NORTHEAST CANAM CONNECTIONS:

INTEGRATING THE ECONOMY AND TRANSPORTATION

Border to Border Conference
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- Global Insight
- HDR, Inc.
- iTRANS Consulting
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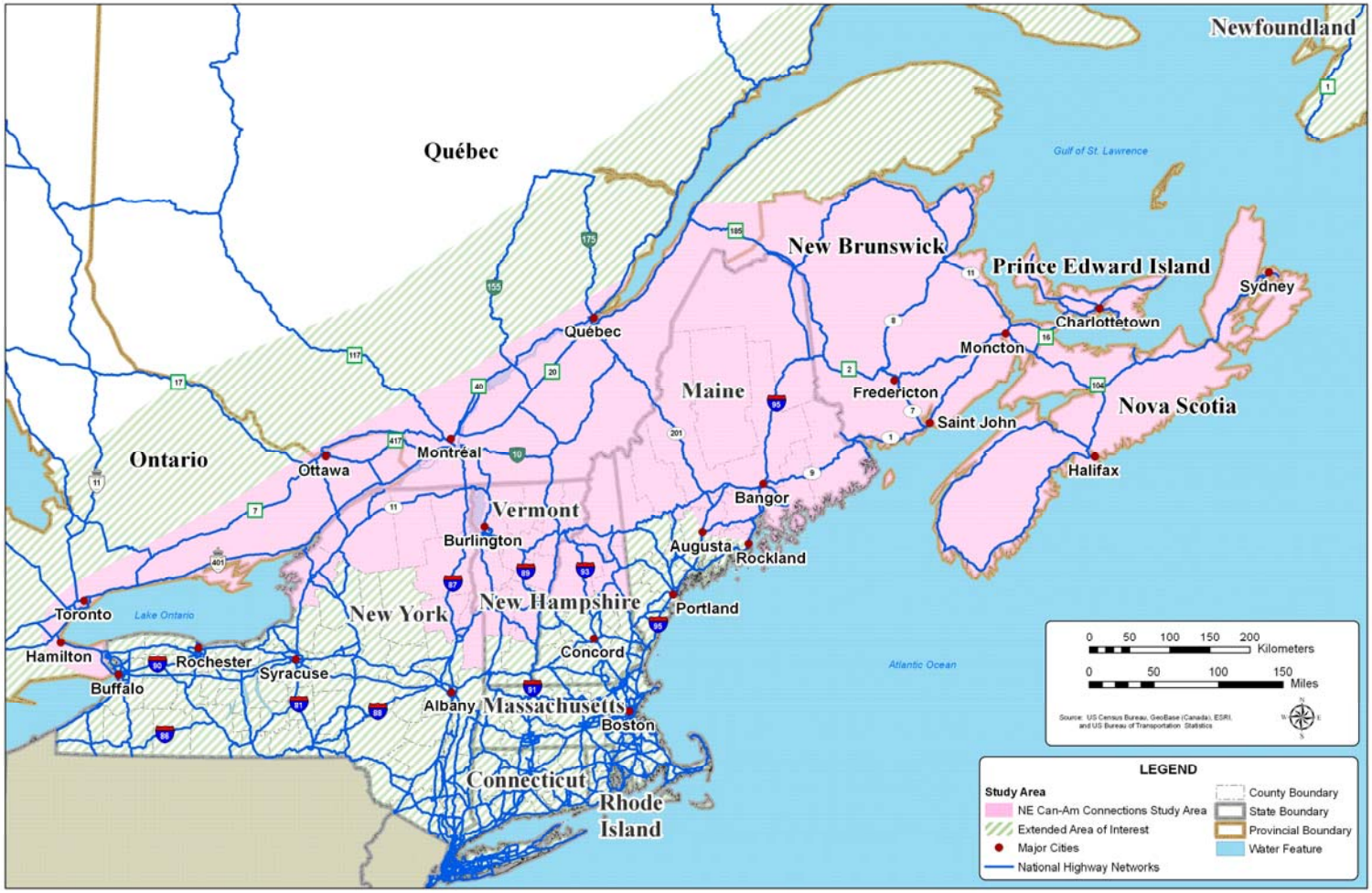
Agenda

- Study Overview
- Truck S&W Harmonization
  - Methodology
  - Findings
- Next Steps

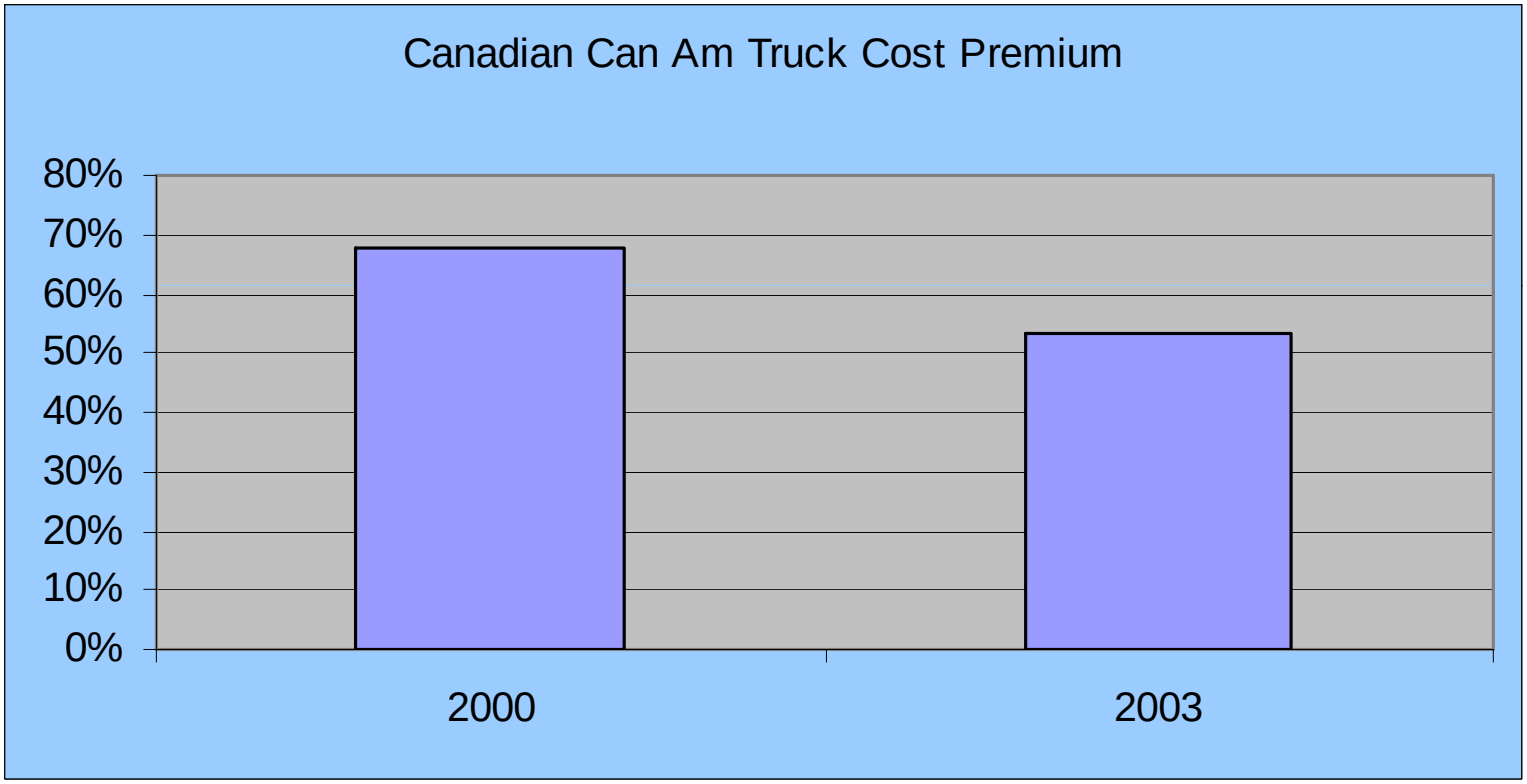
Study Purpose

Examine the relationship between sufficiency of transportation and economic conditions across the Northeast CanAm region.

NE CanAm Study Region

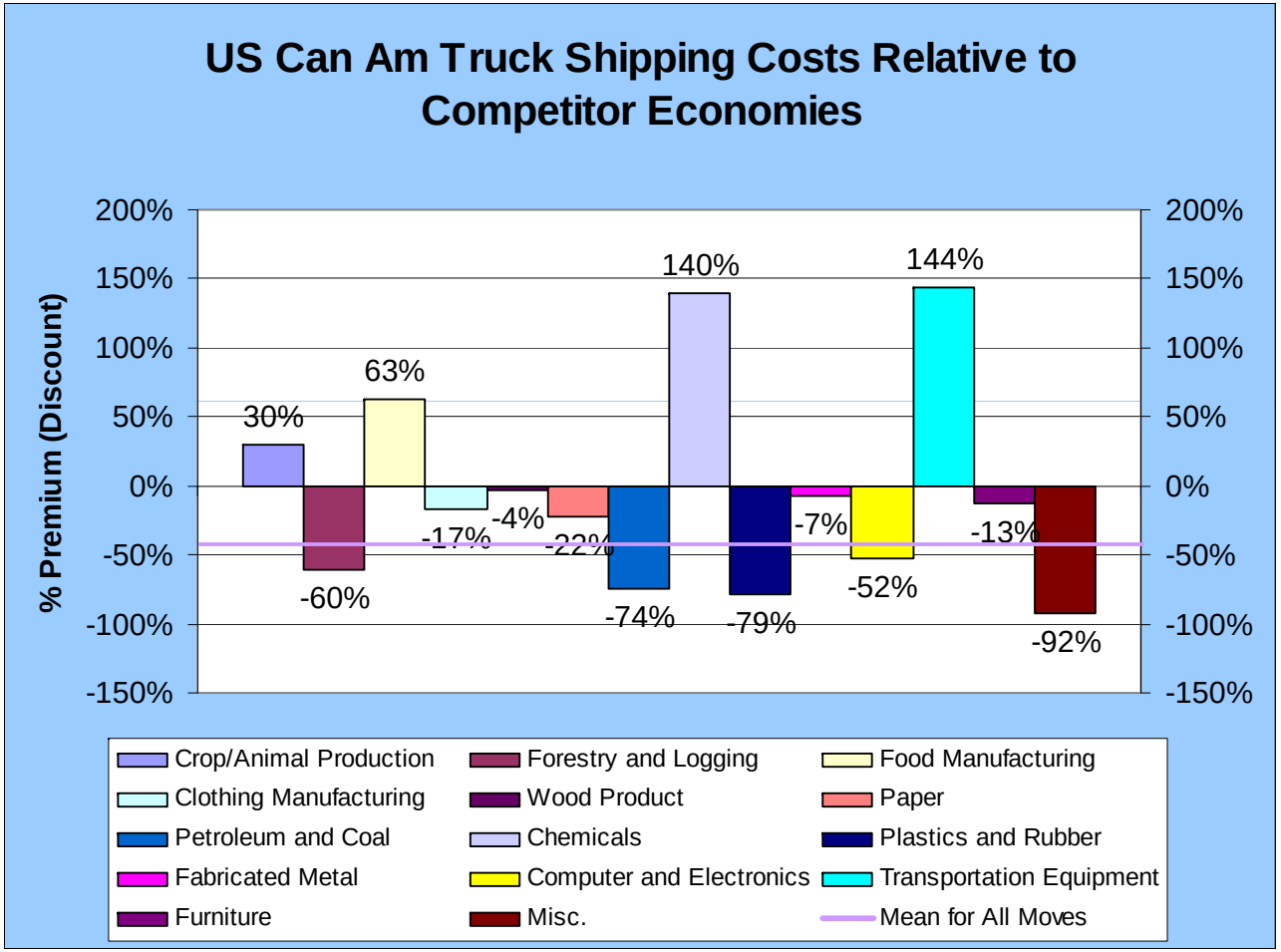


Canadian CanAm Trucking Cost Disadvantages



Source: Transport Canada

US CanAm Trucking Cost Disadvantages

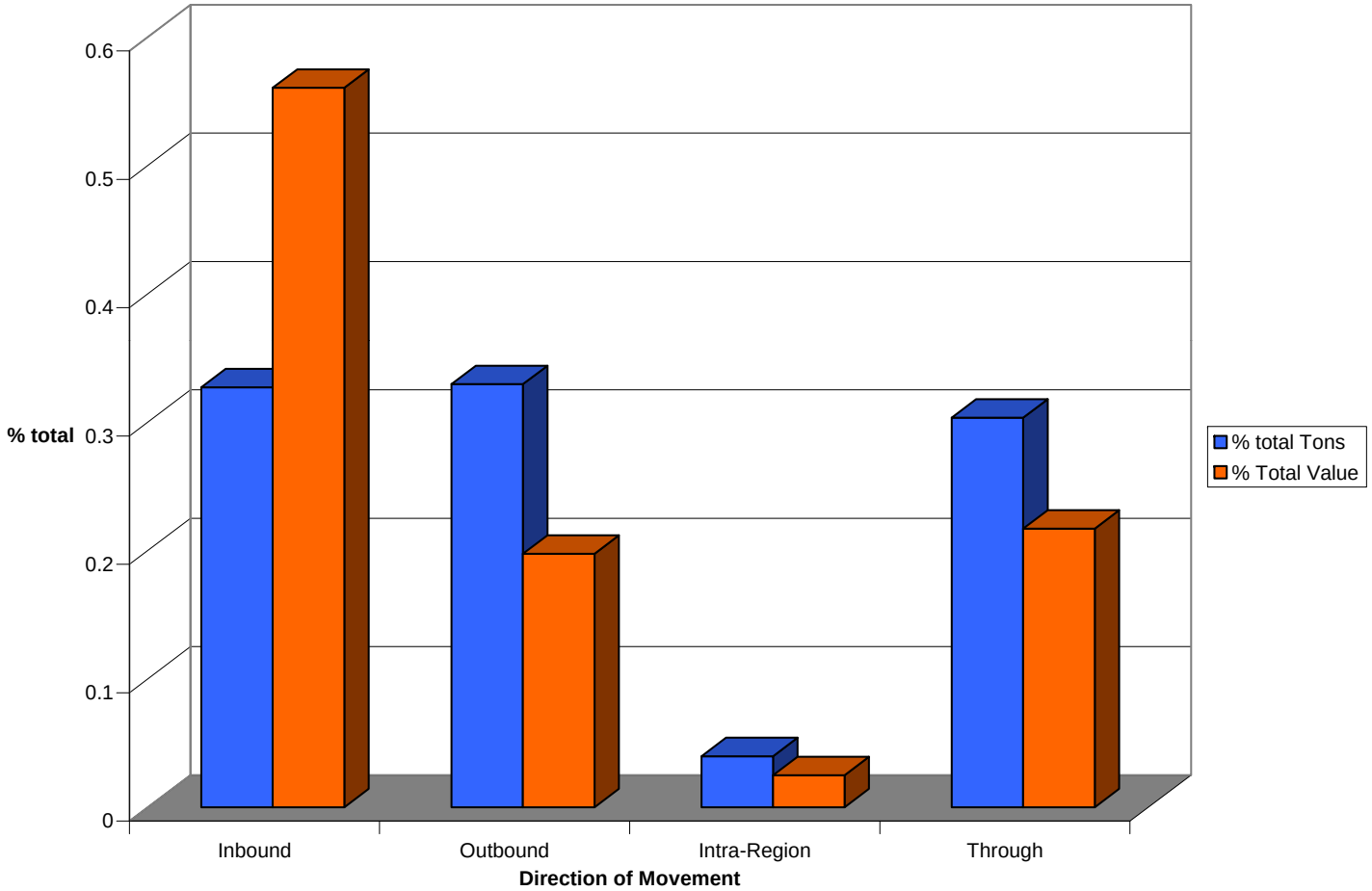


Source: Global Insight, Inc.

Characteristics of NE CanAm Regional Trade

- 93% of freight tonnage in US portion moved by truck despite cost disadvantages
- 34% regional cross border freight by truck
- Cross border trade dominates trade flows with 2/3 of all flows in US portion crossing border
- Limitations on rail service arising from challenging conditions for service providers
- Institutional barriers are significant

Cross Border Tons and Values for Specific Directions of Movement



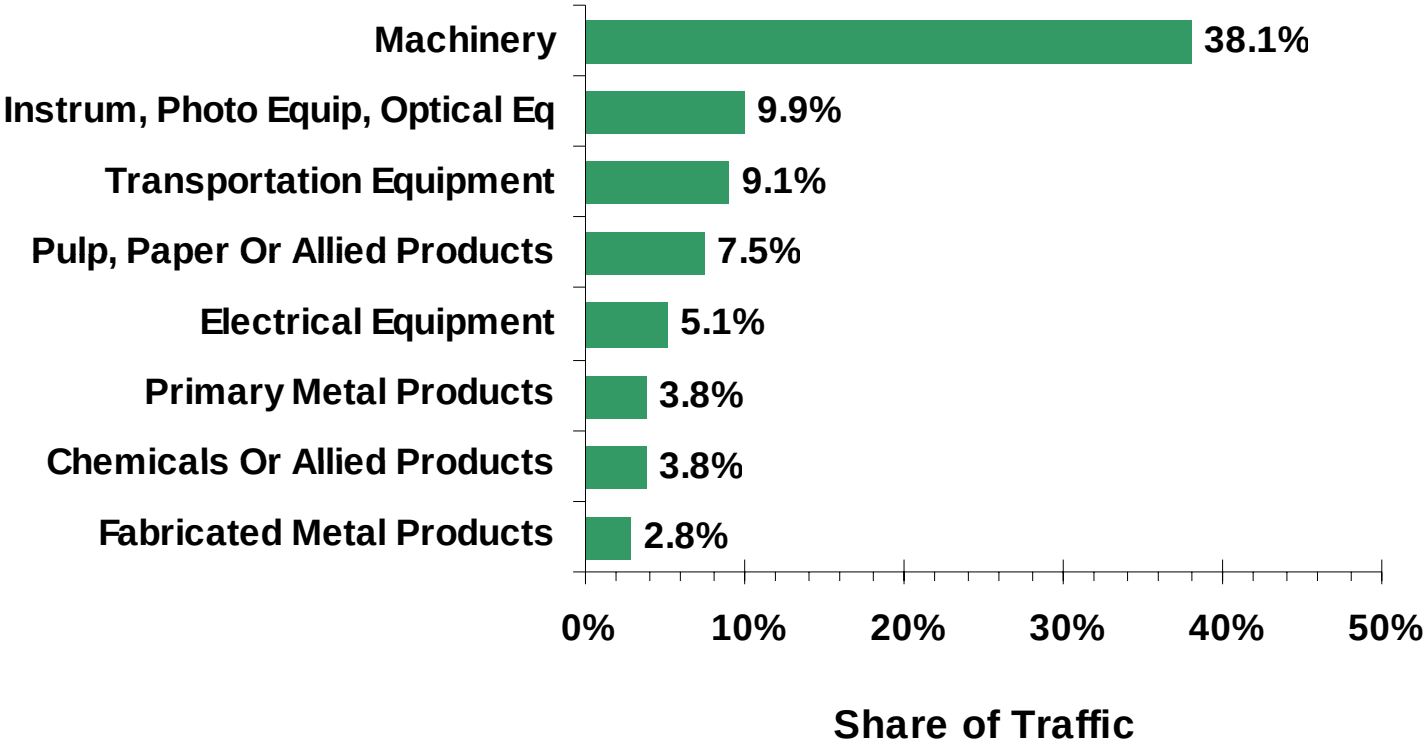
Truck Harmonization

- Allow Canadian weights on US facilities in region
- 80,000 pounds to 137,500 pounds (the Canadian maximum limitation)

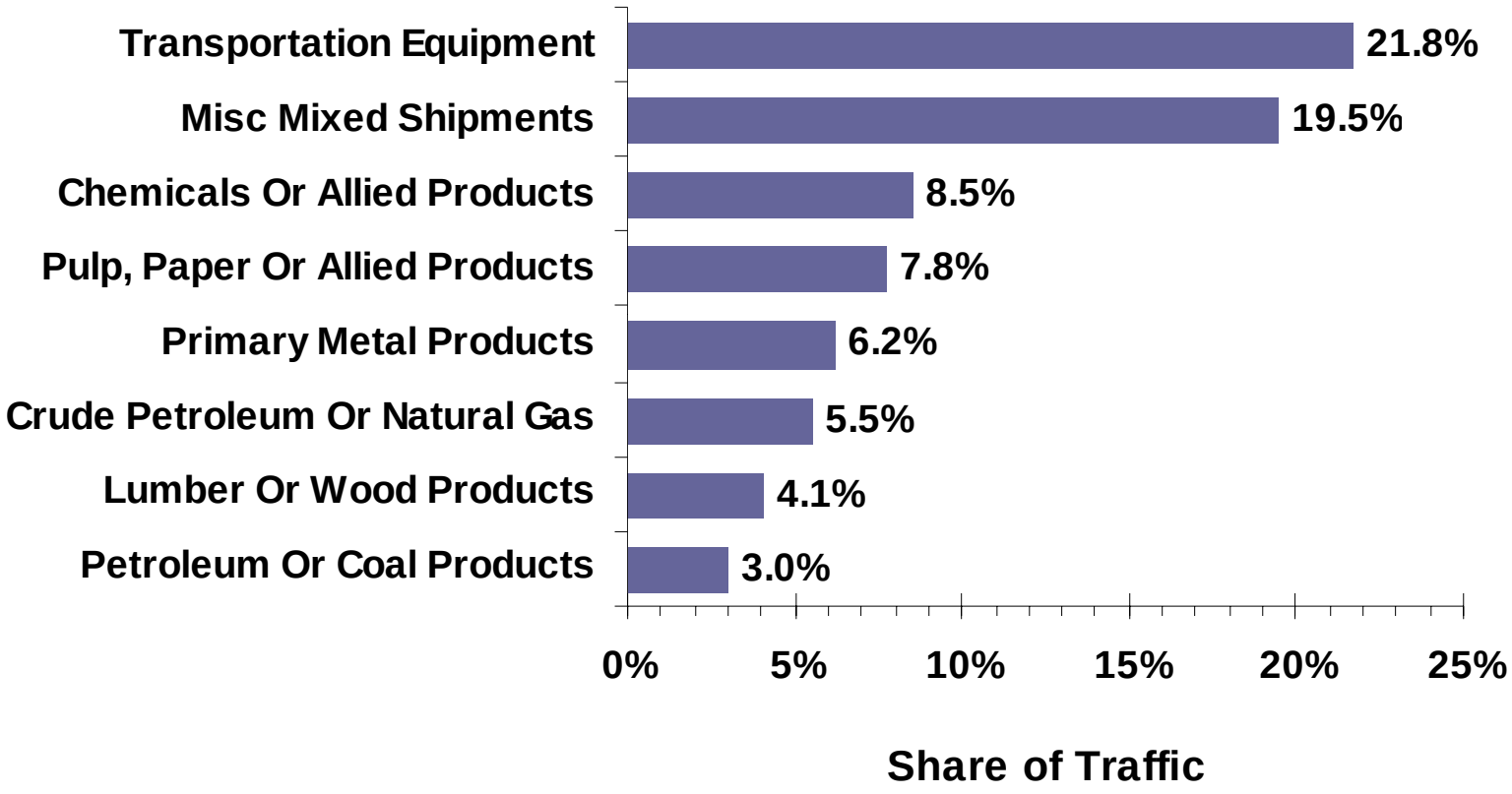
Traffic by Volume in Tons

	Cross Border				
Mode	Inbound	Outbound	Intra-Region	Through	**Mode Total**
Air	53,734	27,333	3,709	153	**84,929**
Other	9,103,312	3,104,495	511,416	8,140,182	**20,859,405**
Rail Carload	1,608,502	330,533	N/A	37,236,614	**39,175,649**
Rail Intermodal	4,000	N/A	N/A	6,392,073	**6,396,073**
Truck	**32,944,935**	**25,327,010**	**7,177,891**	**674,213**	**66,124,050**
Water	19,528,520	34,938,620	3,709	6,241,048	**60,711,898**
Totals	**63,243,004**	**63,727,991**	**7,696,725**	**58,684,283**	**193,352,004**
Cross-Border %	**32.7%**	**33.0%**	**4.0%**	**30.4%**	

Key Commodities – Cross Border Traffic In and Out of Region



Key Commodities- Cross Border Traffic Through the Region



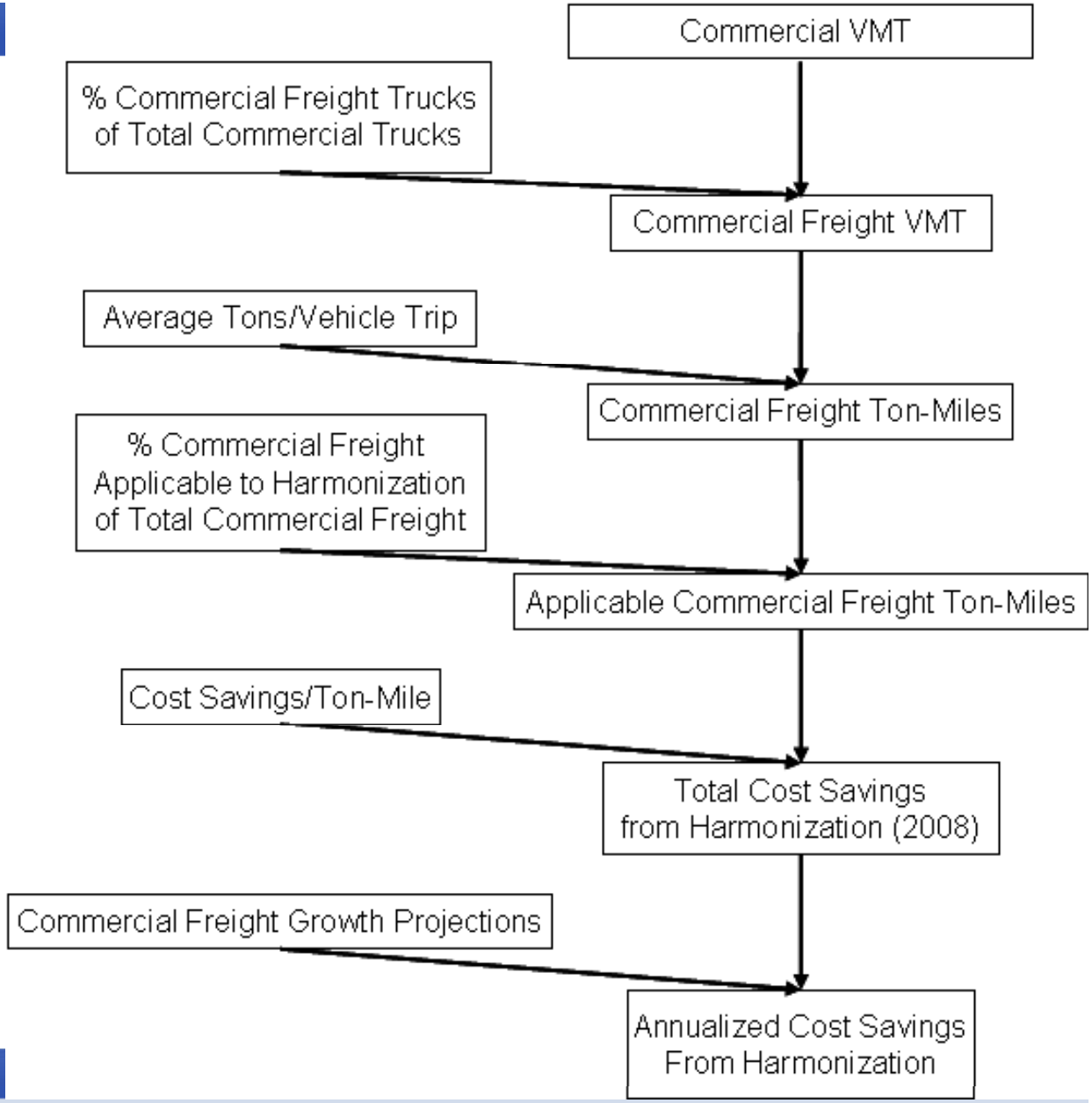
Key Cross Border Trade Attributes

- Inbound/outbound cross-border traffic is dominated by machinery at more than one-third of total value.

- Through traffic is more evenly dispersed, but commodities are similar to inbound/ outbound

- 59% of intra-regional cross-border traffic volume comes from retail/warehousing/distribution

Approach


Commercial VMT
% Commercial Freight Trucks of Total Commercial Trucks
Commercial Freight VMT
Average Tons/Vehicle Trip
Commercial Freight Ton-Miles
% Commercial Freight Applicable to Harmonization of Total Commercial Freight
Applicable Commercial Freight Ton-Miles
Cost Savings/Ton-Mile
Total Cost Savings from Harmonization (2008)
Commercial Freight Growth Projections
Annualized Cost Savings From Harmonization

Freight Tons per Mile

- 66 million tons cross border freight in region
- Only certain commodities benefit
- Applied commodity findings form 2006 MN study to CanAm cross border freight data
- Used FAF2 for commercial vehicle VMT growth rates as validation source

Cost Savings to Private Sector

- Avg cost of $0.0494/ton-mile for 80,000 lbs to $0.0318/ton-mile for 137,000 lbs
- Savings of $0.0177/ton-mile
- Based on 2007 North Dakota study

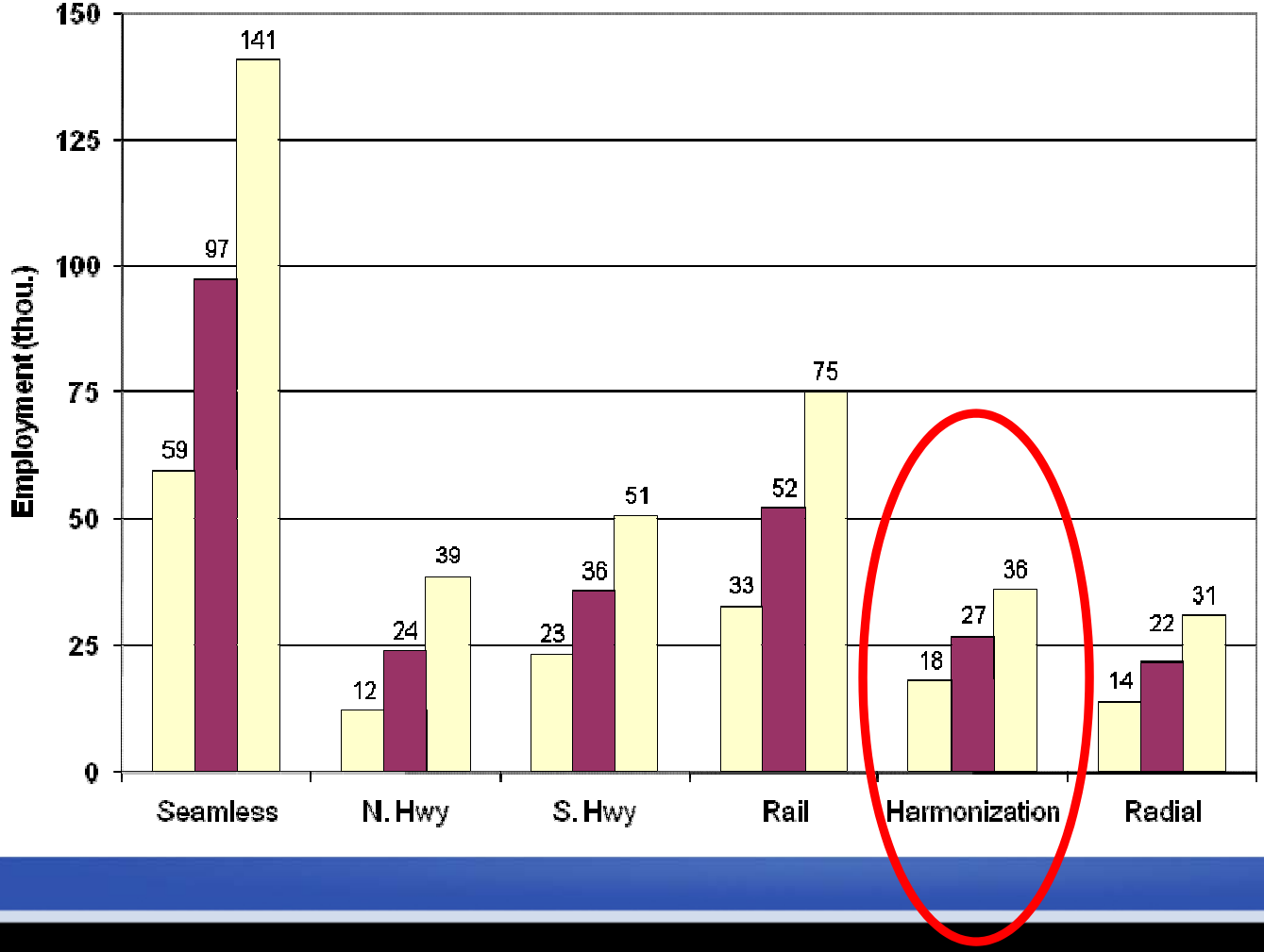
Potential Truck Harmonization Savings (millions $)

Year	Savings
2010	$ 65.9
2015	$71.5
2020	$77.5
2030	$91.1

Risk Adjusted Truck Harmonization Savings in 2020, (millions $)

	Saving
Low	$34.9
Mean	$54.2
High	$77.5

Economic Benefits – Employment, 2035



Benefit Cost Estimates

- Total benefits - $1,685 m (with range of $1,111m - $2,362m)
- Costs - $161m (with range of $85m - $238m)
- Costs only include estimate for increased maintenance- based on 2004 Maine study
- Median BC ration of 10.4 to 1

Next Steps

- Governors and Premiers signed resolution to seek pilot study on truck harmonization for next reauthorization
- States and Provinces to undertake detailed study of potential costs