



# HOLLAND AREA CHAMBER of COMMERCE

## Support of New International Trade Crossing Holland Area Chamber of Commerce Public Policy Committee

*Recommended by the Public Policy Committee on May 13, 2011*

*Approved by the Board of Directors on May 16, 2011*

**BACKGROUND:** The United States and Canada share the largest trading relationship in the world. Of the 4,000-mile dividing line between the two allies, no single area is more significant to trade than the Southeast Michigan and Southwest Ontario border crossings. An estimated \$1.2 billion in trade crosses the U.S.-Canada border every day – over 40 percent of it at the five international, land-border crossings in the Detroit-Windsor region. Every day, there are an estimated 58,000 crossings. Trade between the two countries has climbed at nearly double-digit rates each year since NAFTA was implemented in 1994. By 2020 the number of daily crossings could exceed 90,000.

The border-crossing infrastructure in Southeast Michigan/Southwest Ontario is a lifeline for the state and our regional economy. 60% of all Michigan trade - \$44 billion a year – is with Canada. One in seven jobs in the Grand Rapids area are tied to an export industry and a great number of our West Michigan companies do business with Canada every day.

Taking into account crossings at both the Detroit River and St. Clair River, this lifeline comprises two bridges, a passenger tunnel and two freight tunnels. By trade volume alone, the Ambassador Bridge is the busiest border crossing in the world, carrying 25 percent of the total value of trade between the U.S. and Canada.

Growing trade volumes, combined with aging infrastructure, has brought growing attention to the border crossings in Southeast Michigan/Southwest Ontario. Experts believe that if no improvements are made by 2030 to border crossing capabilities in the Detroit River area, the two nations will realize losses of up to 80,000 U.S. jobs and 70,000 Canadian jobs and combined annual production losses of \$32 billion.

Meanwhile, since 2001, the threat of terrorism has meant concerns about infrastructure redundancy and broad policy shifts affecting the border. There are now at least 44 U.S. or Canadian agencies with jurisdiction over border issues. Although both the Department of Homeland Security and Canada Border Services Agency have streamlined organizationally, regulations have become increasingly complex and implementation of various individual requirements has had a substantial cumulative effect. The result has been at least \$14 billion in annual costs to the U.S. and Canadian economies.

**POSITION:** A well-functioning border is important to our state and region's economic vitality. With the goals of creating and supporting continued economic growth, the Chamber supports Governor Snyder's proposal to construct the New International Trade Crossing (NITC) for the following reasons:

**Need:**

- While cross-border traffic is down from its high point in the early 2000's, it is trending up again and the expectation is that this trend will continue. Within the next 30 years truck traffic between Canada and Michigan is expected to triple, and passenger traffic is expected to double. With the anticipated 4-5 year construction timeframe of a new span across the Detroit River, we believe that construction should start sooner than later to ensure that demand does not outpace capacity.
- A new bridge will allow the state to meet the demands of Michigan trade with Canada well into this century.
- The Ambassador Bridge is 82 years old and will need to be re-decked in the near future. This project will reduce the capacity of this vital border crossing.

**Competition:**

- Currently areas such as Buffalo, NY are exploring the possibility of enhancing their border crossings, which will increase the competition for the economic benefits of cross border trade. Michigan can beat Buffalo and others to the punch, occupying the field.

**Security:**

- Given the importance to the national economies of both countries and our state, the age and capacity levels of existing infrastructure, and the vulnerability of existing infrastructures to terrorism and unforeseen circumstances, a new crossing must ensure redundancy relative to existing structures.

- A second span next to the existing span of the Ambassador Bridge in does not provide the appropriate level of redundancy that a span two miles downriver would.

#### **Efficiency:**

- The New International Trade Crossing will provide a freeway-to-freeway connection that will virtually eliminate the costly back-ups and delays that are costing Michigan businesses millions of dollars each year. Canada has hard plans to move ahead to construct this freeway-to-freeway connector.

#### **Financing:**

- The current proposal between Governor Snyder and the Canadian Government is one that provides significant benefit to the State of Michigan, at no cost to the State.
  - The Canadian government is contributing up to \$550 million into the project to pay Michigan's share – the project will not cost Michigan taxpayers a dime.
  - The New International Trade Crossing will generate up to \$2.2 billion in federal matching highway funds that will be spent on road projects throughout the state.
  - Any cost over-runs will be the responsibility of the Canadian Government and the Bridge Concessionaire, and will be paid for by future toll revenues.
  - The new crossing will put more than 10,000 Michigan workers to work.
  - The project will create no new debt, taxes or impinge the sovereignty of Michigan.

#### **Free Enterprise:**

- One of the arguments against the New International Trade Crossing is that it is an example of Government competition with a private enterprise. As advocates of free enterprise, this is not something the Chamber takes lightly and was studied thoroughly. With this argument in mind, the Chamber still supports the NITC for the following reasons:
  - We believe it is the role of Government to build infrastructure that includes roads and bridges.
  - The NITC proposal includes the opportunity for private firms to bid for the opportunity to build and/or run the NITC and profit from a portion of the toll revenue. The current proprietor of the Ambassador Bridge will have the opportunity to compete for the right to operate the NITC.

## Intangibles:

- The new crossing is part of a broad development and economic vitality vision for both Michigan and Detroit, Michigan's largest city. It is widely acknowledged that Michigan cannot come back unless Detroit comes with it.
- Two bridge authorities will be created – one Canadian and one Michigan – ensuring political strength.
- The NITC will send a message that Michigan is open for business and that the State of Michigan is still capable of taking on big things. When our state was widely known as "Mighty Michigan," it built the Mackinac Bridge (1957), the International Bridge at Sault Ste. Marie (1962), and the second span of the Blue Water Bridge at Port Huron-Sarnia (1997) using the same toll model proposed for the NITC. With pride, images of "Mighty Mac" are widely used to symbolize what Michigan can do to advance our state. The NITC's construction will send the message Michigan is back from the doldrums of the first decade of the 21st century, is prepared to return to the prosperity that put the world on wheels and boost the "can do" morale of our citizens.
- The conservative, pro-business government of Canadian Prime Minister Stephen Harper was overwhelmingly returned to power in Canada's May 3 national election, for the first time with an outright majority in the House of Commons. Mr. Harper and the leader of the New Democrat Party, the official opposition, are united in support for building NITC. It is clear the Canadians do not support a dual span of the Ambassador Bridge because of the tremendous demolition it would require to the heart of Windsor, affecting among others the campus of the University of Windsor and a prime residential neighborhood. Therefore, the only realistic option on the table for a new Detroit River span is the NITC supported by Gov. Snyder, all living former Michigan Governors, Detroit Mayor Dave Bing, , and virtually every major industrial and agricultural leader in Michigan.

**ADVOCACY:** The Chamber will work to secure passage of the proposed legislation regarding the NITC. The Chamber will communicate its position to the Legislature, Executive branch, Department officials and other concerned parties and seek the support of other constituencies who share our principles for reform.



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