

NORTHEAST CANAM CONNECTIONS:

INTEGRATING THE ECONOMY AND TRANSPORTATION

Conference of New England Governors and Eastern Canadian Premiers

September 16, 2008
Bar Harbor, Maine

Presented by:
WILBUR SMITH ASSOCIATES

- Global Insight
- HDR, Inc.
- TTRANS Consulting

- Opus International
- Davidson-Peterson Associates
- Stafford Business Advisors

Project Advisor:
ECONOMIC DEVELOPMENT
RESEARCH GROUP

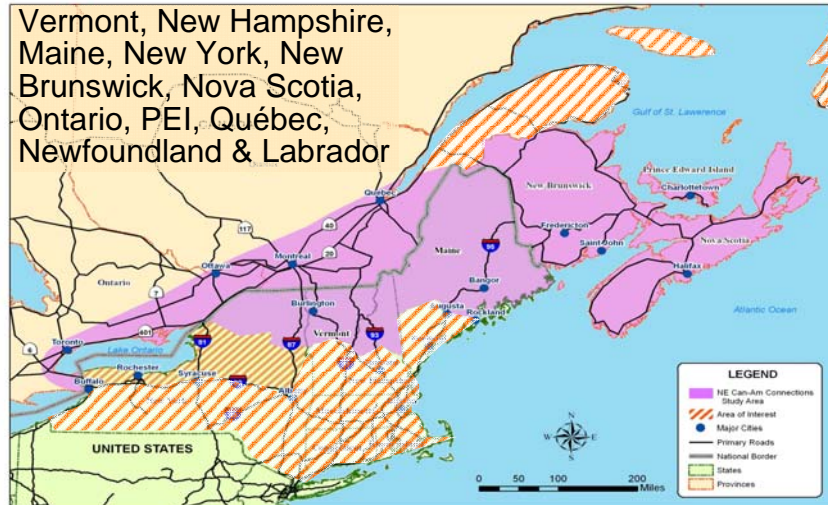


STUDY PROCESS

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Participants and Study Area



NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Analysis

- **Consultants:** Led by Wilbur Smith Associates with HDR (Mass., Ontario), Global Insight (Mass, Ontario), iTrans Consulting (Ontario), Opus Int. (New Brunswick), Stafford Business Advisors (Maine), Davidson-Peterson Associates (Maine). Technical direction by Economic Development Research Group (Mass.)
- **Interviews:** over a hundred: key industries leaders and major regional economic development agencies throughout the states and provinces.
- **Assessment:** (1) Economic Competitiveness and (2) Transportation Adequacy

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION

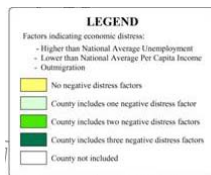


ECONOMIC CHALLENGES

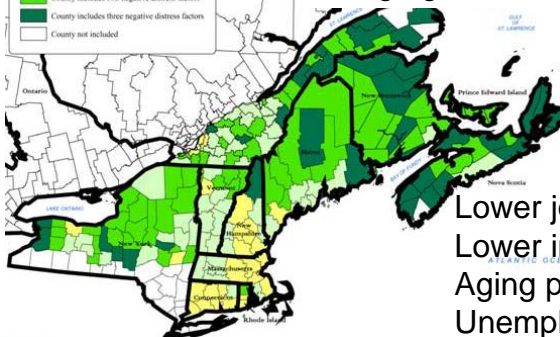
NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Lagging Economic Indicators Compared to Rest of North America



The region has not enjoyed the same level of robust economic growth as other major trading regions in North America.



Lower job growth
Lower income growth
Aging population
Unemployment (Non-metro)

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Unmet Economic Opportunities

Region is between 2 Powerful Economic centers:

- Boston -Washington corridor to the South and
- Chicago - Québec corridor to the West

Two corridors account for 40% of GDP of US & Can

Needs trade connections to Midwest & Great Lakes to grow



NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION

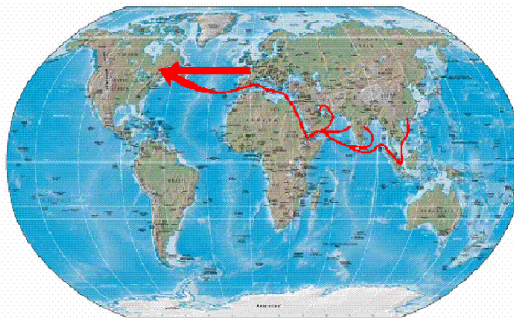


Global Trade Opportunities

Location on European and Suez Trade Lanes

Two days shorter by sea than NYC and points south

Yet less port growth here



NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



TRANSPORTATION CONSTRAINTS

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



E-W Hwy Network Limitations

Six North-South Interstate Highways
... but No Equivalent East-West Highways
between I-90 and
Trans-Canada

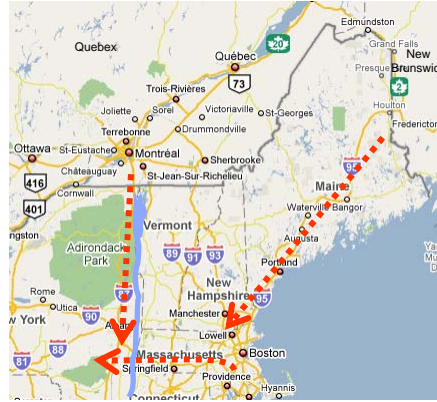


NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Limited Mode / Route Options

- Lake Champlain/ Hudson constrain E-W movement
- Lower rail use, higher truck use for east side
- 65% higher truck freight costs
- More circuitous routes for east-west movement
- Trade funneled to NYC routes (facing congestion) or over the top of Maine

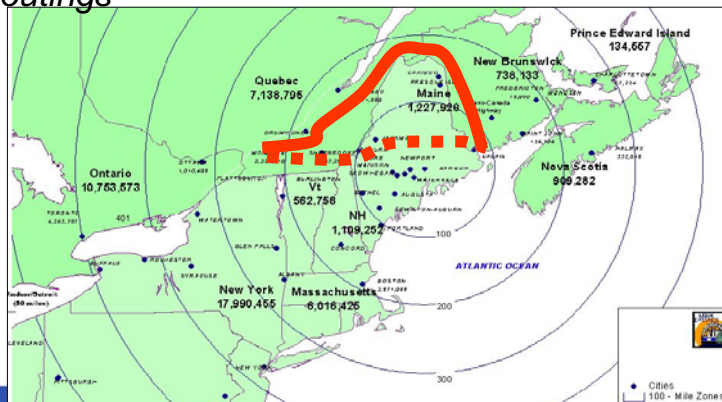


NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Circuitous Routes Raise Cost

Cross-Border regulation inconsistencies and border crossing process delays encourages higher cost routings

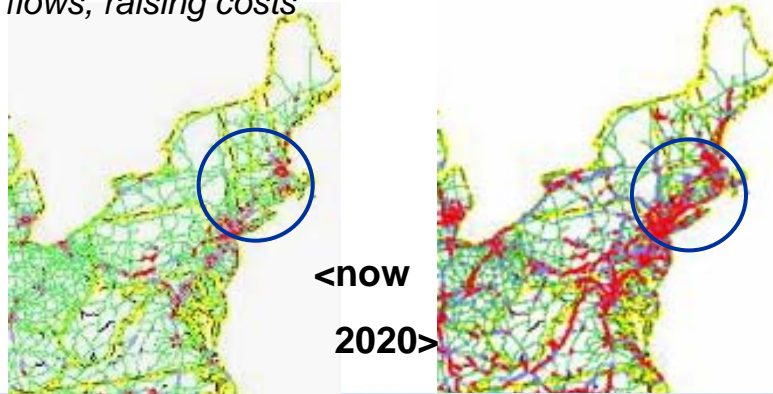


NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Cut Off by Future Congestion?

New England States rely on congested routes via New York Region for Major N-S and E-W freight flows, raising costs



NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



DIRECTIONS FOR IMPROVEMENT

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Pursue Six Economic Growth Paths

Taking advantage of strategic location

1. Fill in the “**hollow middle**” (lack of intra-regional trade);
2. Expand **exports** by positioning to increase global trade;
3. Grow **transshipment link** in Great Lakes to Atlantic trade;
4. Become a **crossroads** for N-S and E-W trade flows;
5. Expand **markets** for regional specialty industries
6. Address broader **bi-national issues**.

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Address Road & Rail Limitations: E-W Connectivity

*Connectivity of Seaway & Great Lakes Region
to Atlantic Coast Region*

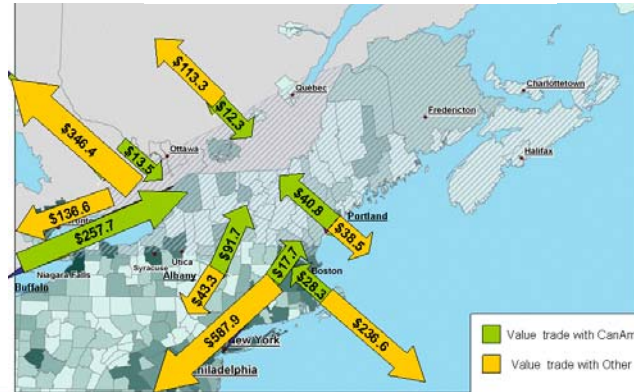


NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Develop Links Between Periphery Econ. Centers and CanAm Region

Fill in the "Hollow Middle"

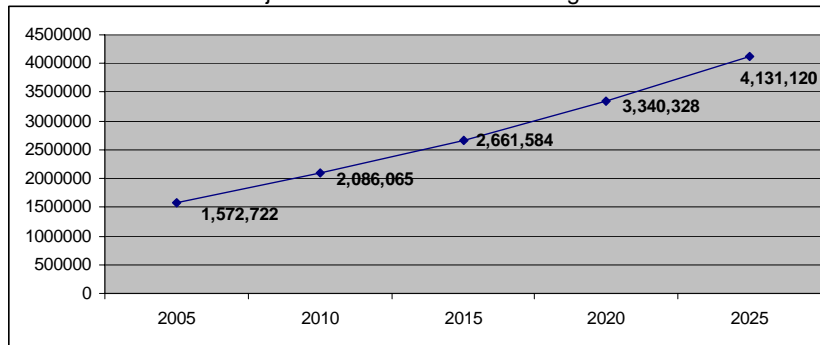


NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Positioning for Global Trade

Base TEU Projections for CanAm Assuming "Same-Share"



17.9% share

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



DRAFT RECOMMENDATIONS AND POTENTIAL PAYOFFS

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Actions

Near Term

- Support connections to Atlantic & Continental Gateways
- Pilot study for cross-border truck harmonization

Medium Term

- Truck-friendly northern east-west highway
- Improve east-west short line freight rail service

Long Term

- High speed intermodal east-west rail corridor:
- Improved southern east-west highway corridor(s)

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION

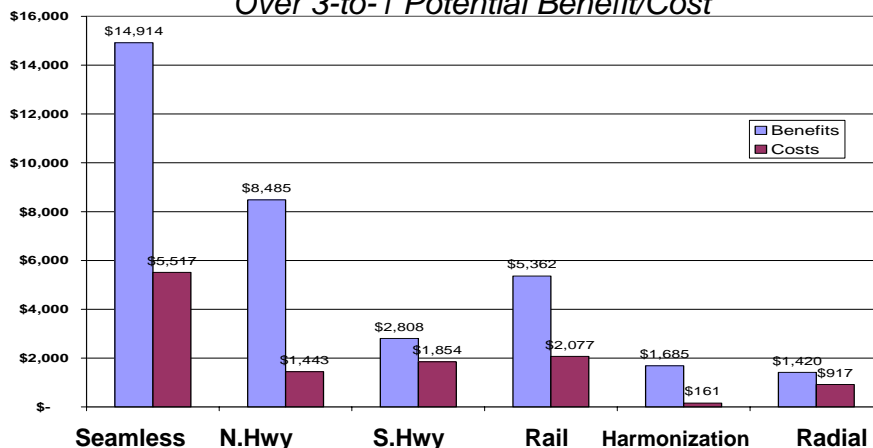


Additional Recommendations

- Full Truck Size-Weight Harmonization and “Seamless Border”
- Regional “inland-port” strategic analysis
- Regional tourism marketing strategy
- Institutional arrangements for ongoing cooperation in planning and project development

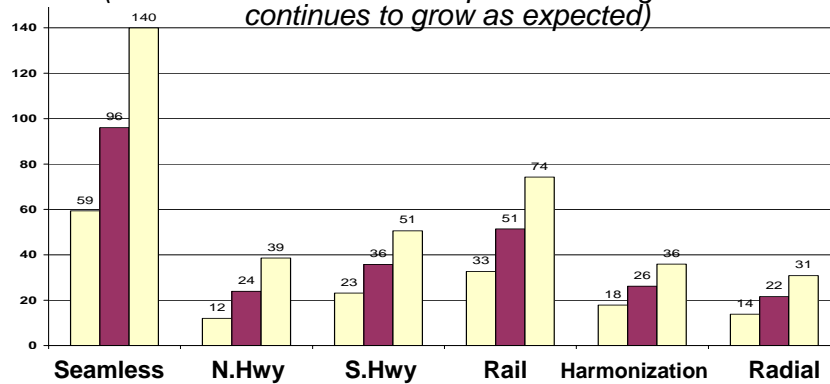
Potential Benefit & Cost

Over 3-to-1 Potential Benefit/Cost



Potential Job Impact

*Potential for 100,000 additional jobs created by 2035
(If all recommendations are pursued and global trade
continues to grow as expected)*



NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Potential Benefit for Region

- Expand total volume of overseas (outward) trade
- Expand volume of bi-national business markets, trade and tourism
- Expand freight connections with rest of US and overseas
- Expand inter-connections of Continental and Atlantic Gateways
- Reduce truck reliance on Boston-NYC corridor
- Support feeder ports and intermodal terminals

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



Vision for Economic Growth: Will We Succeed?



- **Need for region competitiveness** - to accommodate far-flung supply chains, changing trade lanes, logistics revolution, shift towards technology-based economy.
- **Transport networks** - critical role in linking markets.
- **Uncertainties** - Asia trade growth, Panama & Suez trade routes, energy prices, global stability
- **Challenges** – competition from rest of N. America

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION



www.CanAmConnections.com

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION

