

The New International Trade Crossing

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The new New International Trade Crossing is an investment in the future of the North American economy, of North American trade, and of North American manufacturing.

Background

On June 15, 2012 Prime Minister Stephen Harper and Governor Rick Snyder announced an Agreement between Canada and Michigan to build a new publicly owned bridge between Detroit, Michigan and Windsor, Ontario. The crossing agreement establishes the framework for Canada's and Michigan's roles and responsibilities for the construction, financing operation and maintenance of the new international crossing.

Benefits of the New International Trade Crossing

The new bridge will provide a needed alternative at the busiest Canada–U.S. commercial border crossing, facilitating the movement of people and goods by ensuring border crossing capacity for the next 125 years.

- By providing the first-ever freeway-to-freeway connection at Detroit-Windsor and a 'post-9/11' customs footprint vastly larger than the existing plazas, the new bridge will reduce delays due to congestion and the massive costs associated with them. No alternative project has authorization to proceed.
- It will create thousands of construction jobs and long-term employment opportunities on both sides of the border. The project is expected to create 10,000 to 15,000 direct construction jobs in Michigan. By providing assured transportation capability going forward, the new bridge will massively enhance the investment climate of North America's industrial heartland.
- The new bridge will further support national security and public safety priorities in Canada and the U.S., enhancing the initiatives in the Border Action Plan announced by Prime Minister Harper and President Obama in December, 2011. Having two profitable bridges at this vital crossing, each with their own customs plaza, will provide redundancy critical to U.S. and Canadian national and economic security. Security screening in Canada will occur at the plaza (not two miles away, as is currently the case); 'low risk' secondary screening on the U.S. side no longer will have to take place five miles away from the U.S. plaza.

The 'heartland' Trade Corridor

- Over 8,000 trucks per day cross the Windsor–Detroit border. According to the Public Border Operators Association, truck traffic is projected to increase 128% over the next 30 years.
- Upstream from the new crossing stands the 83-year-old Ambassador Bridge. The value of trade over that bridge (more than \$120 billion in 2011) exceeds the value of all trade between the U.S. and Great Britain. One-quarter of all U.S.–Canada trade (the world's largest two-way trade relationship) crosses the Ambassador Bridge each year — making it the most important bridge crossing anywhere in the world.
- Canada and Michigan are each other's best customers; half of everything Michigan sells globally is bought in Canada (including 30% of all MI farm products). For 35 U.S. states, Canada is the principal export market.
- Upwards of half of all Indiana and Ohio exports to Canada cross the Ambassador Bridge. With more than 200,000 jobs in those two states depending on reliable transportation infrastructure at Detroit–Windsor, each of Indiana's and Ohio's House and Senate unanimously passed resolutions calling for the new bridge to be built. The Michigan, Indiana and Ohio Chambers of Commerce all support the proposed new bridge, as do all of the automobile assemblers, major labor unions and farm organizations.

Financing for the New International Trade Crossing

- The complete project, including the Canadian and U.S. inspection plazas, the bridge, and the interchange with Interstate-75 and the Windsor–Essex Parkway, is estimated to cost between \$3.5 and \$4 billion.
- After a public competition, a private sector firm will be selected to build, operate and maintain the bridge for a concession period long enough to allow the company to recoup its (approx.) \$1 billion investment in the project. After the firm is repaid from toll revenues, Canada will recoup the up-to \$550M in financing it will have provided for construction of the Interchange on the U.S. side (no money will flow to Michigan for this purpose; consequently, Michigan faces no risk and will bear no liability for any costs). Cost overruns are the responsibility of the builder. Canada — not Michigan or the USA — will be responsible if toll revenues do not meet projections.
- The U.S. government is expected to cover the full cost of the U.S. customs plaza.
- The toll rates will be approved by the International Authority and will be competitive with other crossings in the region. Michigan and Canada will jointly share in the toll revenues once all the project costs incurred by the private builder and Canada have been recouped; a revenue stream of approx. \$50M per year will flow to each of Michigan and Canada from approx. year 45 for the remaining 80 years of the bridge's projected life.

Next Steps

- With the signing of the agreement, Canada and Michigan can now proceed with the next steps of the project, including further design work and property acquisition on the U.S. side before construction can begin.
- Buy America policy does not apply to this project. This agreement requires all iron and steel for any component of the project in the U.S. and the international bridge to be produced in either the U.S. or Canada.
- As the new bridge is international, the U.S. Government must issue Presidential and Coast Guard Permits.

Canada and the U.S. form an integrated North American economy

- The Canada–U.S. trade relationship is the world's biggest; more than \$1.7 billion in goods cross the border every day. Each country is the other's best customer — by far! In 2011, the U.S. exported more goods to Canada than it did to China, Japan, the United Kingdom, Brazil and Russia combined. In most U.S. states, there are businesses dependent for their profitability and workers dependent for their employment on the predictable and efficient movement of goods at Detroit–Windsor. Eight million U.S. jobs depend on trade with Canada.
- The integrated North American transportation system includes secure ports and railways and efficient supply chains, benefiting firms and consumers on both sides of the border. The free flow of secured goods across the border is an essential economic lifeline for both countries.
- Measures to enhance U.S. transport efficiency support the competitiveness of our common North American economic platform. Canada's investments in transport 'gateways' infrastructure offer great benefit to both countries.
- The new bridge at Detroit–Windsor will enable and build the supply chains that link our economies, sustaining the employment of millions in the U.S. and Canada.

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