



**House Appropriations
Transportation Subcommittee
Testimony
Re: Detroit River International Crossing (DRIC) Study
Melissa Roy
May 19, 2008**

Chairman and members of the committee thank you for the opportunity to provide testimony before you today. My name is Melissa Roy and I am the Senior Director of Government Relations with the Detroit Regional Chamber, a membership organization representing over 23,000 businesses in Southeast Michigan. Thank you for traveling to Detroit today and on May 12, 2008 to hold your hearings in our offices. We are honored and privileged to have you here.

Transportation issues are and have been a top priority for our Chamber for over 100 years. As one of the founding issues of our organization, we recognize the integral nature of a strong infrastructure system to drive business growth and development. Central to that concern is our border infrastructure. Immediately following the September 11th tragedy, our office coalesced a leadership group to investigate clogs at our borders, determine solutions and lobby our government officials to implement those solutions.

The history of this region's transportation system began as fur trading post along the St. Lawrence Seaway, continued as an industrial hub and is most recently a central link in the supply chain for the automotive industry and as the primary link to the North American trading system.

Southeast Michigan transportation system

According to MDOT's statewide survey, the Southeast Michigan multi-modal corridors are the most heavily traveled in the state. Interstates 75, 96, 696 and 275 carry some of the highest values and volume of freight in the state. Specifically, the I-94 and I-75 corridors carry the highest volumes of freight and passenger vehicles of any region within the state. Additionally, some of the state's highest volumes and dollar values of rail freight are also in Southeast Michigan. In total, the region's transportation system supports over 40 percent of Michigan's jobs and population.

An unmistakable link between the high value along our interstates and truck routes stands with our international border activity. The North American Free Trade Agreement has fostered grand opportunities for our state. The international border in our region supports the nation's largest crossings with Canada. Two-thirds of the US/Canada trade moves by truck. From 2001 through 2005 approximately 43 percent of all US/Canada trade moved through just two of Michigan's international crossings. In 2005, \$47.8 billion of trade was moved by truck and \$19.7 billion was moved by rail in the Detroit Region.

Border significance and situation

Our international border is a fulcrum point for the manufacturing supply chain. The traffic and cross border activity show an empirical inter-dependent economy.

- In 2006, the leading overall truck gateway was Detroit, Michigan, with \$115 B of freight, followed by Laredo, Texas, (\$79 B), and Buffalo-Niagara Falls, New York (\$59 B).
- The leading rail gateway was Port Huron, Michigan, with \$26 B, followed by Laredo, Texas (\$25 B) and Detroit, Michigan (\$21 B).

- In 2006, the top 10 ports handled \$288 billion, or 92 percent, of the truck freight crossing the northern border. Two of the four largest U.S. land ports are in Michigan – Detroit and Port Huron.
- Serving as national gateways, in 2006 these two ports, combined, handled \$200 billion of freight transported by truck and rail.

What this means for Michigan

Clearly, the border-crossing infrastructure in Southeast Michigan/Southwest Ontario is a top benefit for Michigan and the Detroit Region. 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% of the value of trade between the U.S. and Canada.

Combined, the value of trade between the Detroit and Port Huron crossings exceeds the trade value at the Port of Los Angeles.

Our international border is a vital economic link for the region and the State of Michigan for both trade and passenger traffic. Daily trade supports approximately 5.2 million jobs and most recently, the US has seen an increase in Canadian spending of about 40 percent

Future Needs

Increases in future trade, logistics activity and global interdependence

- The World Bank estimates an increase in the global logistics business from \$4 to \$14 trillion.
- Over the next 30 years, total U.S. trade by truck is expected to increase between 138% (DRIC forecast) and 250% (Global Insight forecast)
- Research has indicated that the Detroit border crossing could reach capacity as early as 2015.

Chamber policy

- The Windsor & District Chamber of Commerce and the Detroit Regional Chamber agree on the need for significant investment in border infrastructure in the region. Given the importance of the region to the national economies of both countries, the age and capacity levels of existing infrastructure, and vulnerability of existing infrastructures to unforeseen circumstances, the Chambers recognize a 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 toll structure also would be appropriate.

- While planning for a new crossing is underway, serious consideration should be given to options that can provide short-term redundancy and congestion alleviation.
- The Chambers support immediate and ongoing improvements to transportation corridors approaching and connecting to all border crossings.
- A new border crossing should take into account economic development and security needs of the Detroit-Windsor area.
- The new crossing should be part of a broad development and economic vitality vision for the region that is shaped in collaboration with affected communities

If we do nothing

Traffic congestion at our borders from by insufficient infrastructure will reduce our competitive advantage. This leads to lost trade opportunities, and endangers employee recruitment and retention. Our economy will continue to be hurt through lost production, lost investment, and high prices of goods. This can have serious repercussions on the economy. The US could lose up to 80,000 jobs, and Canada could lose up to 70,000 jobs. Combined, both countries could experience over USD \$10 billion a year in lost production.

The impacts of declining jobs in the manufacturing sector are of particular concern in Michigan. If additional capacity is not provided at the Detroit crossings, Michigan is looking at the loss of over 3,200 jobs in Detroit and Wayne County, an additional 9,700 jobs in the rest of the region and an additional 12,700 jobs in the rest of the state by 2035.

Conclusion

The Michigan/Ontario border is an international border that must consider the work and needs of both the US and Canada. The DRIC study embraces the international nature of our infrastructure by engaging both countries, the State of Michigan and the Province of Ontario. In the spirit of this work, the Detroit Regional Chamber established a joint policy with the Windsor Chamber and acts in concert with the Ontario Chamber of Commerce on this issue. Our chambers of commerce communicate regularly.

The business community in the Detroit Region recognizes that a new crossing must be built, it must connect into both the US and Canadian transportation systems, it must facilitate trade and people movement along the St. Lawrence trade corridor and into the Great Lakes supply chain system. The key geographic asset to our region is the international border. Ensuring seamless and efficient trade and people flows into the future will keep the Detroit Region and the State of Michigan competitive. Losing efficiency, capacity and capability will seriously damage our economic base.

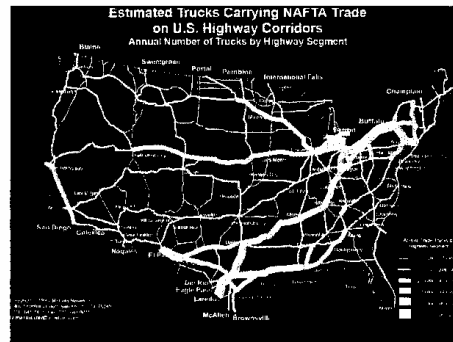
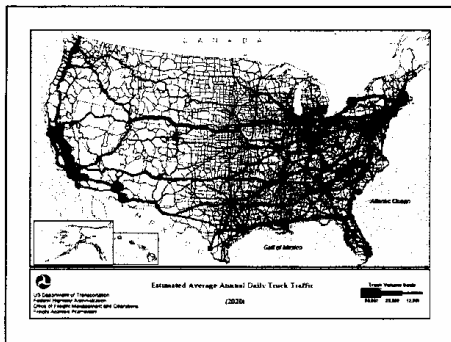
The Detroit-Windsor gateway is both strategically and economically important. We strongly encourage a completion of the DRIC project and a new crossing in the given 2013 timeframe. Thank you for your time today. I am happy to take any questions at this time.

Detroit Regional Chamber

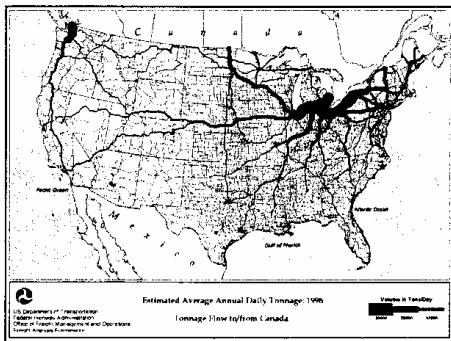
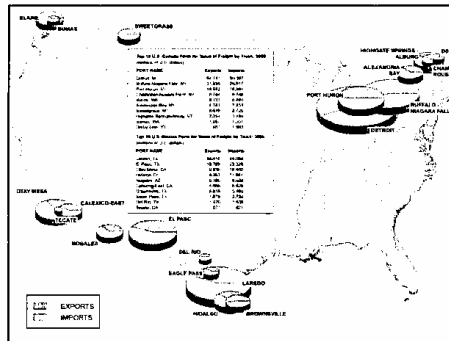
Melissa Roy,
Senior Director, Government Relations
mroy@detroitchamber.com
313-596-0409

Transportation

Michigan
And
The Detroit Region



Detroit Regional International Border Crossings



The Border Situation and its Significance

Northern Border Impact

- Canada accounts for:
 - 20% of US offshore manufacturing investment
 - 30% of US manufactured exports
 - 20% of US manufacturing inputs
- USA accounts for:
 - 60% of Canadian offshore manufacturing investment
 - 80% of Canadian manufactured exports (50% of manufacturing production)
 - 50% of Canadian manufacturing inputs

Michigan's Honey Pot

- In 2006, the leading overall truck gateway was Detroit, Michigan, with \$115 B of freight, followed by Laredo, Texas, (\$79 B), and Buffalo-Niagara Falls, New York (\$59 B).
- The leading rail gateway was Port Huron, Michigan, with \$26 B, followed by Laredo, Texas (\$25 B) and Detroit, Michigan (\$21 B).
- While there are over 85 land entry and exit ports on the northern border with Canada, the leading ports handle the majority of the trans-border freight and serve as national gateways.
- In 2006, the top 10 ports handled \$288 billion, or 92 percent, of the truck freight crossing the northern border. Two of the four largest U.S. land ports are in Michigan – Detroit and Port Huron.
- Serving as national gateways, in 2006 these two ports, combined, handled \$200 billion of freight transported by truck and rail.

Border Crossings and Michigan's Economy

Manufacturing

- US\$1.75 billion in two-way trade between Canada & US every day.
- 36,400 trucks cross the border every day – one every two seconds.
- Imports from the US account for more than 30% of the value of Canadian exports to the United States.
- 40% of Canada-US trade is intra-corporate & a further 30% is intra-supply chain.
- A cross-border shipment of 4,000 final stage automotive vehicles incurs an average 28,200 customs inspections during production.

Overall Economy

Trade

- \$1.2 billion U.S./Canada trade/daily
- Supports 5.2 million jobs

Travel/Tourism

- 2004: 15 million U.S. to Canada
- 2004: 14 million Canada to U.S.
- 2004: Canadians spent \$10.3 billion in U.S. (\$7.9 billion for dining, gifts, hotels, etc.)
- Canadian spending up 39% over 10 years—U.S. travel surplus

Future Needs

- The World Bank estimates an increase in the global logistics business from \$4 to \$14 trillion.
- Over the next 30 years, total U.S. trade by truck is expected to increase between 138% (DRIC forecast) and 250% (Global Insight forecast)
- Research has indicated that the Detroit border crossing could reach capacity as early as 2015.

Detroit Regional Chamber Border Policy

Detroit Regional & Windsor District Chamber Policy

- Need for significant investment in border infrastructure in the region. Given the importance of the region to the national economies of both countries, the age and capacity levels of existing infrastructure, and vulnerability of existing infrastructures to unforeseen circumstances, the Chambers recognize a need for a new border crossing.
- A new crossing should ensure redundancy relative to existing structures.
- Public oversight for structural maintenance, integrity, security and safety.
- The Chambers support immediate and ongoing improvements to transportation corridors approaching and connecting to all border crossings.
- A new border crossing should take into account economic development and security needs of the Detroit-Windsor area.
- The new crossing should be part of a broad development and economic vitality vision for the region that is shaped in collaboration with affected communities.

No Action =

- Lost jobs
- Lost production
- Lost investment
- Lost competitiveness

Specifically....

- If additional capacity is not provided at the Detroit crossings, Michigan is looking at the loss of over 3,200 jobs in Detroit and Wayne County, an additional 9,700 jobs in the rest of the region and an additional 12,700 jobs in the rest of the state by 2035.
- Every 4 hours of delay at the Detroit border crossings costs the SE Michigan economy \$10.31 million dollars.
- Over 10,000 companies in Michigan exported goods from locations in Michigan to other countries; 90% of those businesses were classified as small or medium-sized.
- Globalization is big business in Michigan; over \$21 billion of transportation equipment produced in Michigan was exported from the state in 2006.
- Congestion costs at the Detroit River crossing are expected to add \$200 to the price of every car manufactured in Michigan and Ontario by 2010.

Action is a State Imperative

- Another crossing must be built
- Any crossing should connect into the international system
- Border crossings must facilitate trade from the St. Lawrence corridor into the Great Lakes supply chain
- Michigan must stay nationally competitive