

NEW INTERNATIONAL TRADE CROSSING PROPOSAL

SEPTEMBER, 2011

Need for the New International Trade Crossing (NITC)

The proposed New International Trade Crossing (NITC) project is a new end-to-end border crossing system between Detroit, Michigan and Windsor, Ontario intended to improve the flow of international trade between the U.S. and Canada at the busiest border crossing on the northern border.

Canada is Michigan's largest trade partner and shared over \$62 billion in two-way trade in 2010 – a 40% increase from the previous year. Thirty-four other states also rely on Canada as their biggest customer. In 2010, \$524 billion passed between the two countries. Due to the high trade volume, over eight million jobs in the U.S. and over 237,000 in Michigan are directly tied to trade with Canada¹.

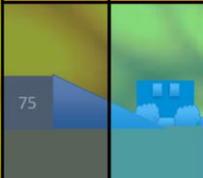
Over 8,000 trucks cross the Detroit border on a daily basis. Ninety-nine percent of that traffic crosses a very narrow, 83 year old bridge that has no direct freeway-to-freeway connection. Instead, traffic travels more than seven miles on a commercial street with 17 stoplights to reach Highway 401 in Canada. The increasing trade volumes and continual congestion at the current location demonstrates the need for additional capacity at the border.

Current Proposal

The proposed project consists of five primary elements: a new Detroit River crossing (bridge); new state-of-the-art border inspection areas on each side of the river for the respective border services agencies of the U.S. and Canada, (plazas); and direct connections to the highway system in each country (I-75 in the U.S. and Highway 401 in Canada).

The NITC will use several innovative financing mechanisms to enable construction of the project. The Michigan-Canada joint venture will engage the private sector through the use of a P3 for design, construction, finance, operation, and maintenance of the bridge. The U.S. government will cover the federal portion of the U.S. plaza. The Government of Canada is responsible for construction of the Canadian customs plaza and the Windsor Essex Parkway connecting the crossing to Highway 401 in Ontario. In addition, the Canadian government has committed an additional equity investment of up to \$550 million to cover costs incurred by the State of Michigan for the U.S portion of the project. Canada has also pledged to fund any revenue shortfalls, which will be repaid by user fees/tolls. **The State of Michigan would bear no responsibility for repayment of the Canadian funding.**

¹ U.S.-Canada Trade and U.S. State-Level Production and Employment: 2008, Laura M. Baughman and Joseph Francois

	I-75 Interchange \$385.9 M	US Customs Plaza \$413.6 M	Bridge \$949.1 M	Canadian Customs Plaza \$387.6 M	Windsor Essex Parkway \$1.67 B
					
MICHIGAN	\$0	\$0	\$0	\$0	\$0
GSA	\$0	\$263.6	\$0	\$0	\$0
CANADA	\$385.9	\$150.0	\$0	\$387.6	\$1,670
P3 PARTNER	\$0	\$0	\$949.1	\$0	\$0

In addition to the benefits outlined above, a unique agreement has been reached with FHWA to provide even further benefits to the State of Michigan. FHWA has granted MDOT approval to use the \$550 million Canadian investment in our infrastructure toward the matching funds required for all federally funded highway projects. This agreement will support critical projects across our state and allow Michigan to capture an additional \$2.2 billion in federal aid. Michigan will gain a new modern infrastructure asset to meet the needs of Michigan and U.S. trade with Canada and other countries for decades **with no financial risk to state taxpayers.**

What the NITC means for Michigan’s Economic Growth

The NITC project is expected to generate up to 10,000 temporary construction jobs and approximately 25,000 additional indirect jobs over the four to five year construction period². Long term, NITC is expected to employ up to 750 full time employees in Michigan by 2035. Additionally, the construction of this new border crossing system is expected to generate and/or preserve as many as 25,000 jobs within Michigan and 70,000 jobs nationally.³ This provides an immediate positive impact on our state and will contribute to the long-term economic stability of the region.

Long Term Economic Impact

As stated above, Canada clearly is Michigan’s largest trade partner and over 8,000 trucks cross the Detroit border on a daily basis. Michigan manufacturers tell us that the frequent delays caused by the traffic jams on the Canadian side are a significant barrier to expanded economic activity. They further tell us that the “freeway-to-freeway” connection provided by the NITC will greatly enhance the economic activity between Michigan and Canada and lead to increased trade. It is well known that some domestic vehicles are sent across the Michigan-Canadian border several times during the various stages of production. The speed and efficiency of production will be greatly enhanced if the trucks carrying these vehicles are able to have direct freeway-to-freeway access by using the NITC. Our domestic automakers will be able to reduce their costs by this increased efficiency making our domestic cars and trucks more competitive in the marketplace.

² FHWA estimates of jobs created by highway infrastructure projects.

<http://www.fhwa.dot.gov/policy/otps/pubs/impacts/index.htm>

³ Regional and National Economic Impact of Increasing Delay and Delay Related Costs at the Detroit-Windsor Crossings, August 2005, HLB Decision Economics.

http://www.partnershipborderstudy.com/pdf/HLB%20Economic%20Impact%20Report_Aug%2009.pdf

Turning SE MI into an Inter Model, International Transportation Hub

SE Michigan is rich with transportation assets and is uniquely situated geographically to allow the area to continue to grow into an international logistics hub. We are situated as the gateway for international trade. World trade is increasingly moving to the east coast of North America and this transition is expected to accelerate once the expansion of the Panama Canal is complete. Halifax is very aggressively moving to gain more of that volume and looking to move that into the U.S. through the Michigan ports of entry.

Our location between Chicago as the western gateway to the U.S., Toledo as the southern gateway, and Toronto and Montreal as the northern gateway, places Southeast Michigan, and Michigan in general, in the center of this mega region. Freight flows to any part of North America could logically and economically flow through Michigan. By any measure of economic activity, the strength of the Chicago – Detroit – Toronto mega region compares favorably with any other region in North America. We have a deep pool of talented workers, plenty of usable land, and an abundance of natural resources that can be leveraged to help any industry flourish.

National and international trade is increasingly becoming multi modal. It may move by air, rail, truck, or ship, and at one or more points in its movement it may change to a different mode. Agencies in Michigan have been working aggressively with private sector partners to ensure that publically-owned infrastructure does not limit growth in freight movements.

Our air access at Detroit Metro and Willow Run airports are second to none. Our state's maritime facilities and freight rail network, which are predominately all privately owned and operated, have the capacity to handle a significant expansion in trade volumes. There are plans in place to improve logistical efficiency in Southeast Michigan through the Aerotropolis, a new double stack rail tunnel, and the Detroit Intermodal Freight Terminal. Improvement in these modes and the NITC will complement each other and place Southeast Michigan in an even better position to grow the area as an international logistical hub.

Current Status

The most significant barrier currently delaying the implementation of this project is the need for the Michigan Legislature to pass legislation enabling the state to enter into an agreement with Canada to construct the bridge; to create a public-private partnership to finance, design, build, operate and maintain the bridge; and to collect tolls to pay for the bridge. The legislation (SB 410), which was introduced by Senate Majority Leader Randy Richardville, currently sits in the Senate Economic Development Committee.

Conclusion

Reinventing Michigan to become a world trading center means developing an infrastructure that will meet the modern day demands of an international economy. By removing 17 traffic signals, providing a freeway-to-freeway connection, and creating state-of-the-art customs inspection stations on both sides of the border, the NITC represents a key element of the transformational process for Michigan. This project has the potential to return Michigan to the prominence it held for most of the last century.