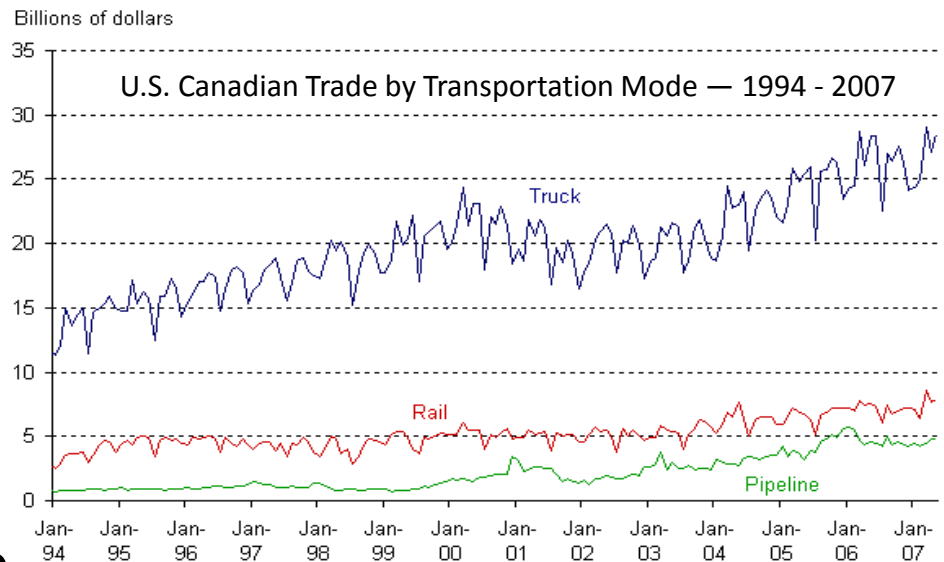
We have a
common purpose

Our common purpose: Increase global trade



Our common purpose: Increase global trade

- Continued success of EBTC members is linked to all forms of transportation
- Construction and upgrade of transportation infrastructure along the EBTC border is critical to continued global trade growth



SOURCE: U.S. Department of Transportation

Obstacles to increased global trade in the EBTC region

- Foreign currency fluctuations
- Moving containers off the docks
- Lack of national commitment to transportation infrastructure
- Availability of public and private capital



Future of US/Canadian global trade



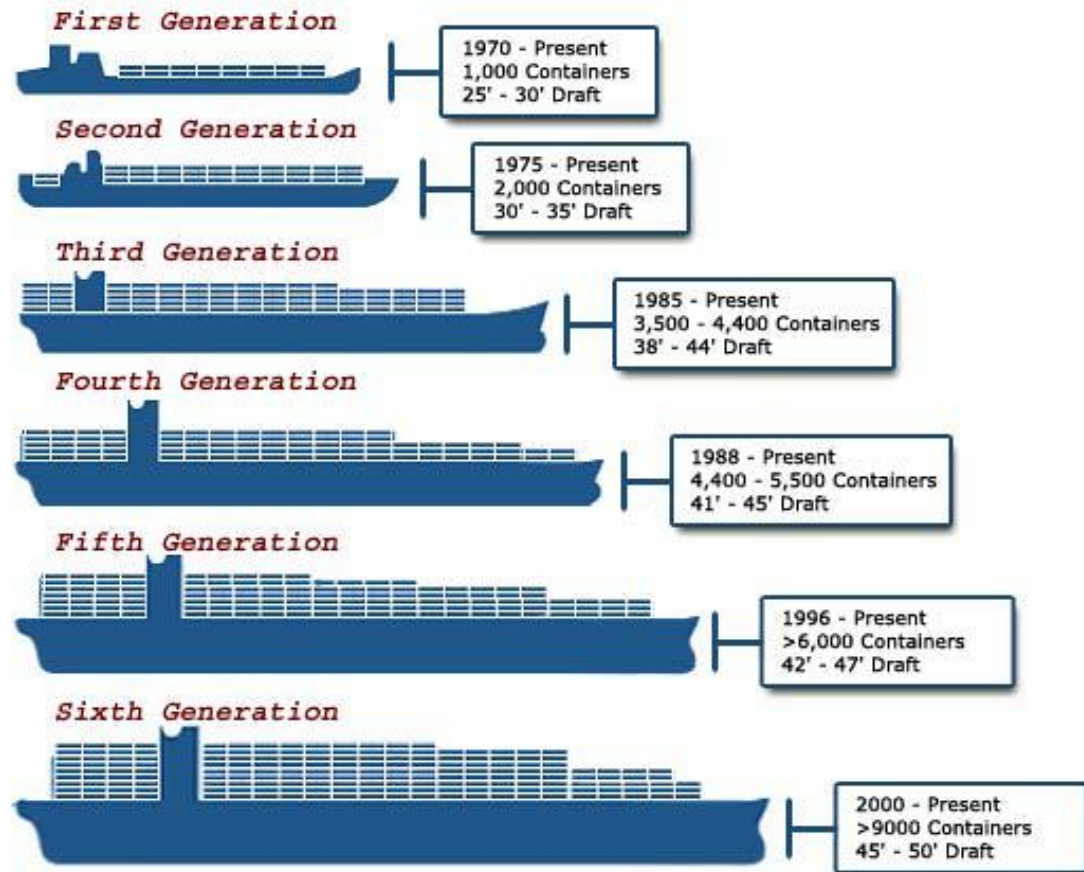
Future of US/Canadian global trade

With the continued growth of global container traffic, container ships are getting bigger and bigger



Future of US/Canadian global trade

Container ship have grown over the years from 1,000 containers per ship in 1970 to over 9,000 containers today



TEMS Ohio Intermodal Rail Report, November 2006

Future of US/Canadian global trade

- Eastern ports are near or at container handling capacity
- Containers cannot be moved off the docks fast enough leading to increased shipping costs and delays to market



Future of US/Canadian global trade

- Halifax, serviced by CN Railroad, is a deep-water port that has capacity
- Montreal plans on doubling its capacity and is serviced by CP Railroad
- Both ports will impact future trade in the Detroit-Windsor region



Improving our trade corridors: Port of Halifax

- Port of Halifax is a natural deep-water port
- Plans are in place to dredge out the harbor to make it even deeper
- Shippers using the Port of Halifax can save one or two days shipping cost



Improving our trade corridors: Port of Montreal

- Port of Montreal can service smaller container ships
- Shippers save another couple of days
- Port of Montreal is doubling capacity over next 10 years



Improving our trade corridors: Detroit-Windsor Border

- Complete Highway 401 from outside Windsor to the Detroit River
- Build the Detroit International River Crossing (DRIC/NITC)
- Build the Detroit Intermodal Freight Terminal (DIFT)
- Build the Continental Rail Gateway replacement rail tunnel
- Encourage regional transportation infrastructure support
- Develop the region's freight and logistics capabilities

State and federal
governments can help make new
transportation infrastructure a reality

State, provincial and federal governments can help

- Make transportation infrastructure a national policy issue
- Accept that money spent on transportation infrastructure is an investment in our future
- Recognize Public Private Partnerships (P3s) as a way of leveraging and magnifying the effectiveness of state, provincial and federal funds

Continental Rail Gateway replacement rail tunnel improves the Detroit-Windsor trade corridor

Rail freight is fundamental

Trains are GREEN: 1 ton/443 miles/1 gal

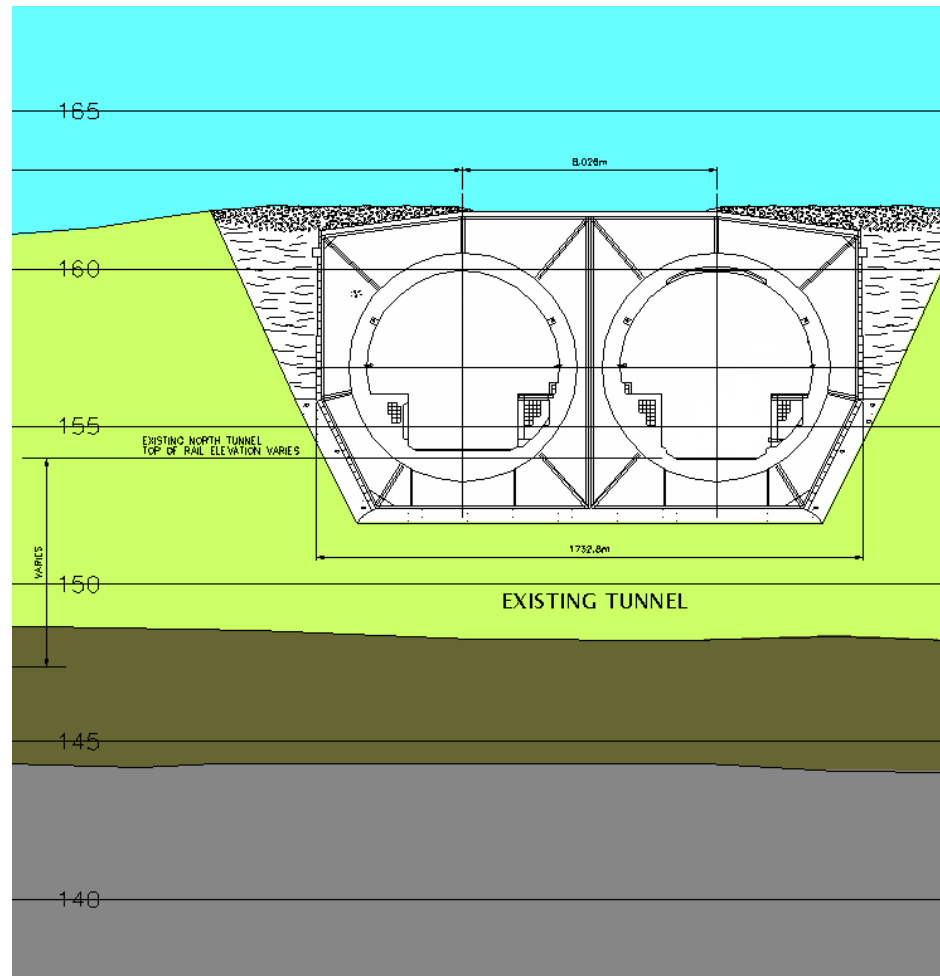


Rail infrastructure ... \$1.00 = \$3.00



And, the Continental Rail Gateway
replacement rail tunnel
is critical to increasing global trade in
the Detroit-Windsor region

The existing rail tunnel cross section



Existing twin-tube rail tunnel

- The first successful trench-and-tube tunnel constructed in the world
- 1.6 miles long
- Completed in 1909
- Originally designed for electric trains
- It has been in continuous operation for over 100 years and last year the tunnel carried nearly 400,000 freight cars
- It is too small for double-stacked 9'6" container rail cars

Here is what we are trying to prevent

Monday, June 16, 2008

THE WINDSOR STAR

CP rail cars too tall for tunnel

By DOUG WILLIAMSON
STAR STAFF REPORTER

A Canadian Pacific Railroad train heading through the CP rail tunnel from Detroit suffered significant damage Sunday afternoon when shipping containers on 24 intermodal cars were partly crushed on the tunnel's roof, damaging contents but causing no injuries.

The incident happened shortly after 2 p.m. when the train entered the tunnel in Detroit, said CP spokesman Michael Spenard.

The train, which had an unspecified number of cars, was not carrying hazardous goods, Spenard said.

The intermodal cars are essentially rolling platforms on which containers are stacked.

They contained a wide variety of manufactured goods, he said, adding the railroad had no estimate of the damage.

Asked why railroad officials didn't

realize the damaged containers were too high, Spenard replied: "That's exactly what's being investigated."

He said the crew — a locomotive engineer and conductor — was probably unaware of what was happening until they emerged on the Windsor side.

"The locomotive engineer, he wouldn't necessarily have seen or heard anything," Spenard said.

'Part of doing business'

"It's an inconvenience, it's part of doing business," he said.

The railroad's claims department will have to assess damage.

The tunnel is tall enough to accommodate doublestack rail cars, he said, but he did not know its dimensions.

There was no information on whether any damage was caused to the roof of the tunnel.

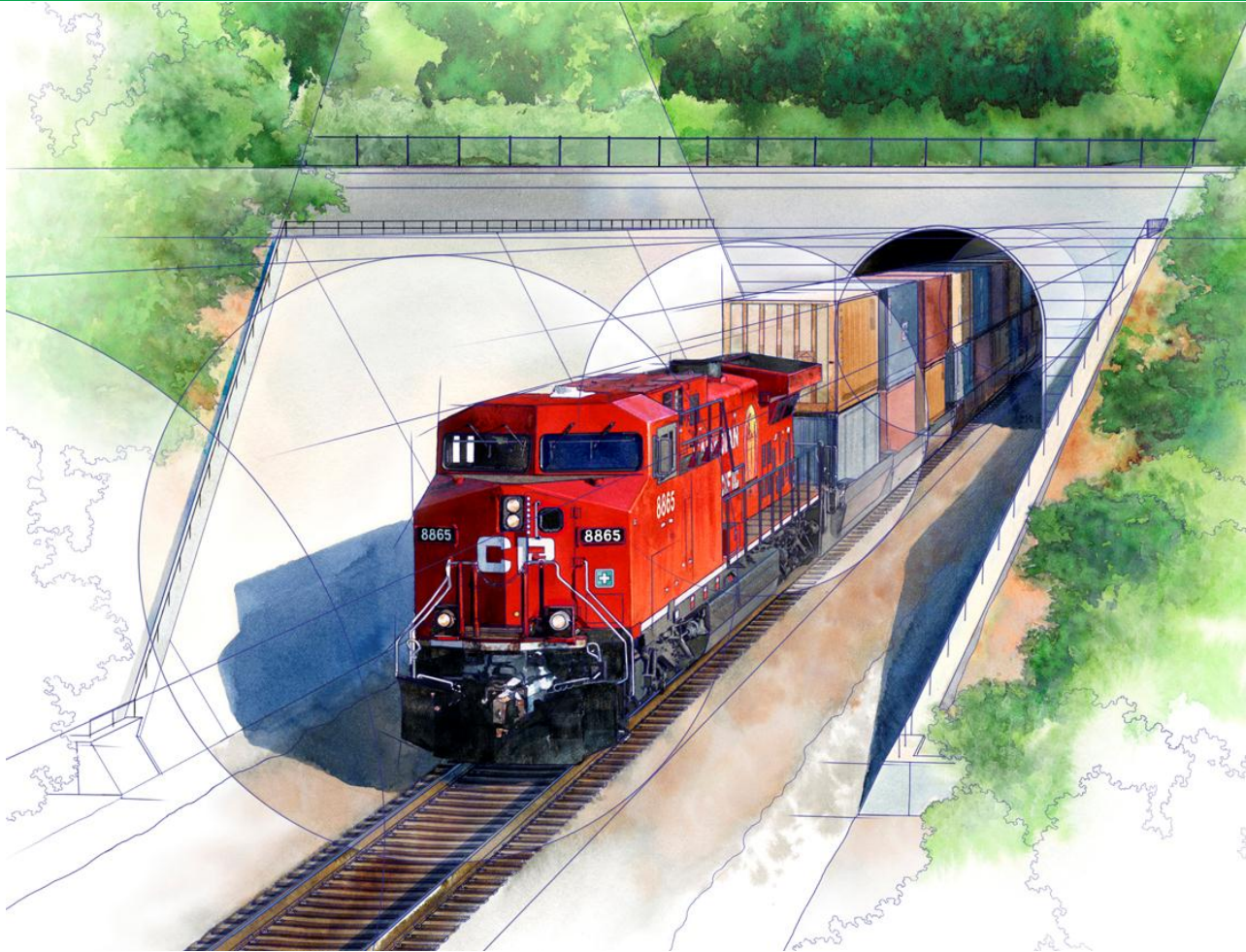
The cars remained parked on a CP rail siding along Janette Avenue as crews prepared to remove the containers and their contents.



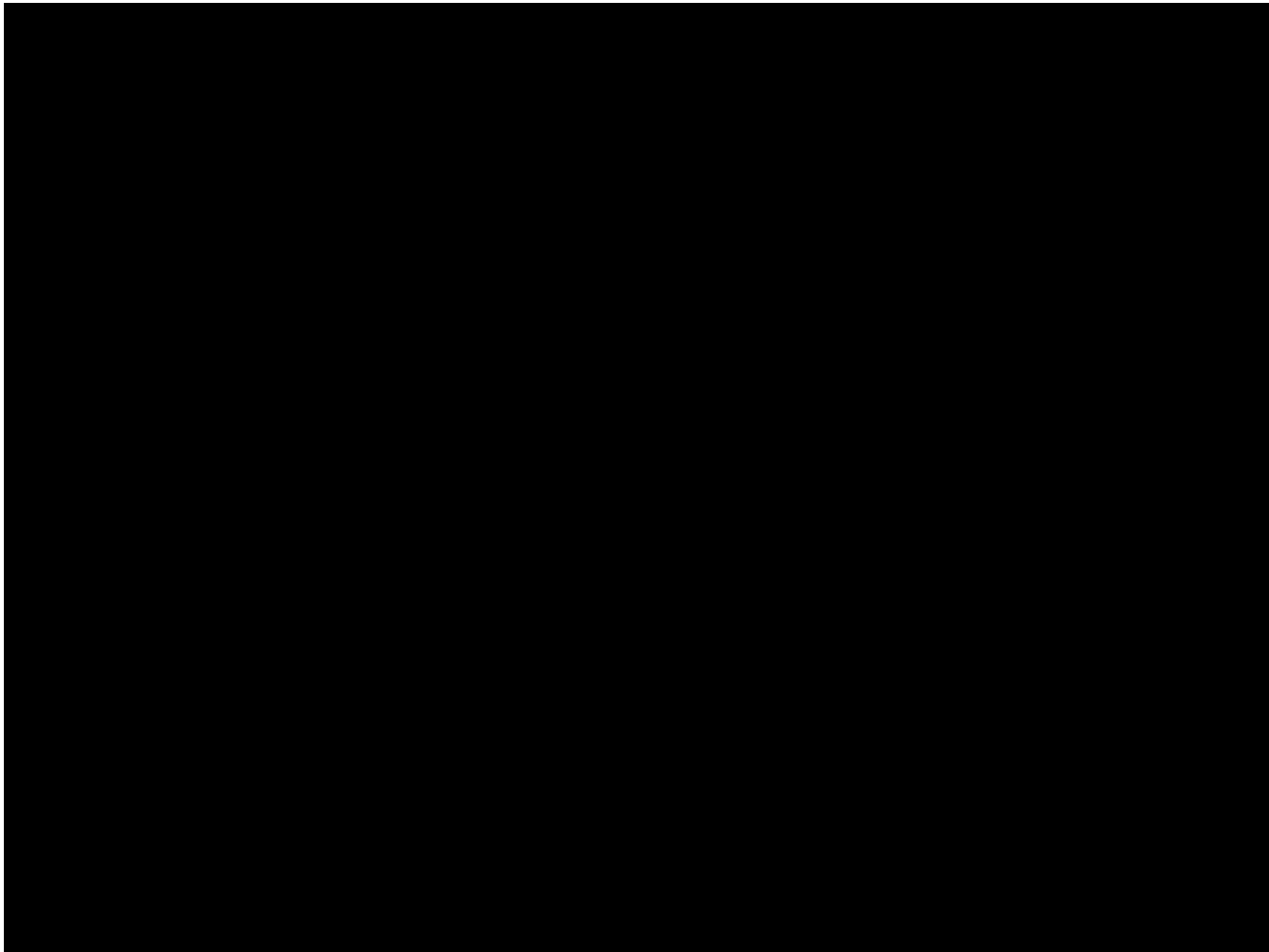
TUNNEL VISION: These rail cars were too tall to pass through CP's rail tunnel from Detroit

To solve the problem, the
Continental Rail Gateway will
build a high-capacity
replacement rail tunnel

CRG replacement rail tunnel will handle double-stacked container trains



Tunnel construction with TBM



CRG replacement rail tunnel benefits

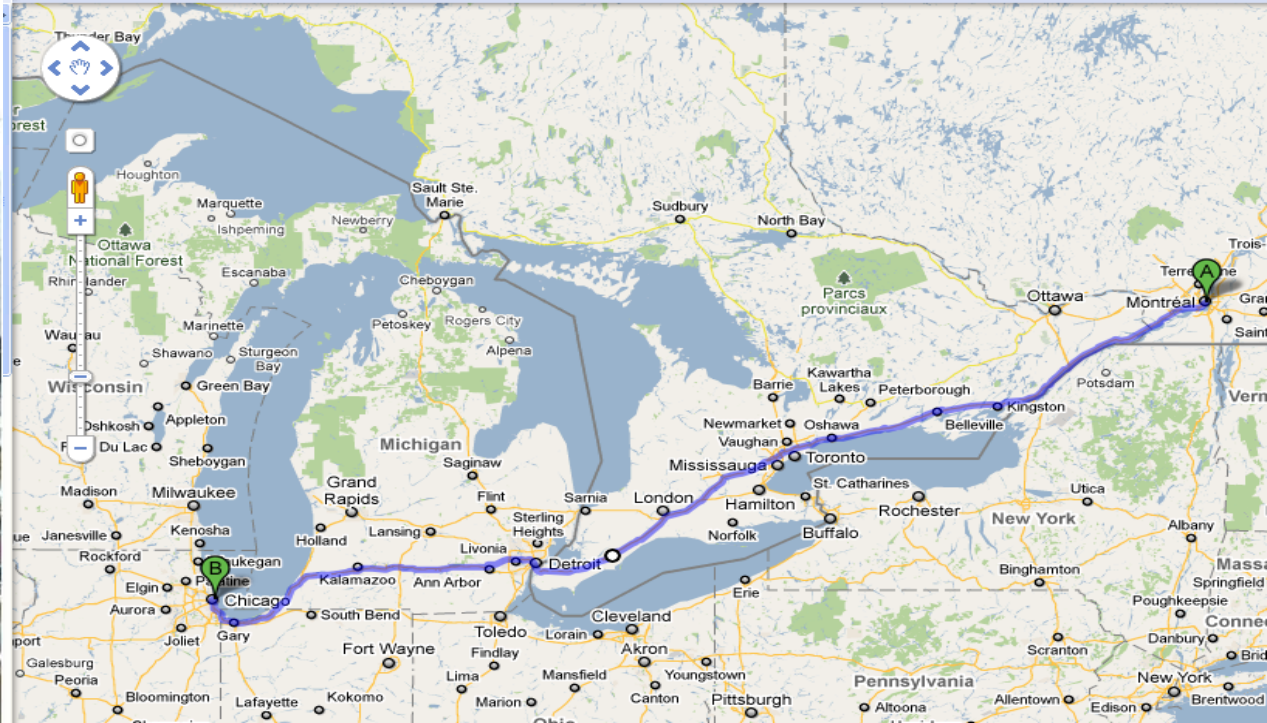
It will:

- Allow double-stack container train traffic to utilize the Montreal-Windsor-Detroit corridor
- Save and create thousands of jobs throughout Michigan and Ontario
- Help fuel intermodal and logistics activities in the region

The CRG tunnel will generate jobs

Organization	Jobs created multiplier	Jobs resulting from \$400 million in construction costs
Federal Highway	4,758 jobs/\$100 million	19,032
American Association of State Highway Transportation Officials (AASHTO) Study A	3,500 jobs/\$100 million	14,000
American Association of State Highway Transportation Officials (AASHTO) Study B	1,800 jobs/\$100 million	7,200
MDOT NITC (DRIC) bridge	2,668 jobs per \$100 million	10,672

We can utilize the existing rail tunnels for passenger rail



Once the CRG replacement tunnel is operational, high-speed passenger trains could run from Chicago to Detroit to Windsor to Toronto to Montreal through the existing rail tunnels.

Conclusion

- Communicate to government policy makers that transportation infrastructure is the foundation of future economic growth for the EBTC region
- Support joint efforts to improve trade corridors and establish logistics centers in the EBTC region
- Governments must embrace the P3 concept as the funding model of the future



Thank you

