

Gordie Howe International Crossing

The Bridge to the Future

Gordie Howe is Good for the Great Lakes Region

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Letter to President Trump and Prime Minister Trudeau

OTTAWA, Jan. 27, 2017 /CNW/ –

His Excellency the Honorable Donald J. Trump

President of the United States

The White House

Washington, D.C.

The Right Honourable Justin Trudeau, P.C., M.P.

Prime Minister of Canada

Langevin Block

Ottawa, Ontario

K1A 0A2

Dear Mr. President and Prime Minister:

The United States of America and Canada share a very special relationship that has been forged through commerce, combat, mutual aid in times of crisis, friends and family, and our

mutual commitment to conserving the environment for future generations. As inscribed on the Peace Arch between Blaine, Washington and Douglas, British Columbia, *we are truly children of a common mother and brethren dwelling together in unity.*

As you begin to work together to advance the United States (U.S.) – Canada relationship under your leadership, the Council of the Great Lakes Region would like to offer the following observations. We hope they are useful as you strengthen this unique bilateral relationship during your time in office.

The U.S. and Canada make things together. We innovate and learn together. Together our farmers feed our families and communities. It is a dynamic partnership that has led to one of the most important and successful economic relationships in the world. In fact, Canada is the top export destination for 35 states. The U.S. also accounts for 51 per cent of global investment into Canada.

Conversely, Canada is the biggest supplier of energy to the U.S., the second largest exporter of agriculture and agri-food products to the U.S., and is a trusted and integrated supplier of inputs into U.S. manufacturing – automotive, aerospace, life sciences, information and communications technologies. Overall, Canada sells more to the U.S. in one year than to the rest of the world combined over three years. As a result, nearly 9 million U.S. jobs depend on Canada.

The Great Lakes and St. Lawrence Region is the heart and soul of this economic relationship. Home to 107 million Americans and Canadians, this binational region straddles the international border and encompasses eight U.S. states – Michigan, Ohio, Indiana, Pennsylvania, New York, Illinois, Wisconsin and Minnesota, and two Canadian provinces – Ontario and Quebec.

Border crossings in the region comprise 74 per cent of the total value of imports and exports moving across all ports of entry between the two countries by rail, truck and pipeline. With a GDP of USD \$5.8 trillion, if taken as a separate economic unit, the region would be the third largest economy in the world after the U.S. and China, supporting some 50 million jobs, or roughly one-third of the combined American and Canadian workforce.

Moreover, the region boasts one-fifth of U.S. and one-half of Canadian manufacturing. In 2011, the region accounted for nearly 24.1 per cent and 72.1 per cent of R&D funding in the U.S. and Canada and generated 26.2 per cent and 68 per cent of patents in the U.S. and Canada respectively in 2012. Furthermore, the region is home to 20 of the world's top 100 universities.

As you consider the next steps in the bilateral relationship, our experience in the region shows that there is more we can do to modernize, align and in some cases eliminate duplicate regulations across sectors at the federal–state/provincial level that would create growth in the region and improve the ease of doing business by reducing red tape. Smart regulations do not equal less stringent regulations. To this end, the Council encourages you to continue and accelerate the work of the Regulatory Cooperation Council.

Integrated Border Enforcement Teams (IBET) are multi-agency law enforcement teams that target cross-border criminal activity on land and in the marine environment through initiatives like Shiprider, a program that sees U.S. Coast Guard and Canadian law enforcement personnel jointly patrol shared waterways, including in the Great Lakes-St. Lawrence Region. They have shown how we can effectively monitor and protect the longest border in the world. Therefore, IBETs should be expanded and strengthened.

Similarly, there is more that we can do to secure the border while pre-clearing and expediting the movement of legitimate people and goods, as well as sharing customs and border resources in joint facilities, as we try to institutionalize the “checked once, approved twice” approach to trade and mobility between our two countries.

The enactment of the *Promoting Travel, Commerce, and National Security Act* by Congress in December 2016, coupled with a companion bill that is awaiting approval in Canada, provides the legal framework for establishing a modern, seamless border in an increasingly borderless global economy. Thickening the border as a result of duplicate inspection and enforcement or implementing tax measures at the border, would add billions of dollars in extra operating costs for business and government in the region and could have a cooling affect on bilateral imports and exports.

Over the last decade world trade in goods has increased dramatically from less than \$8 trillion in 2003 to more than \$18.5 trillion in 2013. Over the same period, trade in services has more than doubled, from \$2 trillion to \$4.7 trillion. This growth has been precipitated in many cases by specialized economic zones (SEZs), also known as Free Trade or export processing zones (EPZs), which now number in the thousands around the globe and can exist across international borders. Establishing a public-private Great Lakes FTZ between our two countries in the region would be a game changer for business and attracting investment, as it would create a favourable tax and tariff treatment regime across the entire region as well as provide greater flexibility in how companies warehouse and transport goods.

In the eight Great Lakes states, there are over 7.0 million SMEs, or 26% of small businesses in the U.S. However, only 123,249 of these firms exported goods in 2014, supporting about 1.7 million American jobs. The value of SME exports to Canada in 2015, the top export destination for most small firms in the region, was USD\$110.8 billion. In the same vein, almost 60% of all small and medium-sized enterprises (SMEs) in Canada, many of them manufacturers, are based in Ontario and Quebec, supporting 6.4 million Canadian jobs. The destination for their exports is the U.S., which accounted for 88.1% of total exports of small businesses and 96.2% of exports of medium-sized businesses. However, only 21.3% of Ontario's and 21.5% of Quebec's SMEs exported in 2014.

Capacity constraints limit SMEs in tackling border regulations, understanding market opportunities, identifying appropriate partners and clients, and accessing capital or incentives. As a result, we must do more to scale up SMEs and get them export ready in the Great Lakes-St. Lawrence Region through better market intelligence, as well as more targeted

advisory and financial supports.

The Great Lakes-St. Lawrence Region consists of an expansive network of continental highways, bridges, airports and rail lines, 15 large international marine ports and 50 regional marine ports, and the bi-national Saint Lawrence Seaway and its 19 locks that together connect the region to the continent and industry to global markets in Europe, South America, the Middle East, and Africa.

However, this critical infrastructure is aging and in desperate need of renewal (e.g. the Soo Locks, Sault Ste. Marie, Michigan). As well, new transportation assets need to be built to accommodate regional economic growth, build greater connectivity within the region and to world markets, and improve supply chain resiliency (e.g. Gordie Howe International Bridge and associated customs plazas).

Modernizing the region's infrastructure presents a tremendous opportunity to put American and Canadian workers, capital and building products like steel to work for the benefit of both countries. Therefore, please work together to prioritize and invest in the renewal and construction of trade enabling infrastructure in the region using public-private partnerships, a viable means of addressing our shared infrastructure deficit at a time of constrained public budgets.

The binational Great Lakes-St. Lawrence Region is a strategic energy market in North America and transit corridor with assets in exploration, production, and distribution of fossil fuels, nuclear power and renewable energy. In fact, the earliest record of energy trade between Canada and the U.S. dates to the construction of a cross-border electricity interconnection near Niagara Fall in 1901.

As both your governments consider ways to reduce toxic air emissions and shift to cleaning burning energy to fuel our homes and industries, there are opportunities to share more clean energy across the border, but we first need to establish an integrated electricity market and system for managing trade and reliability. Imagine the environmental impact and capital cost savings that could be realized for states in the Northeast-Midwest of the U.S. if Canada was able to export more hydropower or nuclear energy to these jurisdictions.

Over the last decade, we have witnessed the development of unique industry clusters within the region's metropolitan areas including Milwaukee, Chicago, Cleveland, Pittsburgh, Buffalo, Toronto and Montreal, from life sciences and aerospace to robotics, food and water. A number of distinct cross-border, trade corridors also exist, such as Detroit-Windsor, Buffalo-Niagara, and Port Huron-Sarnia. There are many advantages to doing business within these clusters and corridors together in terms of economic development, science and innovation.

Countries that invest in incubating and accelerating discovery and supporting scientific breakthroughs will lead a knowledge economy that is being further defined by big data, analytics and cognitive computing. Our universities, industries, entrepreneurs, and scientists in the region's

corridors can be at the forefront of defining solutions to the world's biggest social, economic and environmental problems. I encourage you to help unleash the full potential of these cross-border collaborations by removing barriers to shared science and innovation that are often engrained in our national granting councils and government programs.

Finally, the watershed of the Great Lakes and St. Lawrence River, a defining feature of much of this economic region, is comprised of a number of vital freshwater and terrestrial ecosystems to both countries and the world. The Great Lakes themselves hold about 18% of the world's and 84% of North America's surface freshwater, supplying clean drinking water to over 40 million Americans and Canadians. In addition, estimates suggest that more than 3,500 species of plants and animals inhabit the Great Lakes basin, making it a unique and complicated ecosystem.

The U.S. and Canada share a long tradition of working together to protect and conserve ecosystems straddling the border through the *Boundary Waters Treaty* of 1909 and the International Joint Commission and other mechanisms like the Great Lakes Water Quality Agreement. It is worth noting that protecting our natural capital, such as the restoration of the Great Lakes, is one issue that continues to receive widespread bipartisan support in Congress and the House of Commons. Moreover, restoring contaminated sites and renewing brownfield developments also makes good economic sense, as some projects have shown a return of \$15 in net economic benefit for every dollar invested by taxpayers.

The Council of the Great Lakes Region is a non-profit, non-partisan binational organization that was established in 2013 to deepen the U.S. – Canada relationship in the Great Lakes-St. Lawrence Region, and create a stronger, more dynamic culture of collaboration between government, business, academia and non-profit leaders in harnessing the region's economic strengths while enhancing the well-being of the region's citizens and protecting the environment for future generations.

We achieve this mandate by conducting insightful, evidence-based public policy research, convening diverse perspectives through events like the Great Lakes Economic Forum, and educating leaders about the importance of the region to the U.S. and Canada.

To this end, the Council stands ready to assist you in setting up the bilateral relationship for success over the weeks and months ahead and I would like to invite you to attend the Great Lakes Economic Forum in Detroit-Windsor from April 24-26, 2017. The Forum presents an opportunity for you to meet and solidify your priorities for expanding the U.S. – Canada partnership.

I would welcome an opportunity to discuss the Forum and the binational the Great Lakes-St. Lawrence Region with you in the near future.

Sincerely,

Mark P. Fisher

c.c.

Mr. Reince Priebus, Chief of Staff, President of the United States

Ms. Katie Telford, Chief of Staff, Prime Minister of Canada

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