



New International Trade Crossing

Approved by the Board of Directors on Thursday, March 17, 2011

Approved by the Government Affairs Committee on Friday, March 11, 2011

RECOMMENDED BY: Government Affairs Committee

RECOMMENDATION: The Muskegon Area Chamber of Commerce supports the construction of the New International Trade Crossing based on approved legislative priorities to continue to advocate for infrastructure funding to meet the demands of the growing West Michigan region, support for the development of an integrated, intermodal, long-term transportation infrastructure strategy, support for a 21st Century border with Canada and improved access to Michigan ports.

BACKGROUND: The United States and Canada share the largest trading relationship of any two countries in the world. Along the 4,000-mile border, no single area is more significant to trade than the Southeast Michigan/Southwest Ontario border crossings.

An estimated \$1.2 billion in trade crosses the U.S.-Canada border daily – more than 40% of it at the five international, land-border crossings in the Detroit/Windsor Region. Trade between the two countries has climbed at nearly double-digit rates each year since NAFTA implementation in 1994. Each day an estimated 58,000 crossings occur, and by 2020 the number of daily crossings could exceed 90,000.

The border-crossing infrastructure in Southeast Michigan/Southwest Ontario is clearly a lifeline for the state and our regional economy. Sixty percent of all Michigan trade – \$44 billion a year – is with Canada, and. Over 3,300 jobs in Muskegon County are tied to trade with Canada and a significant number of West Michigan companies do business with Canada every day.

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

Growing trade volumes, combined with aging infrastructure, has brought increasing attention to the border crossings in Southeast Michigan/Southwest Ontario. Experts believe that if no improvements are made to border crossing capabilities in the Detroit River area by 2030, the two nations will see losses of up to 80,000 U.S. jobs, 70,000 Canadian jobs and combined annual production losses of \$32 billion since 2001, the threat of terrorism has meant concerns about infrastructure redundancy and broad policy shifts affecting the border. Currently, at least 44 U.S. or Canadian agencies have some form of 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.

POLICY RATIONALE: 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 Muskegon Area Chamber of Commerce supports the construction of the New International Trade Crossing for the following reasons:

- Given the importance to the national economies of both countries and our state, the age and capacity levels of existing infrastructure, and vulnerability of existing infrastructures to unforeseen circumstances, the Chamber recognizes the need for a new border crossing.
- A new crossing should ensure redundancy relative to existing structures.
- Any new structure should be subject to appropriate public oversight and access, particularly concerning structural maintenance, integrity, security and safety. A clear understanding of the toll structure would be appropriate and the new authority should lower or cap toll rates once the construction bonds have been paid off.
- A new border crossing should take into account economic development and security needs.
- The new crossing is part of a broad development and economic vitality vision for the state.
- A new bridge will allow the state to meet the demands of Michigan trade with Canada well into this century.
- The New International Trade Crossing will provide a freeway-to-freeway connection that will virtually eliminate the back-ups and delays that are costing Michigan businesses millions of dollars each year.
- The new crossing will put more than 10,000 Michigan workers to work.
- 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.
- The Canadian government is contributing up to \$550 million to the project to pay Michigan's share – the project will not cost Michigan taxpayers a dime.
- The project must create no new debt, taxes or impinge upon the sovereignty of Michigan.

ADVOCACY: The Muskegon Area Chamber of Commerce will work to secure passage of legislation which meets the above criteria. The Chamber will communicate its position to the Legislature, Executive branch, department officials and other concerned parties and seek the support of other constituencies.