

# The Power of Effective Binational Regional Collaboration and the Importance of Leveraging NITC



**PRESENTATION TO THE  
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# U.S. Trade & Canada: By the Numbers



- U.S. exports (goods and services) record \$2.35 trillion in 2014, 13.4% of GDP.
- U.S. and Canada enjoy the largest trade relationship in the world and Michigan is the major gateway.
- U.S.-Canada Trade
  - \$735 billion (2013)<sup>1</sup>
  - About \$2 billion per day
    - ✦ \$51.7 billion in vehicle exports (U.S. to Canada)
    - ✦ \$55.7 billion in vehicle imports (Canada to U.S.)<sup>2</sup>
    - ✦ 20% U.S. exports go to Canada
    - ✦ 75% Canadian exports go to U.S.
- Michigan-Canada Trade
  - \$74.7 billion (2013)
    - ✦ \$26 billion in MI exports to Canada
    - ✦ \$46 billion in two-way transportation equipment trade<sup>3</sup>
- Detroit-Windsor and Port Huron-Sarnia handle roughly 30% of total North American land freight (by value).
- Detroit funneled ~\$131 billion, or nearly half, of all goods that move by truck between U.S. and Canada (2010 data) per Brookings Institution blog, Mon, March 2, 2015.

<sup>1</sup> U.S. Bureau of Economic Analysis. Retrieved from

<http://www.bea.gov/iTable/iTable.cfm?ReqID=62&step=1#reqid=62&step=7&isuri=1&6221=0&6220=1,2,3&6210=1&6200=3&6224=&6211=17&6223=0&6222=13&6231=1>

<sup>2</sup> U.S.-Canada Trade Facts. Retrieved from <https://ustr.gov/countries-regions/americas/canada>

<sup>3</sup> Michigan-Canada Trade Profile, Michigan Economic Development Corp. (2014). Retrieved from [http://www.michiganbusiness.org/cm/Files/Export\\_Assistance/MI-Canada-Trade-Profile.pdf](http://www.michiganbusiness.org/cm/Files/Export_Assistance/MI-Canada-Trade-Profile.pdf)

# Top 5 U.S. International Land Freight Gateways: Truck, Rail, Pipeline (2012)



International Land Freight Gateways	Land Gateway Ranking (Ranking among all other gateways incl. ocean ports)	Exports (billions \$)	Imports (billions \$)	Total (billions \$)
Laredo, TX	1	\$77	\$87	\$163
Detroit, MI	2	\$70	\$60	\$131
Buffalo-Niagara Falls, NY	3	\$45	\$38	\$83
Port Huron, MI	4	\$40	\$41	\$81
El Paso, TX	5	\$30	\$36	\$66

Source: U.S. Department of Transportation, Research and Innovative Technology Administration (RITA). *Table 1-51: Top U.S. Foreign Trade Freight Gateways by Value of Shipments (2012 \$ billions)*. Retrieved from [http://www.rita.dot.gov/bts/sites/rita.dot.gov/bts/files/publications/national\\_transportation\\_statistics/html/table\\_01\\_51.html\\_mfd](http://www.rita.dot.gov/bts/sites/rita.dot.gov/bts/files/publications/national_transportation_statistics/html/table_01_51.html_mfd)

# Top 12 U.S. International Trade Freight Gateways: Sea, Land, and Air (2012)



International Trade Freight Gateways	Trade Freight Gateway Ranking	Exports (billions \$)	Imports (billions \$)	Total (billions \$)
Los Angeles, CA	1	\$44	\$173	\$217
New York, NY	2	\$56	\$153	\$210
John F. Kennedy International Airport, NY	3	\$95	\$88	\$183
Houston, TX	4	\$93	\$84	\$176
Long Beach, CA	5	\$34	\$133	\$167
Laredo, TX	6	\$77	\$87	\$163
Detroit, MI	7	\$70	\$60	\$131
Chicago, IL	8	\$37	\$80	\$117
Los Angeles International Airport, CA	9	\$40	\$45	\$85
Buffalo-Niagara Falls, NY	10	\$45	\$38	\$83
Port Huron, MI	11	\$40	\$41	\$81
Savannah, GA	12	\$32	\$43	\$75

Source: U.S. Department of Transportation, Research and Innovative Technology Administration (RITA). *Table 1-51: Top U.S. Foreign Trade Freight Gateways by Value of Shipments (2012 \$ billions).*

[http://www.rita.dot.gov/bts/sites/rita.dot.gov/bts/files/publications/national\\_transportation\\_statistics/html/table\\_01\\_51.html](http://www.rita.dot.gov/bts/sites/rita.dot.gov/bts/files/publications/national_transportation_statistics/html/table_01_51.html) mfd

# Current Framework for N.A. Collaboration



- [North America: Time for a New Focus](#) (Oct. 2014).
  - Council on Foreign Relations
- [Made in North America: A new agenda to sharpen our competitive edge](#) (Dec. 2014).
  - Canadian Council of Chief Executives
  - 44 points & 8 Themes including:
    - ✦ Supply Chain/Border
    - ✦ Trade-related Infrastructure
    - ✦ Manufacturing
    - ✦ Regulatory Alignment
- [President's Export Council Mid-term Report](#) (Dec. 2014).
  - Better align logistics systems of 3 North American countries
    - ✦ Private sector report
- [The U.S.-Mexico Border Economy in Transition](#) (Feb. 2015).
  - Woodrow Wilson Center Mexico Institute
    - ✦ 4 U.S.-Mexico Regional Economic Competitiveness Forums, 2014
    - ✦ Co-sponsored by USAID-Mexico, Council of State Governments-West, Congressional Border Caucus

# Current N.A. Binational Initiatives



- **Cali-Baja Binational MegaRegion (San Diego-Tijuana)**
  - Includes binational transportation planning and implementation.
  - Binational Regional Asset Mapping, funded by U.S. EDA.
- **El Paso, Texas-Ciudad Juarez, Chihuahua**
- **Laredo, Texas-Nuevo Laredo, Tamaulipas**
- **Brownsville, Texas-Matamoros, Tamaulipas**

# Current N.A. Binational Initiatives (cont.)



- **State of Arizona-State of Sonora**
  - Targeted economic sectors; e.g., aerospace industry.
  - Major binational conference at ASU in Tempe, AZ, Sept 30-Oct 1, 2015
- **Pacific Northwest Economic Region (PNWER)**
  - 5 states (WA, OR, ID, MT, AK)
  - 2 provinces (BC & Alberta) & 2 Territories (Northwest & Yukon)
  - Major clout in national capitals, Ottawa, ON & Washington, DC

# U.S.-Canada Regulatory Cooperation Council



- Established by President Obama and Prime Minister Harper, 2011.
- RCC last met with stakeholders in Washington, DC, Oct 7-8, 2014
  - Mexican government representatives also attended per NALS agreement, Feb. 2014.
- Joint Forward Plan, 2014: 29 Initiatives
  - Harmonizing rail tank car standards.
  - Feasibility of mutual recognition of regulatory oversight regimes for U.S. and Canadian vessels operating only on Great Lakes.



# Binational Regional Collaboration: MI-ON



- Michigan and Ontario make up geographic and economic heart of the Great Lakes Region (8 states & 2 provinces).
- Collaboration between MI-ON can be expanded.
  - NITC = critical physical transportation link.
  - Binational sector strategies can better leverage this huge asset.
- Detroit Regional Chamber signed Binational MOU with I-69 International Trade Corridor and Southwest (ON) Economic Alliance (SWEA), June 2014.
- Identify opportunities to increase binational regional collaboration in logistics/transportation.

# Detroit-Windsor Trade Corridor



Source: *Main North American Trade Corridors, Gateways, and Inland Port Clusters*

Dr. Jean-Paul Rodrigue, Hofstra University

<https://people.hofstra.edu/geotrans/eng/ch2en/conc2en/usatradeareas.html>

# The Importance of NITC



- ✦ Significant cost-savings for Michigan and Ontario businesses
  - Vehicle parts produced in Detroit-Windsor region cross the border 6-7x prior to vehicle completion
  - Each hour spent waiting for parts costs vehicle producers about \$75,000.<sup>1</sup>
- ✦ Detroit funneled ~\$131 billion, or nearly half, of all goods that move by truck between U.S. and Canada (2010).
- ✦ Projected losses in economic output due to border congestion:
  - State of Michigan
    - \$970 million/yr by 2020
    - \$4.9 billion/yr by 2030
  - Province of Ontario
    - \$220 million/yr by 2020
    - \$1.2 billion/yr by 2030.<sup>2</sup>

<sup>1</sup> Anderson Economic Group (2011). *Building a New Bridge in Detroit*. Retrieved from

<http://www.andersoneconomicgroup.com/Portals/o/upload/AEG%20Bridge%20Comparison%20Whitepaper%20PUBLIC.pdf>

<sup>2</sup> HLB Decision Economics (2004). *Regional and National Economic Impact of Increasing Delay and Delay Related Costs at the Windsor-Detroit Crossings*. Retrieved from

[http://www.partnershipborderstudy.com/pdf/Economic%20Impact%20Report\\_FINAL\\_29Jan04WEB.pdf](http://www.partnershipborderstudy.com/pdf/Economic%20Impact%20Report_FINAL_29Jan04WEB.pdf)

# Binational Collaboration Opportunities



- Laurie Tannous, CEO, Institute for Border Logistics and Security (IBLS).
  - Collaborative initiative between University of Windsor and City of Windsor.
  - Vision of developing Windsor-Detroit Logistics Corridor.
  - Opportunity for binational collaboration to leverage binational assets.