



Special points of interest:

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- Cash for Clunkers
- Border Searches
- Truck Tonnage Declines
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- Canadian Recession

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The Capital Corridor...Consider Yourself Connected

In today's world of changing trade patterns, North American trade corridors are becoming increasingly more important. The world economy has grown more over the past several years than at any other time since WW II. Global supply chains are becoming the preeminent business model. Increased international trade adds more stress on US port capacity resulting in Canadian ports becoming more attractive to shippers and carriers. Canada is spending \$2.1 billion as part of the Building Canada Initiative to become the logistics hub between Asia and North America. But getting the goods to North America is one thing, moving these goods north and south across our borders is quite another.

Part of the problem with the movement of goods is one of sheer volume. The Canada/US trading partnership has had a long-standing relationship that is the envy of the world. What makes this trading relationship so unique is that one third of the border shipments represent intra-firm trade, much of which is automotive-based. Two-way trade in goods and services totaled \$597 billion in 2008. Not only does this huge amount of commerce need to travel through a few gateways, but the growing amount of international trade must travel the same paths. The challenges presented by this growth are many, but optimizing our transportation systems, ensuring fluidity at border crossings, and harmonizing regulations between the two countries are all necessary to ensure our future prosperity.

While not in the direct control of corridor executives, the "thickening" of the border is a cause for concern. An efficient and secure Canada/US border is crucial for competitiveness but the balance between security and the fluidity of commercial goods across borders has seen the scales tipped toward the security side. The US DOT claims that costs to the Canadian and US economies attributable to border delays is between \$13.6 to \$17.4 billion annually while the Canadian Manufacturers & Exporters Association claims border delays add 6% to the cost of Canadian manufactured goods. With the ongoing international threats to our prosperity, the border delay issues must be addressed.

The Capital Corridor is one of several strategic gateways between Ontario and the US. This

corridor features a number of attributes that contribute to its significance:

- Controlled-access highway infrastructure is in place
- Anchored by the Nations' power centers
- A rich fabric of universities on both sides of the border that contribute to high technology linkages
- Has strong public and private support
- Enjoys efficient border crossing operations at the Thousand Islands Bridge
- Benefits from the leadership and the long-term vision of the TIBA and the FBCL

Our goals all relate to issues of partnership, cooperation, education, information exchange and collaboration. We exist to support regional economic development and to serve as a resource to the stakeholders along the corridor between Ottawa and Washington, D.C.

The Capital Corridor runs for over 500 miles so there are far different stakeholder needs at various points along the corridor. While the big issues at the northern end of the corridor relate to economic development, the southern portion of the corridor has issues dealing with congestion, safety, the environment, and land use. Collaboration with other stakeholders along I-81 and 401 is a key objective.

Strategic gateways and corridors are essential to our future prosperity. They are a key component of transportation systems that enable us to move goods and people with world-class efficiency. They are necessary to satisfy the need to continue the flow of manufactured and partially-manufactured goods between Canada and the US. They also serve to provide the north/south component in the supply chain for the growing number of containers off loaded at ports in both countries. The Capital Corridor plans to play a vital role in this process.

Are Programs Like Cash For Clunkers Effective?



The U.S. government's Car Allowance Rebate System (CARS), generally referred to as the "cash for clunkers" program, may well have been an overhyped initiative. Basically, consumers could receive up to \$4500 for trading in their old gas guzzling vehicles for new, more fuel efficient cars or trucks. In principal, there were two direct benefits of the program. The country would be rid of approximately 700,000 older, inefficient, smog-producing vehicles, and the automotive manufacturers would get a shot in the arm during their worst sales slump in history. But just how effective was the program?

The first point to consider is that the program was not inexpensive; the Feds spent \$3B on this stimulus package. There is no question that the program drove customers into the showrooms. The question remains, would many of these customers have purchased vehicles at a later date without the rebate system? Did the stimulus plan merely pull sales from 2010 into 2009? In other words, were the sales incremental or merely vehicles purchased in advance of inevitable purchasing plans?

Another point to consider is that many lower-income people who may have had a legitimate need for a more modern car

could not get the necessary financing to make the transaction. In addition, the program has bolstered the demand for used cars and pushed those prices up, adversely affecting lower-income purchasers a second time. Remember, all 750,000 of the eligible trade-in vehicles were destroyed, removing needed inexpensive used vehicles from the market.

Many industry executives are pleased with the government program. AutoNation CEO, Mike Jackson, claims that without CARS, customers would not have purchased new vehicles and would just have continued driving their clunkers. Toyota's Jim Lentz said "we're confident we've gained incremental new business for Toyota and the industry."

A final interesting point about the program is what vehicles are being traded in and purchased. Automotive News noted in a recent article that the top 10 trade-ins are all Detroit Three manufactured, while only two of the top ten purchased were manufactured by the Detroit Three. The stimulus plan may have had the unintended consequence of increasing market share for Asian automakers.

We should remain skeptical about the long-term benefits of this program.

"Would many of these customers purchased vehicles at a later date without the rebate system?"

Truck Tonnage Decline Slows



U.S. truck tonnage fell 10.4% in July from the same month last year, the best year-to-year showing since February, American Trucking Associations said.

ATA's seasonally adjusted for-hire truck tonnage index improved 2.1% in July from June, while June's 13.6% year-over-year drop had been the largest year-over-year decrease of the current cycle.

The index fell to a reading of 101.9, with

the year 2000 as the base year at 100. The not seasonally adjusted index, which represents the change in tonnage actually hauled by the fleets before any seasonal adjustment, was 106.3 in July, down 0.9% from June.

Tonnage will continue to be choppy in the months ahead, but that is not necessarily a bad thing, said ATA Chief Economist Bob Costello.

Courtesy Transport Topics

New Directives on Border Searches

Department of Homeland Security (DHS) Secretary Janet Napolitano announced recently new directives to enhance and clarify oversight for searches of computers and other electronic media at U.S. ports of entry—a critical step designed to bolster the Department’s efforts to combat transnational crime and terrorism while protecting privacy and civil liberties.

“Keeping Americans safe in an increasingly digital world depends on our ability to lawfully screen materials entering the United States,” said Secretary Napolitano. “The new directives announced today strike the balance between respecting the civil liberties and privacy of all travelers while ensuring DHS can take the lawful actions necessary to secure our borders.”

The new directives address the circumstances under which U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE) can conduct border searches of electronic media—consistent with the Department’s Constitutional authority to search other sensitive non-electronic materials, such as briefcases, backpacks and notebooks, at U.S. borders.

The directives, available at DHS.gov, will enhance transparency, accountability and oversight of electronic media searches at U.S. ports of entry and includes new administrative procedures designed to re-

flect broad considerations of civil liberties and privacy protections—measures designed to ensure that officers and agents understand their responsibilities to protect individual private information and that individuals understand their rights.

Searches of electronic media, permitted by law and carried out at borders and ports of entry, are vital to detecting information that poses serious harm to the United States, including terrorist plans, or constitutes criminal activity—such as possession of child pornography and trademark or copyright infringement.

In conjunction with the Privacy Office and the office for Civil Rights and Civil Liberties, CBP will ensure training materials and procedures promote fair and consistent enforcement of the law relating to electronic media searches. CBP will also provide travelers subject to electronic device searches with clear and concise material informing them of the reasons for the search, how their data may be used and detailed information about their constitutional and statutory rights.

DHS conducts border searches of computers and other electronic media on a small percentage of international travelers—searches often as basic as asking a traveler to turn on a device to ensure it is what it appears to be.



“Keeping Americans safe in an increasingly digital world depends on our ability to lawfully screen materials entering the United States.”

Canadian Recession Ends?

Statistics Canada reported on August 31 that Canada’s gross domestic product grew by 0.1% in June. While a small uptick, many Canadian economists are predicting that the end of the recession is heralded by that number.

Canadian retail sales increased by a full percentage point in June with this momentum expected to continue with firm back-to-school sales.

Housing momentum is building as the Ca-

nadian Real Estate Association has raised its forecast for the number of resale homes trading hands this year. While not at 2008 levels, the drop is insignificant.

The Canadian dollar remains strong at the time of writing (good for tourism to the US, bad for manufacturing exports) so perhaps the economists are right. As long as consumer confidence remains high perhaps Canadians have seen the worst of the economic downturn.





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Upcoming Conferences

The Fall is a busy time for professionals in the corridor business. There are a number of events coming up in the next couple of months for those with an interest in corridors, regional economic development and border issues.

First up is the Can-Am Border Trade Alliance conference in Washington, D.C. The event runs from Sunday, Sept. 20 through Tuesday, Sept. 22. Conference topics include presentations from the State Department, Customs and Border Protection, a Brokers and Logistics panel, and lots of border information. The Can-Am BTA organizes great conferences with information that will appeal to many professionals.

The Transportation Border Working Group will hold a 2-day event in Winnipeg on Oct. 27th and 28th this year. The TBWG is headed up by representatives of Transport Canada and the FHWA. The conference will feature many excellent speakers enlightening those in attendance about issues affecting our borders.

Notes From The Director

The Capital Corridor is pleased to co-host a conference on September 29th and 30th with the Border Trade Alliance, Continental 1, the Peace Bridge and the Buffalo Niagara Partnership. The BTA is a Phoenix-based organization that works with stakeholders on both the northern and southern borders. This Buffalo event is the second in their community event series titled **"Our Borders, Our Futures."** This event, to be held at the Hyatt in Buffalo New York, will feature a jam-packed agenda with information on commercial trucking, WHTI implementation, Trade and Tourism Corridors, and infrastructure at the northern border. The second day will end with a panel discussion on a recent study released by the Brookings Institution. You can find further information on the events page at www.thebta.org.

The Capital Corridor will also be participating as a New York State representative in the I-

81 Corridor Coalition to be held in Roanoke, Virginia on October 12th and 13th. This conference, sponsored by RAIL Solution, will have transportation attendees from all six states along I-81 and will feature speakers and discussion on the wide range of corridor issues affecting stakeholders along the vast I-81 corridor. Whether you are concerned with land management issues, economic development, the environment, or traffic issues, this is a conference not to be missed. More information is available at www.railsolution.org.

For our readers in the Northeast, the Eastern Border Transportation Coalition will be running a one-day cross-border workshop in Burlington VT on Wednesday October 14th. Contact them at ebtc@nbnet.nb.ca for further information.

The Capital Corridor attends events like these to gather information and to be a resource for our many stakeholders.

