



**Special points of interest:**

- The Border's Future
- Thousand Islands Bridge
- Capital Corridor Symposium
- Container traffic
- Shared Borders
- Overseas manufacturing

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## Border's Future is Critical

The U.S.-Canada International Boundary Commission marks its centennial this year. For the past 100 years the commission's primary responsibility has been to keep the "boundary vista ... entirely free of obstruction and in proper condition." Today, the U.S.-Canada border is no longer unobstructed and its condition is less than proper.

U.S. President Barack Obama has indicated clearly that massive infusions into national infrastructure will be a central part of the stimulus program of the new administration. Accordingly, Canadian-American engagement has become even more urgent and opportune.

Over recent years, our shared border has become the subject of unprecedented attention, and not just from a security perspective. Unimpeded access for two-way trade crossing the border, amounting to close to half a trillion dollars per year, remains an economic imperative – for both countries. About 75 per cent of Canadian exports go to the U.S. while hundreds of thousands of Canadian jobs depend on those cross-border shipments. South of the border, 7.1 million U.S. jobs depend on free and open trade with Canada.

Canada and the U.S. make things together. Approximately 70 per cent of our trade is intra-industry, while close to 40 per cent is intra-corporate. This is particularly true in the auto and auto parts industries. Additionally, about one-third of Canada's exports to the U.S. are composed of goods which have been previously imported from the United States.

So, not only do Canada and the U.S. need to re-affirm both countries' commitment to the security of our shared neighborhood, but we must also examine what renovations are required to modernize our common border. Our competitiveness at home

and the ability to attract foreign investment depend, in large measure, on low-cost and efficient movement within the North American marketplace.

Passport and entry regulations, border delays, mandatory cargo data reporting requirements and new border inspection fees have introduced additional costs for individuals and businesses in both countries.

The 30-per-cent decline in tourism to Canada from the United States cannot be explained solely by the corresponding increase – until recently – in the value of the Canadian dollar. And delays at the border contribute to serious emissions pollution in and around border communities and along our highways, at a time when both countries are actively seeking to reduce greenhouse gases.

It is urgent the leadership in Canada and the United States forge new institutions to better manage our common border, thereby restoring the benefits of competitive advantage and economies of scale. Three pillars support cross-border transactions involving goods, services or people: security, transportation infrastructure and smart enforcement. All three can be strengthened by creating a more intelligent border between Canada and the U.S. and a strengthened border at our shorelines.

With risks to our two countries arising from terrorism, illegal substances or unsafe products, it may be time to consider whether our leaders might not collaboratively create an enduring mechanism to confront this new form of international instability. By looking forward and working more closely together, Canada and the U.S. can improve our common security and build a better shelter against the economic storm.

## The Border & The Thousand Islands Bridge



Beginning June 1, 2009, the Western Hemisphere Travel Initiative will be implemented at all border crossings. One issue that often comes up in casual conversation is just what form of traveler identification will be acceptable in June. The answer for Americans returning from Canada to the U.S. is very easy. The following will be acceptable forms of identification after the June 1, 2009 implementation of the Western Hemisphere Travel Initiative:

- Passport book
- Passport card
- NEXUS card
- FAST/EXPRES card (commercial truck only)
- Enhanced driver's license

The same forms of identification should suffice for Americans travelling into Canada despite some initial startup problems with the New York-issued enhanced driver's licenses.

Canadians traveling to the U.S. will need to present a NEXUS card or a passport until other forms of identification are developed on the Canadian side. There is hope that the Province of Ontario will begin issuing enhanced driver's licenses soon.

It will be easier to obtain a NEXUS or FAST card once the enrollment center on Hill Island is open. Currently, the closest place

to pick up a card is the Ottawa airport. Applications can easily be completed online with an appointment for the personal interview scheduled once the application has been approved. A recent conversation with CBSA in Ottawa reaffirms that the NEXUS enrollment center will be next to the existing gift shop on Hill Island. Negotiations are ongoing with the landlord and opening is scheduled for the end of March. RFID equipment will be installed at specific lanes on both the Canadian and U.S. border crossings in time for implementation prior to June of 2009. The new enrollment center and dedicated RFID lanes will serve to make the Thousand Islands Bridge crossing an even more efficient gateway between Canada and the U.S. Making this crossing even more attractive is the recent announcement that credit cards will now be accepted for all tolls.

Other good news for the crossing is the new American Port of Entry that will be constructed just south of the existing complex on Wellesley Island. NY DOT will be working on widening the highway from the Rift Bridge to the port this spring and the GSA is well underway with the tendering process for the Port itself. Although construction was not scheduled before 2010, there remains hope that the schedule will be advanced as funds become available.

This port is quickly becoming the ideal crossing point for commercial carriers.

*“It will be easier to obtain a NEXUS or FAST card once the enrollment center on Hill Island is open.”*

## Container & Rail Traffic Plummet



Container traffic at major U.S. and Canadian ports is forecast to fall nearly 12% in the first half of 2009, following a decrease of 7.9% in 2008. Cargo volume is now at its lowest level at North American ports since 2004.

One major cause for the traffic drop-off is the poor retail environment. “Last year was one of the most challenging ever for retailers and all indications are that 2009 will not be any better” said a V-P from the National Retail Federation. “Unfortunately,

cargo volume at the ports reflects retailers anticipated sales, and we expect that sales will get worse before they get better. Retailers are only going to import what they can sell.”

Railroads in North America are also carrying less goods, according to the Association of American Railroads, and also because of the recession and much lower demand for retail goods. Through the second week of 2009, 12-month rail traffic is down 14.3 percent.

## Lawmakers want shared-border deal

Two upstate members of Congress has asked President Obama to restart shared-border management discussions with the Canadian government.

Rep. Louise Slaughter, D-Fairport, and Rep. John McHugh, R-Watertown, have written to Obama and requested he re-open shared border management talks with his Canadian counterpart. Under the shared-border management guidelines, pre-customs clearance and other factors relating to goods and travelers entering the U.S. from Canada would take place on the Canadian side of the border, even though it would be run by U.S. Customs and border patrol agents.

The plan would be instituted at both the Peace Bridge that links Buffalo with Fort Erie and at the Thousand Island Bridge in Alexandria Bay. "Canada and the United States have the largest bilateral trade relationship in the world," Slaughter said. "Key pillars in this relationship are the Peace Bridge and the Thousand Island Bridge."

A preliminary agreement was announced in late 2004 but was later reneged by the Bush administration, specifically by Michael Chertoff, who headed the Department of Homeland Security in the previous administration. Chertoff cited a demand by the U.S. that it could collect biometric fingerprints from those who de-

ceded, for whatever reason, that they wanted to turn around on one of the bridges and not enter the United States. Canadian officials felt that was an unconstitutional demand.

Last September, Homeland Security issued a new report that noted five issues that stalled talks between the two countries, including arrest authority, finger printing and information shared between the two countries respective law and border enforcement agencies. "We believe these issues are surmountable," Slaughter said.

The Ontario Chamber of Commerce estimates border delays cost both the U.S. and Canadian economies more than \$13.6 billion annually.

Slaughter, who was in Buffalo earlier in February said she hoped the Obama administration would look at shared-border management issues in a new light, especially with former New York Sen. Hillary Rodham Clinton as the new secretary of state. Clinton was a strong advocate of shared-border management.

"The economic ramifications of congestion and new customs rules can not be overstated," Slaughter said.

*American City Business Journals*



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## Capital Corridor Symposium

The Capital Corridor is pleased to announce that we will be running a one-day symposium on the effects of new government border policy on economic development, tourism and trade. The conference will be held at the Ramada Inn in Watertown on April 2. A wide range of topics will be covered like:

- Regional tourism initiatives
- Border Crossing Updates

- Immigration & Traveler Issues
- Infrastructure issues
- Chamber of Commerce perspective

A wide range of Canadian and U.S. experts have been assembled to present an informative and balanced presentation for all of our stakeholders.

Registration information is available on The Capital Corridor website. This is a day not to be missed!





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## Less overseas manufacturing?

Companies are considering moving their manufacturing away from foreign countries as off-shore manufacturing costs increase, a survey released February 9 said. The study surveyed leaders at U.S. and European manufacturers, mainly in the consumer goods and electronics industries.

With increasing oil prices and a recession across the globe, almost 90% of surveyed companies said they were considering switching to domestic manufacturing, a study by Archstone Consulting, Stamford, Conn., showed.

The study also found that off-shore manufacturing costs have increased in the past three years. Ocean freight costs have increased 135%, the global commodity price index has increased 27%, and manufacturing wages in China have risen 44%, the study said, among other conclusions.

In addition, issues such as delivery time, supply chain flexibility and transportation bottlenecks have made foreign manufacturing even less attractive, Archstone said.

*Courtesy Transport Topics*

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## Notes From The Director

This issue of "The Connection" deals mostly with border issues and the importance of fluidity of movement between Canada and the U.S. Our two countries are each others largest trading partners with some \$626 billion in two-way trade in 2006. For those used to smaller numbers, this translates to \$1.2 million per minute! Seventy percent of this trade crosses the border by truck, or one every two seconds. The importance of efficient and secure border gateways cannot be overstated.

The Capital Corridor is highly sensitive to border issues and the impact of border policy on our stakeholders. With globalization becoming the preeminent business model and the success of eastern Canadian container ports like Halifax and Montreal, there remains the need to transport a tremendous volume of goods via efficient gateways to the U.S. And "efficient" is the key word. The U.S.

Department of Transportation comments that border delays cost our economy between \$13.6 and \$17.4 billion annually. The Canadian Manufacturers and Exporters Association claim that border delays add 6% to the cost of Canadian manufactured goods. The future prosperity of our two economies is closely linked to how we handle border issues.

The Canadian government has recognized the importance of international trade and are spending considerable sums to establish Canada as a logistics hub for North America. The Ontario-Quebec Continental Gateway and Trade Corridor is a good step forward in maintaining and building world-class transportation systems for future economic growth in international trade. Initiatives like this will continue to receive the full support of The Capital Corridor and our many stakeholders.



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