

# Informing the Debate

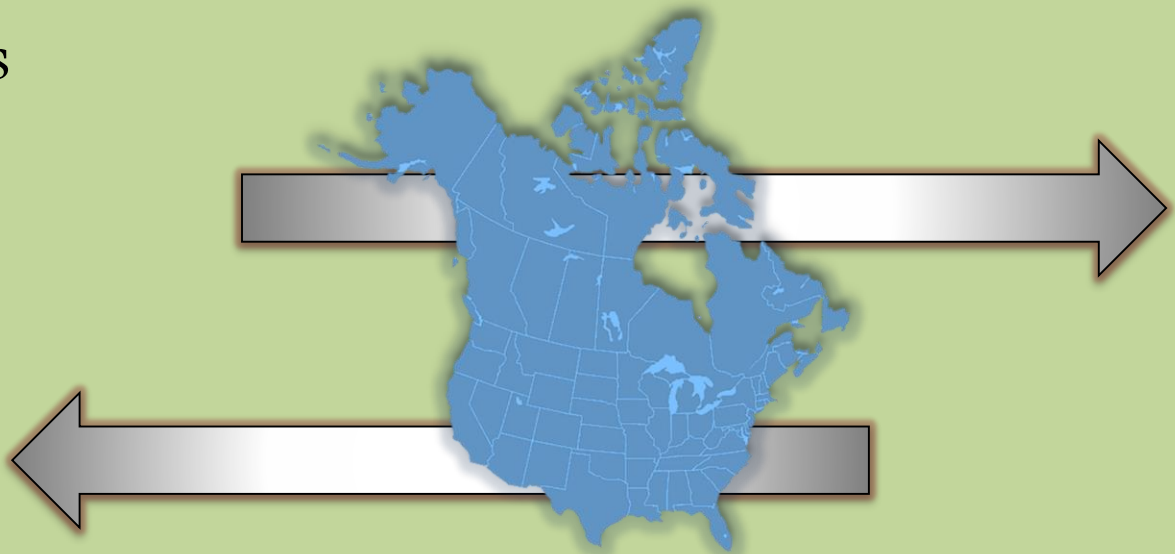
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Michigan Applied Public Policy Brief

## Innovative Models of Bi-National Collaboration for Border and Near- Border Regions

Authors

Rex LaMore



# About the Michigan Applied Public Policy Briefs

# Informing the Debate

The paper series, *Informing the Debate*, is generated out of grant-funded, policy-relevant research sponsored by the Institute for Public Policy and Social Research (IPPSR).

The IPPSR program, Michigan Applied Public Policy Research Program or MAPPR, generates research on current issues held in urban communities with special attention to Michigan. Policy researchers author summary briefs of their research outcomes and their implications. The funded research projects and related policy briefs focus on main headings of discussion being held in the policy arena.

When developing the paper series initiative in 1992, the topics of the papers were submitted following a two-day meeting with leaders from the business sector, nonprofit agencies, foundations, and university faculty and staff. That group evolved into the Urban Research Interest Group.

The Urban Research Interest Group recognized the pressure on urban core leaders to make critical decisions that continue to impact people long into the future. A commitment to generating background research to add to the core of debate on possible solutions to complex, urban problems was made.

The expected outcomes of the paper series include discussion that fosters and strengthens multidimensional connections between the policy, academic, and practitioner community. The series continues to cultivate research interest in policy-relevant issues for consideration of decision makers in urban communities.

Additional information about IPPSR, the Michigan Applied Public Policy Research (MAPPR) Program, and related publications as well as call for proposals is available on the website, [www.ippsr.msu.edu](http://www.ippsr.msu.edu).

# Informing the Debate

MAPPR Policy Research Brief

## Innovative Models of Bi-National Collaboration for Border and Near-Border Regions

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**Research and Strategy Briefing Papers on  
Developing Global Niche Markets for SMEs in  
East Michigan and the Eastern Upper Peninsula**

**RESEARCH BRIEFING PAPER #2**

**ACCELERATING BI-NATIONAL REGIONAL ECONOMIC DEVELOPMENT**

**in the**

**MICHIGAN/ONTARIO**

**TWIN SAULTS AND BLUE WATER GATEWAY REGIONS:**

**Innovative Models of Bi-National Collaboration for  
Border and Near-Border Regions**

**Michigan State University  
Center for Community and Economic Development**

in cooperation with the

**East Michigan Council of Governments**  
Arenac, Bay, Clare, Gladwin, Gratiot, Huron, Iosco, Isabella, Midland, Ogemaw,  
Roscommon, Saginaw, Sanilac, Tuscola Counties  
and the  
**Eastern Upper Peninsula Regional Planning and Development Commission**  
Chippewa, Luce, Mackinac Counties

**November 20, 2012**

**Michigan State University  
Center for Community and Economic Development  
Regional Exporting Strategies Team**

**Research and Strategy Briefing Papers on  
Developing Global Niche Markets for SMEs in the  
East Michigan and Eastern Upper Peninsula Regions**

**Research Briefing Paper #2  
Accelerating Bi-National Regional Economic Development  
in the Michigan/Ontario Twin Saults and Blue Water Gateway Regions:  
Innovative Models of Bi-National Collaboration for  
Border and Near-Border Regions**

This is the second paper in a series of research and strategy briefing papers published by the Michigan State University Center for Community and Economic Development to drive understanding of small and medium enterprise (SME) export market development and to create viable regional exporting strategies. Research Paper #1 was titled the East Michigan and Eastern Upper Peninsula SME Exporting Survey Analysis. This series is published by the MSU Center for Community and Economic Development on behalf of the MSU Regional Exporting Strategies Team. Future research and strategy briefing papers will include: 1) supply chain hub strategies for the East Michigan and Eastern Upper Peninsula regions; 2) a report on export financing and recommendations to improve/expand export financing for SMEs; and 3) a Small Business Export Guide.

**Disclaimer**

This report was prepared by the Michigan State University Center for Community and Economic Development under award 06-79-05665 from the Economic Development Administration, U.S. Department of Commerce. The statements, findings, conclusions, and recommendations are those of the authors and do not necessarily reflect the views of the U.S. Economic Development Administration or the U.S. Department of Commerce.

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**Project Structure****Funding Agency**

U. S. Economic Development Administration (an agency of the U.S. Dept. of Commerce)

**Project Grantee**

Michigan State University  
Center for Community and Economic Development

**Project Partners [and sub-grantee Economic Development Districts (EDDs)]**

East Michigan Council of Governments (EMCOG) and the  
Eastern Upper Peninsula Regional Planning and Development Commission (EUPRPDC).

**Original Grant Period (18 mos.)**

July 1, 2011-December 31, 2012

**Grant Amendment Period (12 mos.)**

January 1, 2013-December 31, 2013

**Project Thrust: Bi-National Collaboration to Enhance Regional Economic Development**

The Michigan State University Center for Community and Economic Development (MSU CCED) is implementing the East Michigan-Eastern Upper Peninsula Regional SME Exporting Strategies Project, funded by the U.S. Economic Development Administration (U.S. EDA), an agency of the U.S. Department of Commerce, until the end of 2012 under the current award and under a project amendment, until the end of 2013. MSU CCED is partnered with two U.S. EDA-designated economic development districts (EDDs)—the East Michigan Council of Governments (EMCOG) and the Eastern Upper Peninsula Regional Planning and Development Commission (EUPRPDC)—both of which encompass highly-distressed regions with chronically high unemployment rates.

A primary objective of the project is to increase small business export markets by identifying new initiatives that contribute to and can be a part of regional “comprehensive economic development strategies (CEDs).” The U.S. EDA requires and funds approximately 300 EDDs to create and update these comprehensive economic development strategies on a regular basis.

The dual thrust of this U.S. EDA-funded pilot project is to develop an innovative model and framework for U.S. EDDs by, first, developing regional exporting strategies that encourage

and support small and medium size companies (or SMEs) as they enter and expand export markets, and second, identifying opportunities to accelerate bi-national regional economic development. Sharing the Great Lakes system—the largest freshwater body in the world—with Ontario, Michigan communities and EDD regions have key opportunities to develop strategic collaborations in the bi-national Greater Sault and Blue Water regions.<sup>1</sup> Nearby EDD regions could also participate in these bi-national collaborations to increase trade and enhance regional economic development. Sharing the Great Lakes Regional economy with Ontario, strategic regional collaborations with sister regions in Canada could accelerate the growth of powerful bi-national regional economies focused on international trade both between the two countries as well as globally.

While this paper focuses on bi-national economic development strategies, the project team recognizes and appreciates the huge importance of cultural and other types of international exchanges in building social capital that can also lead to shared bi-national economic development agendas.

### **1. Opportunities for Border and Near-Border Regions in Bi-National Regional Collaboration**

The MSU CCED project team has developed a simple regional typology to frame an approach to bi-national regional collaboration opportunities by identifying and defining border regions and near-border regions. *Border regions* are those regions that are immediately adjacent to (contiguous with) an international border. *Near-border regions* are those regions that are contiguous to *border regions* but lack immediately adjacent international borders.

Of our partners, the three-county region of the Eastern Upper Peninsula Regional Planning and Development Commission (EUPRPDC) is a border EDD. The 14-county Saginaw Bay region of the East Michigan Council of Governments (EMCOG) is a near-border EDD. The latter is contiguous to a border region, St. Clair County which includes the city of Port Huron, the Michigan terminus of the international Blue Water Bridge. St. Clair County is a member

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<sup>1</sup> One of the earliest examples of bi-national collaboration in the Great Lakes region is the 1909 Boundary Waters Treaty between the U.S. and Great Britain, on behalf of Canada, which provides for bi-national management of the Great Lakes system under the International Joint Commission (IJC) made up of equal representation from the U.S. and Canada. Bi-national collaboration has continued in the IJC framework with the signing of bi-national Great Lakes Water Quality Agreements in 1972, 1978, 1987, and 2012.



of another regional planning organization, the Southeast Michigan Council of Governments (SEMCOG), which is not currently an EDD in the U.S. EDA framework. (SEMCOG is a border region with land crossings to Ontario at Detroit in addition to the land crossing at Port Huron.)<sup>2</sup>

## 2. Organization and Purpose of this Paper

The state of Michigan shares three land crossings with the province of Ontario located at the twin Saults, Port Huron-Sarnia, and Detroit-Windsor. This paper focuses on research at two of these locations to identify collaborative initiatives and any agreements made between: first, Sault Ste. Marie, Michigan, USA and Sault Ste. Marie, Ontario, Canada; and second, between Port Huron, Michigan, USA and Sarnia, Ontario, Canada. The land crossing at Detroit, Michigan and Windsor, Ontario on the Detroit River is not a part of the discussion here as our project partners include EMCOG and EUPRDC (joined by the St. Clair County Economic Development Alliance in 2013).

In the cases of the Twin Saults and Blue Water border regions, we review the overall context and current level of collaboration in each of those regions, including consideration of the EMCOG region as a near-border region. At the bi-national sovereign state level, we briefly review a major 2011 U.S.-Canada Agreement in principle on perimeter border security and streamlining trade regulations. Implementation of this Agreement could facilitate and support important new and existing bi-national collaborative initiatives to enhance greater bi-national regional economic development and prosperity. A conclusion follows. **The purpose of this paper is to stimulate detailed discussions of how bi-national collaboration can contribute to bi-national regional economic development and to help identify and create new links to the global economy.**

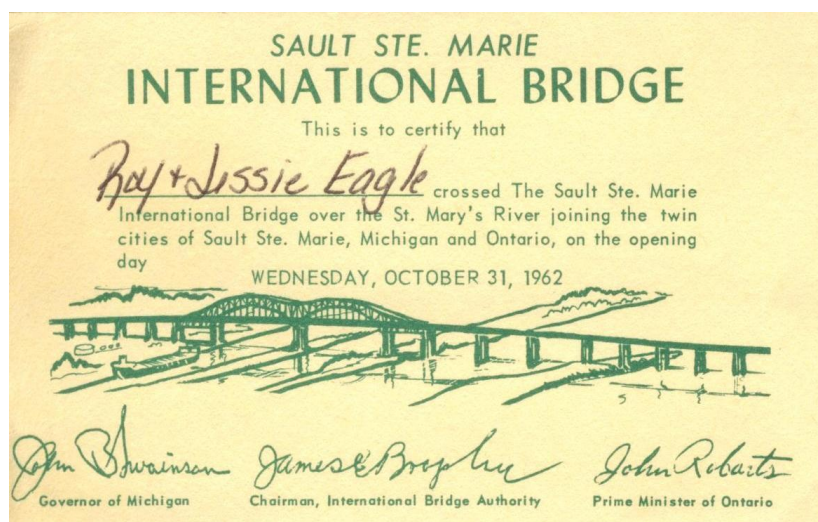
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<sup>2</sup> The privately-owned Ambassador Bridge has provided the major land crossing at Detroit, Michigan, USA and Windsor, Ontario, Canada since 1929 in addition to the Detroit-Windsor Tunnel that opened the same year and the Michigan Central Rail Tunnel that opened in 1910. The New International Trade Crossing (NITC), a bi-national proposal to build a second bridge to relieve congestion and facilitate trade and travel across the Detroit River, is bitterly opposed by the monopoly owners of the Ambassador Bridge who managed to block the proposal legislatively. However, an agreement was announced June 15, 2012 that committed the Canadian federal government to fund bridge construction, land acquisition in Michigan, and the construction of ramps from Interstate 75. Canadian funding of bridge construction costs estimated at nearly a billion dollars plus \$550 million for connecting the bridge to I-75 will be repaid from bridge tolls. A proposal on the 2012 ballot opposing the second bridge which would have required a public vote before bridge construction was funded by the Ambassador Bridge owners and rejected by state voters.

## II. Review of Bi-National Collaboration in the Twin Saults Region

Sault Ste. Marie, Michigan in Michigan's Eastern Upper Peninsula and Sault Ste. Marie, Ontario in northern Ontario are joined by the International Bridge across the St. Mary's River providing convenient access by Michigan companies to Canadian markets and convenient access by Canadian companies to Michigan markets and beyond.

Surprisingly, in spite of extensive informal collaboration, the twin cities of Sault Ste. Marie did not have any formal collaborative agreement until August 16, 1972 when the "Two Nations—One City Agreement" was signed by Mayor Anthony G. Bosbous of Sault Ste. Marie, Michigan and Mayor Debbie Amaroso of Sault Ste. Marie, Ontario. The timing of the Agreement coincided with the international celebrations of the 50<sup>th</sup> anniversary of the International Bridge that have been going on throughout 2012 and the centennial of the incorporation of the city of Sault Ste. Marie, Ontario.



Certificate of Crossing the International Bridge, October 31, 1962

### 1. Demographic and Economic Background of the Twin Saults

The population of Sault Ste. Marie, Michigan in 2010 was 14,144, a 14.5% drop from around 16,000 in 2000.<sup>3</sup> Residents 19-64 years old make up 65% of the city population. Foreign-born residents make up 3.5% of the Sault Ste. Marie, and 4.1% of the population speak a language other than English at home.<sup>4</sup> The top five economic sectors include

<sup>3</sup> See footnote 2 on previous page.

<sup>4</sup> "Selected Social Characteristics in the United States for Sault Ste. Marie, Michigan, 2006-2010 American Community Survey 5-Year Estimates," U.S. Census Bureau.

accommodation and food services; health care and social services; retail; professional, scientific and technical services; and other services which are subject to Federal income tax.<sup>5</sup> The top five employers include the War Memorial Hospital, Wal-Mart Stores Inc., Lake Superior State University, Hiawatha Behavioral Health, and Sault Ste. Marie Public Schools.<sup>6</sup>

Sault Ste. Marie, Michigan has taken some hard hits from the Great Recession.

Unemployment rates were persistently above the national average from 2007-2011, peaking at 13% in 2010.<sup>7</sup> The inflation-adjusted average yearly income from 2006 to 2010 was \$23,365.<sup>8</sup> While 88% of the population 25 years or older have high school diplomas, only 23% have obtained a bachelor's degree or higher, 5% less than the national average.<sup>9</sup>

Sault Ste. Marie, Ontario, is home to 75,141 residents. In the last 10 years, the population has been nearly static, changing by less than 1% (.7% to be exact).<sup>10</sup> While 8,225 of these residents are immigrants, only .2% speak a language other than English.<sup>11</sup> About 66% of the city population are ages 15-64, a similar proportion to Sault Ste. Marie, Michigan. Top economic sectors in Sault Ste. Marie, Ontario include advanced manufacturing, alternative energy, lottery and gaming, and industrial/regional service.<sup>12</sup> The top five employers in Sault Ste. Marie, Ontario include Essar Steel Algoma, Sault Area Hospitals, Algoma District School Board, the City of Sault Ste. Marie, and Ontario Lottery and Gaming Corporation. Tenaris Algoma Tubes, another major employer, is one of a few of the seamless pipe producers (used in the energy sector) in the world.<sup>13</sup>

Monthly unemployment in Sault Ste. Marie, Ontario averaged 7.5% in 2012, a 2.1% drop from the 2011 average of 9.6%.<sup>14</sup> About 25% of Sault Ste. Marie, Ontario residents do not hold any kind of diploma or degree. High school diploma and apprenticeship or trade

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<sup>5</sup> "Selected Economic Characteristics in the United States for Sault Ste. Marie, Michigan," U.S. Census Bureau.

<sup>6</sup> "EUPRPDC Employer Survey," Eastern Upper Peninsula Regional Planning and Development Commission. 2011.

<sup>7</sup> U.S. Bureau of Labor Statistics. Local Area Unemployment Statistics, Sault Ste. Marie, MI. <http://data.bls.gov/timeseries/LAUMC26423003>.

<sup>8</sup> "Sault Ste. Marie, Michigan (city) Quickfacts," U.S. Census Bureau.

<sup>9</sup> Ibid.

<sup>10</sup> Statistics Canada

<sup>11</sup> Ibid.

<sup>12</sup> Dodds, Tom. "One City, Two Nations Working Together to Move Our Communities Forward." Presentation, Conference on Bi-National Collaboration, Lake Superior State University, October 25, 2012.

<sup>13</sup> Randy Tallon, Sault Ste. Marie, Ontario EDC. Personal communication. November 21, 2012.

<sup>14</sup> City of Sault Ste. Marie, Ontario Planning Department.

certificate holders make up 37% of the city population. College graduates who hold a degree at or above the bachelor level comprise 13% of the population.<sup>15</sup>

## **2. Historical and Geostrategic Context of the Sister City Agreement between Sault Sainte Marie, Michigan, USA and Sault Sainte Marie, Ontario, Canada**

Sault Ste. Marie, Michigan, USA and Sault Ste. Marie, Ontario, Canada share a long history. French missionaries Jacques Marquette and Claude Dablon founded a mission they named Sault Sainte Marie (“rapids of St. Mary”) in 1668 where Ojibwa (Chippewa) Native Americans had lived for centuries. Prior to the finalization of the Michigan-Ontario border in 1817, Sault Ste. Marie was a single city and an important commercial trading center in the Upper Great Lakes. This historical connectedness between the two cities continues today. Trade and economic cooperation between the two cities is supported and facilitated by the International Bridge, which connects I-75 in Sault Ste. Marie, Michigan and the Trans-Canada Highway in Sault Ste. Marie, Ontario. A rail bridge across the St. Mary’s also carries limited volumes of freight.

The International Bridge spanning the St. Mary’s River, the channel that connects Lake Superior and Lake Huron, was completed between the Twin Saults in 1962. There is a 21 feet drop between Lake Superior and Lake Huron that necessitates an engineering solution to enable the safe and successful passage of ship traffic on the St. Mary’s River. The current Soo Locks were built in the mid-20th century to allow the passage of ships between Lake Superior and Lake Huron.<sup>16</sup>

## **3. The Sister City Two Nations-One City Agreement between Sault Sainte Marie, Michigan, USA and Sault Sainte Marie, Ontario, Canada, August 16, 2012**

The twin cities of Sault Ste. Marie entered into a formal Sister City Agreement August 16, 2012 entitled “Two Nations – One City” to reinforce and enhance their strong, longstanding informal relationship. The “Two Nations—One City” title of the Agreement is apt, given the

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<sup>15</sup> “Sault Ste. Marie, Ontario, Canada Stats and Facts,” Sault Ste. Marie EDC. May 2012.

<sup>16</sup> The state of Michigan built the original locks in 1855 with the support of a federal land grant covering the cost of construction. Ownership of the Locks resided in the state until 1881, when it passed ownership to the federal government with the U.S. Army Corps of Engineers (ACOE) assuming responsibility for their maintenance and operation. The Locks had acquired national importance and needed the support of the federal government in modernizing its operations and keeping up with the booming U.S. economy.

history of the Saults having been a single city in fact while remaining one city informally since the international border was legally established nearly 200 years ago.

According to the Terms of Reference to implement the Agreement, a Joint International Relations and Economic Growth (JIREG) Committee will be established and comprised of representatives of the city of Sault Ste. Marie (Michigan) Economic Development Corporation (EDC), the city of Sault Ste. Marie (Ontario) Economic Development Corporation, the Ontario North Economic Development Corporation (ONEDC) Committee, Presidents of Lake Superior State University, Algoma University, Sault College of Applied Arts and Technology, and other community Leaders (see the box on the page 6 for the purposes and major thrusts of the JIREG).

The Sister City Agreement was signed by the mayors of the twin cities of Sault Ste. Marie “to promote economic, educational, and cultural exchanges and other cooperative ventures and foster business development initiatives.” The city commission of Sault Ste. Marie, Michigan and the city council of Sault Ste. Marie, Ontario jointly passed a agreement March 12, 2012 supporting the “Two Nations – One City” Agreement (see Appendix 2 for the formal agreement).

The Sister City Agreement articulates a collaborative framework reflecting the intent of the twin Sault communities to work together to accelerate bi-national regional economic development and establishes a mechanism in the Joint International Relations and Economic Growth (JIREG) Committee to implement the Agreement. The JIREG Committee is responsible for helping to “stimulate economic growth in the twin Saults Region made up of areas in Northern Ontario and the Eastern Upper Peninsula in Michigan,”

**Figure 1:**  
**Operationalizing Bi-National Regional Collaboration:**  
**Twin Saults Joint International Relations and Economic Growth Committee**

*Major thrusts and 10 bi-national strategic growth areas*

- Study, promote, and foster international relations in the two Sault communities.
- Help stimulate economic growth in the greater Sault Ste. Marie Region made up of areas in Northern Ontario and the Eastern Upper Peninsula in Michigan.
- Act as a collaborative and coordinating entity for various international joint efforts undertaken by parallel organizations for the two Sault communities.
- Evaluate, assess, and promote, when feasible, the joint implementation of programs and projects in *10 strategic growth areas*, including:
  1. Trade,
  2. Manufacturing (value added steel and forest products),
  3. Multi-modal and transportation related services (logistics, air cargo, warehousing and distribution),
  4. Education,
  5. Health,
  6. Information Technology and e-Commerce,
  7. Energy and Environment,
  8. Bio-industry (bio-products, biotechnology, and biomass),
  9. Aviation (maintenance, repair, overhaul, assembly, and avionics),
  10. Tourism and retail development, and
  11. Other joint interests as determined by the JIREG Committee.

**4. Creating a Logistics Hub in the Twin Saults Region: The Multimodal Transportation Initiative**

Logistics services and supply chain approaches that meet global demands are currently re-defining regional economic development opportunities throughout North America and around the world. The Sault Ste. Marie, Ontario EDC has identified existing shipping patterns that are currently concentrated in the greater Toronto region in Southern Ontario that results in heavy congestion in the Highway 401/402 corridor and at the Sarnia

and Windsor border crossings. Toronto-area rail yards are at capacity with limited potential for the expansion of the logistics infrastructure.

The Twin Saults Region offers a time-saving and cost-saving solution. Routing trucks across the underutilized International Bridge and down I-75 into the U.S. provides access to major markets across the upper Midwest, southeast U.S., and along the potential I-69 Corridor ending at the Texas border with Mexico.

Under the leadership of the Sault Ste. Marie, Ontario EDC, a Multimodal Transportation Initiative has been established to create a multimodal transportation hub in the Twin Saults Region. This international hub could receive significant quantities of containerized shipments from China, India, Russia, South America, and other countries via the Trans-Canada Railway. At the Sault Hub, the containerized goods would be transferred from rail to trucks. These trucks would use the International Bridge at Sault Ste. Marie to access I-75 as the gateway to the U.S. Interstate Highway system and deliver products to major U.S. markets east of the Mississippi as well as Texas and Mexico.<sup>17</sup>

Shipping from Sault Ste. Marie to Detroit produces a 17-hour advantage over Pacific Rim product shipping going into Toronto and then to Detroit. The International Bridge provides trucks with easy access via I-75 to major Midwest markets like Chicago, Cincinnati, and Pittsburgh.<sup>18</sup> This initiative could double or triple the commercial truck traffic on the bridge, according to the Michigan Department of Transportation.<sup>19</sup>

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<sup>17</sup> International Bridge Administration. Sault Ste. Marie International Bridge U.S. Plaza Bottleneck Congestion Report. June 2010.

<sup>18</sup> John Febbraro. Multi-Modal Sault Ste. Marie. The new route to reliable on-time delivery. February 2012.

<sup>19</sup> MDOT. Sault Ste. Marie Multimodal Initiative Phase III Business Case Final Report. February 2008.

**Figure 2:  
The Bi-National Twin Saults Region and Adjacent Areas**



Source: MSU Center for Community and Economic Development, 2012

The Chippewa County International Airport,<sup>20</sup> 20 miles south of Sault Ste. Marie, Michigan just off of I-75 (as indicated by the airport symbol in the map above), could be another important part of the Sault Hub, according to a 2006 Mead and Hunt study conducted for the Chippewa County Economic Development Corporation. Fourth largest in Michigan,<sup>21</sup> the airport currently maintains and uses just 7,200 feet of the available 12,001 feet of runway capacity. The airport's major drawback is its distance from major commercial markets.

<sup>20</sup> Formerly Kincheloe U.S. Air Force Base that was closed in 1977. The Chippewa County Airport is owned by the Chippewa County EDC.

<sup>21</sup> Detroit Metro Wayne County International Airport, Kent County International Airport, and the W. K. Kellogg Regional Airport are the three Michigan airports larger than Chippewa County International Airport.



The same study concluded that an investment of \$20 million would make the Chippewa County Airport a fully-functioning cargo airport by accommodating polar air cargo service and general aviation needs. This investment could foster genuine economic growth and development in Chippewa County and the region. Together, the airport expansion and the U.S.-designated Foreign Trade Zone in Sault Ste. Marie, Michigan could provide key components for a global logistics hub.

Investment in air cargo transport, then, could provide a valuable complement to recent and planned investments in the International Bridge, excellent rail access from Canada and to the U.S., access to U.S. Interstate 75, and existing marine transport assets. This multimodal global logistics hub approach could effectively link the Twin Saults Region to a diverse range of important global supply chains and generate significant new economic activity in the bi-national region (see Appendix 3 for a map of the entire three-county Eastern Upper Peninsula Regional Planning and Development Commission region).

#### **5. Other Bi-National Regional Collaboration in the Twin Saults Region**

Collaboration in the region is not limited to that between the twin cities of Sault Ste. Marie. Lake Superior State University (LSSU) in Sault Ste. Marie, Michigan and Algoma University and the Sault College of Applied Arts and Technology in Sault Ste. Marie, Ontario participate in reciprocal tuition agreements. These agreements allow students to attend schools on the other side of the border and still pay resident fees. Lake Superior State University charges Ontario residents the same tuition fees as those charged to Michigan residents. Algoma University and Sault College charge Michigan residents the same tuition fees as those charged to Ontario residents. In addition, a dual enrollment agreement between LSSU and Sault College allows full-time students at the two schools to take one class per term at the other college in the fulfillment of their degree requirements.

## **6. Successful UPEDA Conference on Bi-National Regional Collaboration in Sault Ste. Marie, Michigan and Sault Ste. Marie, Ontario, October 24-25, 2012**

A bi-national Conference on Bi-National Regional Collaboration was held October 24-25, 2012 at Lake Superior State University in Sault Ste. Marie, Michigan and in Sault Ste. Marie, Ontario (see Appendix 4 for the conference program) as the focus of an Upper Peninsula Economic Development Alliance (UPEDA) quarterly meeting. About 100 people attended from both Michigan and Ontario. The conference agenda was designed by a planning group that included the:

- ❖ Upper Peninsula Economic Development Alliance (UPEDA)
- ❖ Eastern Upper Peninsula Regional Planning and Development Commission (EUPRPDC)
- ❖ Sault Ste. Marie (Michigan) Economic Development Corporation
- ❖ Sault Ste. Marie (Ontario) Economic Development Corporation
- ❖ MSU Center for Community and Economic Development
- ❖ Lake Superior State University (Sault Ste. Marie, Michigan)
- ❖ MSU Canadian Studies Center
- ❖ Sault Ste. Marie International Bridge Authority
- ❖ MSU Institute of Public Policy and Social Research (IPPSR)
- ❖ Great Lakes International Trade and Transportation Hub (GLITTH).

This bi-national planning collaborative, then, consisted of a regional planning agency (federal Economic Development District), an international bridge governing body, two local economic development agencies, two universities (with a number of university units), and a multi-jurisdictional logistics coalition.

The conference coincided with the 50<sup>th</sup> Anniversary Celebration of the Sault Ste. Marie International Bridge—“Celebrating 50 Years of International Friendship, 1962-2012”—that culminated with public celebrations on October 30, one day before the bridge opened 50 years ago. The public unveiling of a 50th anniversary plaque and commemorative memorabilia giveaways to bridge travelers were the highlights.

The bi-national conference articulated a progressive vision of future collaborative economic development in the Twin Saults Region and also offered liberal opportunities for interactions between U.S. and Canadian participants.

**i. Canadian and U.S. Federal Support of Bi-National Twin Saults Regional Collaboration**

Canadian Consul General Roy Norton emphasized in his conference keynote that his government supported the collaborative framework created by the Twin Saults Region with the federal government's parallel structure, the National Framework for Canadian Gateways, that consists of:

- Aligning transportation systems with the Canadian international commerce strategy;
- Focusing on nationally significant volumes and values of trade;
- Forward-looking plans based on system analysis;
- Addressing interconnected issues that directly impact system performance; and
- Respecting the federal role and fostering effective partnerships.

U.S. EDA Chicago Regional Director Jeannette Tamayo emphasized the importance of regional frameworks in designing effective bi-national strategic collaborations. She also noted that the U.S. EDA is a co-funder of the construction of the new Soo Breeder Building, a technology accelerator for commercializing prototypes developed at the Lake Superior State University Prototype Development Center. In addition to the breeder construction, the U.S. EDA is also co-funding the renovation of the Soo Industrial Incubator. Lt Governor Brian Calley noted that transportation infrastructure is critically important to the state's manufacturing, agricultural, and furniture, appliance sector and that the Michigan health care system depends on Canadian nurses. He asserted that solving transportation problems, including multi-modal issues, must be a part of the state's economic development policy.

**ii. The Role of Higher Education in Bi-National Regional Collaboration**

A panel on the role of higher education in supporting bi-national regional economic development provided a mechanism that could lead to an ongoing expert network to assist the Twin Saults region in conducting research, gathering data, and providing analysis to

support bi-national collaboration. Lake Superior State University also recently reorganized a new college, the College of Business, Engineering and Economic Development that houses its Product Development Center. The new LSSU school will be better aligned to assist start-up companies move into the Incubator Building and examine the feasibility of their products on a production scale. Algoma University has in similar fashion undertaken an ambitious growth plan for that institution to expand its enrollment and role in the community.

Models of bi-national collaboration were suggested based on a global review of current collaborative models and the current work of the Great Lakes International Trade and Transport Hub (GLITTH). In addition, the future launch of a new non-governmental regional entity, the Great Lakes Regional Council, was announced for April 12, 2013. **It was abundantly clear that the Twin Saults Sister City Agreement provides an outstanding model for bi-national regional collaboration and this conference represented an important first step taken in this collaboration and pursuing a bi-national regional agenda.**

**iii. Twin Saults Region Companies: Globally-Connected and Globally-Competitive**

In presentations by N-Sci Technologies (Ontario), Heliene, Inc. (Ontario), Hoover Precision Products (Michigan), and Frontier Renewable Resources, LLC and Mascoma Corporation (Michigan and Ontario), among others, a major theme that emerged was the global competitiveness and connectedness of Twin Sault region companies. N-Sci Technologies, a nine-year old Ontario company, provides strategic services in cutting edge renewable energy areas helping to make Sault Ste. Marie, Ontario's claim to being the alternative energy capital of North America. Heliene is a two-year old Ontario company producing photovoltaic modules using a highly-automated, high-quality manufacturing process developed in Spain to compete in Ontario, Alberta, U.S., and Mexico markets.

Hoover Precision Products, bought by Tsubaki Nakashima (Japan) in 1990, is an international manufacturer of high-precision and semi-precision ball products for diverse market applications, including medical beads and components, ink jets, pumps, automotive, and others. Founded in Ann Arbor, Michigan, Hoover will celebrate its centennial as a company in 2013. The company exported \$6.8 million worth of products in 2011 to Japan, Taiwan, Singapore, England, Germany, Italy, Spain, and Sweden. Frontier/Mascoma will begin

construction in 2013 of a commercial cellulosic ethanol production plant with a production capacity of 40 million gallons per year (40 MGYs) in Kinross, Michigan using biomass feedstocks instead of corn. This cutting-edge plant will rely on sustainably-harvested hardwood pulpwood supplies from the bi-national Twin Saults Region and beyond.

The global connectedness of these companies was reflected in an observation by Hoover that many of its export customers are U.S.-based companies with overseas locations, foreign distributors, or obtained through its parent company in Japan.

Major conference themes/topics are listed in Figure 3 on the next page.

**Figure 3:**  
**Conference on Bi-National Regional Collaboration in**  
**Sault Ste. Marie, Michigan, USA and Sault Ste. Marie, Ontario, Canada**  
**October 24-25, 2012**



Conference planners have already committed to holding a second annual Conference on Bi-National Regional Collaboration in Fall, 2013 in connection with the third Naturallia International Forum. This forum will focus on the renewable energy, mining, and value-added wood product sectors. The Naturallia International Forum is supported by FedNor, a federal regional economic development agency for Northern Ontario, that is a part of Industry Canada.

### III. Review of Bi-National Collaboration in the Blue Water Gateway Region

#### 1. Demographic and Economic Background: Port Huron, MI and Sarnia, ON

The population of Port Huron, Michigan was 29,928 in 2010, a 7% drop from its 2000 population.<sup>22,23</sup> Only 2.5% of Port Huron residents are foreign born and only 3.6% of the citizens speak another language. Residents of ages 19-64 comprise 61% of the population.<sup>24</sup> The top five employment sectors include education; manufacturing; retail trade; arts, entertainment, recreation, accommodations, and food; and transportation, warehousing, and utilities.<sup>25</sup>

Its unemployment rate was significantly higher than the national average in the 2007-2011 period, peaking at 23.9% in 2009 (compared to the peak U.S. unemployment rate of 10%).<sup>26</sup> Inflation-adjusted average yearly income from 2006 to 2010 was \$18,688. Only 13.8% of the population has a bachelor's degree or higher.<sup>27</sup>

Sarnia, Ontario is more than twice as large as Port Huron with a population of 72,366 in 2011 (a 2.1% increase over 2001).<sup>28</sup> According to Statistics Canada, 14% of the Sarnia population are immigrants. The top five employment sectors in Sarnia agriculture, forestry, and fisheries; chemical manufacturing; petroleum and coal manufacturing; fabricated metals manufacturing; and plastics and rubber manufacturing.<sup>29</sup>

The unemployment rate in Sarnia, Ontario was 8.9% in 2011. This represents a 2% drop from the 2009 peak of 11.9%.<sup>30</sup> The unemployment rate for the province of Ontario was 7.8% in 2011, a .9% drop from 2010.<sup>31</sup> Residents holding a university certificate or degree comprise 12.3% of the Sarnia population.<sup>32</sup> Residents between the ages of 15 and 64 make up 66% of the Sarnia population.<sup>33</sup>

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<sup>22</sup> Factfinder General Demographic Characteristics, Port Huron. Census Quickfacts, Port Huron

<sup>23</sup> "Port Huron (city) Quickfacts," U.S. Census Bureau.

<sup>24</sup> Ibid.

<sup>25</sup> "Selected Economic Characteristics in the United States for Port Huron, Michigan," U.S. Census Bureau.

<sup>26</sup> U.S. Bureau of Labor Statistics

<sup>27</sup> "Port Huron (city) Quickfacts," U.S. Census Bureau.

<sup>28</sup> Statistics Canada

<sup>29</sup> "Sarnia-Lambton's Labour Market," Sarnia-Lambton Workforce Development Board. April 2010.

<sup>30</sup> Statistics Canada. Table 282-0055 - Labour force survey estimates (LFS), by provinces, territories and economic regions based on 2006 Census boundaries, annual (persons unless otherwise noted), CANSIM.

<sup>31</sup> "Ontario Economic Update," Ontario Ministry of Finance. October 2012.

<sup>32</sup> "Sarnia, Ontario," Citystats.ca.

<sup>33</sup> Ibid.

## **2. Historical and Geostrategic Context of Collaboration in the Blue Water Gateway Region between Port Huron, Michigan, USA and Sarnia, Ontario, Canada**

While no agreements are currently in place between the Port Huron/St. Clair County region in Michigan and the Sarnia-Lambton region in Ontario, the Project Team contributed to the discussion and potential genesis of future collaborative initiatives between public and private sector interests in these border city/regions. Such initiatives could aim at the enhancement of bi-national regional economic development, including trade in goods and services between the neighboring city/regions as well as creating a globally-competitive logistics/supply chain hub to take advantage of bi-national regional assets, particularly the Blue Water Bridge and St. Clair River Rail Tunnel.

Port Huron, Michigan, USA and Sarnia, Ontario, Canada hug opposite sides of the St. Clair River just below one of the world's bluest and largest lakes, Lake Huron (See Figure 4 on page 16 for a map of the Blue Water and Adjacent Regions). Port Huron, located in St. Clair County, is home to a Domtar paper mill and a number of Tier 1, 2, and 3 automotive suppliers. The main drivers of the Sarnia-Lambton area<sup>34</sup> economy are large petrochemical companies. In addition, the close proximity between the agricultural and automotive sectors in Sarnia-Lambton provides potential development of bio-plastics and bio-composites for use in the production of automotive parts as alternatives to petroleum-based plastics.<sup>35</sup>

The first Blue Water Bridge was opened on October 10, 1938 with two vehicle lanes and pedestrian sidewalks. Traffic volumes steadily increased with the completion of Interstate 94 on the Michigan side in 1964 and Highway 402 on the Ontario side in 1982. The sidewalks were replaced in the 1980s with a third vehicle lane. To accommodate growing traffic volumes, bridge authorities decided to add a second span in 1992. The "twinning project," a collaborative effort between American and Canadian engineers, resulted in the opening of the second three-lane bridge July 22, 1997.

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<sup>34</sup> The Sarnia-Lambton area consists of the City of Sarnia and the towns of Petrolia and Plympton-Wyoming, villages of Oil Springs and Point Edward, townships of Enniskillen and St. Clair and the Sarnia Indian Reserve No. 45 in Lambton County.

<sup>35</sup> "Sarnia-Lambton Biohybrid Chemistry Cluster," Sarnia-Lambton Economic Partnership, March 2012.



Blue Water Bridge under construction, circa 1938. Source: MDOT

Canada and the United States jointly own and maintain the Blue Water Bridge. Blue Water Bridge Canada is responsible for the Canadian side and the Michigan Department of Transportation (MDOT) is responsible for the U.S. side.

The twin-span Blue Water Bridge crosses the St. Clair River and connects Highway 402 in Ontario directly with both I-69 and I-94 in Michigan. Highway 402 is connected to the Trans-Canada Highway.

In Michigan, I-69 intersects I-75 at Flint, providing access to major markets in Ohio, Kentucky, Tennessee, Georgia, and Florida. I-69 accesses the heart of the U.S. Midwest (ending at Indianapolis, Indiana)<sup>36</sup> and also connects to Interstate highways that lead to Mexico with land crossings at Brownsville, McAllen, and Laredo, Texas.<sup>37</sup>

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<sup>36</sup> The extension of the current I-69 Corridor to the Mexican border, however, has been underway for the past 17 years. A 1995 Federal Highway Administration *Feasibility Study* concluded that the construction of the I-69 NAFTA Superhighway Corridor through Indiana, Kentucky, Tennessee, Mississippi, Arkansas, Louisiana, and Texas was economically feasible. The 1,600 mile-long I-69 Corridor starting at Port Huron, Michigan would terminate near Brownsville and Laredo, Texas at the Rio Grande River Mexican border. Construction recently started on an I-69 highway segment in northern Mississippi that will include a bridge across the Mississippi River into Arkansas. Texas has aggressively pursued the construction of the I-69 Corridor although there have been stops and starts in that state's pursuit.

<sup>37</sup> "I-69 International Trade Corridor," Next Michigan Development Corporation, March 2012.



**Figure 4:  
The Blue Water Gateway Region and Adjacent Areas**



Source: MSU Center for Community and Economic Development, 2012

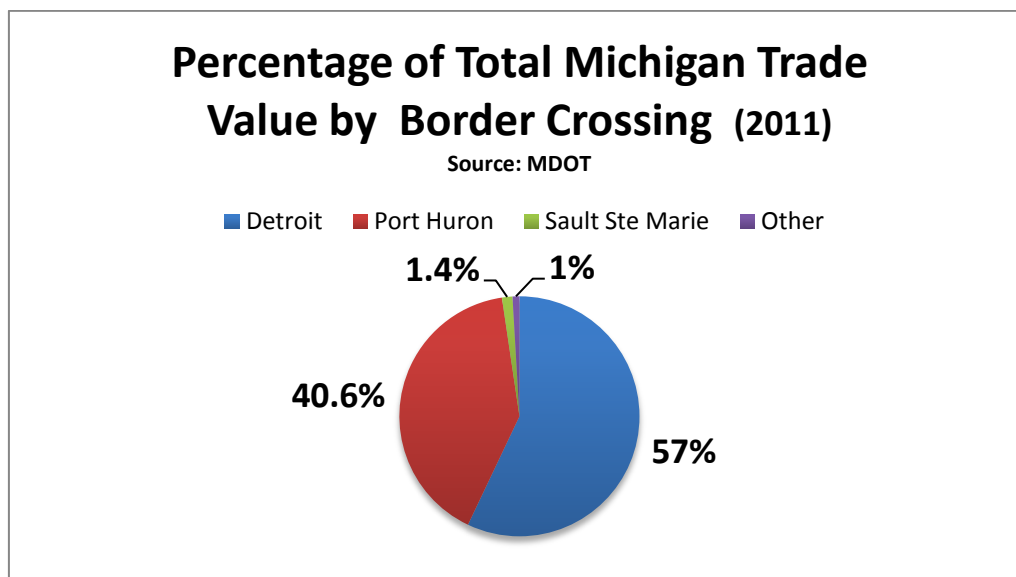
In addition to the Blue Water Bridge handling vehicular traffic, the St. Clair River Rail Tunnel connects rail traffic at Port Huron and Sarnia.<sup>38</sup> Although there is significant economic value generated by current cross-border trade, the Port Huron and Sarnia regions could develop stronger trading ties and achieve more robust economic development based on collaborative bi-national approaches (see Appendix 5 for a map of the entire EMCOG Region which includes both the Thumb and Saginaw Bay areas, north and northwest of the Blue Water Region).

<sup>38</sup> The current tunnel was constructed by the Canadian National (CN) railway to replace the first subaqueous rail tunnel in North America that opened in 1891. The current tunnel opened in 1994 in anticipation of increased import/export freight traffic resulting from the North American Free Trade Agreement (NAFTA) implemented in the same year. This double-stack tunnel accommodates entire trains of all sizes and removes the need for any river ferry service, thereby precluding any delays in freight movement at this crossing.

The Blue Water Bridge is the second busiest truck crossing among 11 Michigan and New York land crossings to Canada with 1,448,957 truck crossings in 2011, up 1.33% from 2010.<sup>39,40</sup>

Port Huron was second among all U.S.-Canada ports in total trade value (exports and imports combined) by all modes of transportation in 2011, accounting for 13.9% of total trade value. Trade through Port Huron totaled \$82.9 billion in 2011, up from \$73.4 billion in 2010 and \$59.3 billion in 2009. So the 2011 total is narrowly higher than the 2008 total of \$82.7 billion, showing that port trade has made significant progress towards pre-Great Recession levels. Port Huron was third among all U.S.-Canada ports by export value in 2011, with \$39.9 billion in exports, counting all modes of transportation.<sup>41</sup>

**Figure 5:**



In 2011, the total value of goods traded through Detroit was \$116.5 billion, or 57% of Michigan cross-border trade value. Port Huron traded a total value of \$82.9 billion, or 40.6%

<sup>39</sup> Public Border Operators Association Traffic Report, March 2012.

<sup>40</sup> The Ambassador Bridge at Detroit is first in the volume of truck crossings and the International Bridge at Sault Ste. Marie is sixth. At Detroit, 2,614,988 trucks crossed the Ambassador Bridge in 2011, down 2.54% from 2010. At Sault Ste. Marie, 95,000 trucks crossed the International Bridge in 2011, down 3.67% from 2010.

<sup>41</sup> Research & Innovative Technology Administration, Bureau of Transportation Statistics, Trans-border Freight Data, U.S. Dept. of Transportation.

of the total Michigan cross-border trade value. Sault Ste. Marie traded \$2.9 billion in goods for 1.4% of Michigan cross-border trade (see Figure 5 on page 20).<sup>42</sup>

### **3. Current Bi-National Higher Education Cooperation**

St. Clair County Community College in Port Huron and Lambton College in Sarnia share a conditional cooperative tuition agreement. If a specific program is not offered by one of the schools, a student can enroll at the other school offering that specific program at resident tuition rates. As a result, Ontario students often attend the St. Clair County Community College nursing program, and Michigan students often attend Lambton College for its technology programs. This kind of bi-national cooperation already practiced in the region could be a model for other areas, including bi-national regional economic development.

Lambton College also has many international relationships extending beyond North America with significant international programming relationships with campuses in Changchun, China; Nigeria; and Saudi Arabia. Over 400 international students study on the Lambton College campus and over 3,000 study at its international campuses.

It is also worth noting that St. Clair County Community College hosts a University Center that houses programs and courses offered by several universities, including Saginaw Valley State University, University of Michigan-Flint, Ferris State University, Madonna University, and Walsh College.

On the other side of the St. Clair River, a collaborative framework has been implemented at the University Research Park Sarnia-Lambton Campus, a joint venture of Western Ontario University, the County of Lambton, and the City of Sarnia, and is operated by Western Ontario University. The Park focuses on innovation opportunities in alternative energy technologies and industrial bio-products. Companies have access to world-class scientists and developers, leading-edge research, equipment, and commercialization support resources. Western Ontario University, based in London, Ontario, conducts cutting edge

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<sup>42</sup> "2011 Commodities Moved Through Michigan", Trans-border Freight Database, Bureau of Transportation Statistics, Research and Innovative Technology Administration, U.S. Dept. of Transportation.

research in the areas of biotechnology, including biomaterials, biochemical engineering, biomedical engineering, and green engineering.<sup>43</sup>

#### **4. The Michigan-Ontario Export and Logistics Partnership**

The MSU project team relied on the Economic Development Alliance of St. Clair County to assist in the identification of any existing agreements between Port Huron and Sarnia interests. Although no current agreements were identified between Port Huron and Sarnia, it was reported that the Cities of St. Clair and Marine City (a ferry crossing location), Michigan and Sombra, Ontario along the St. Clair River are developing a sister city agreement to promote tourism.

To investigate and support collaborative initiatives, two teleconference meetings of a bi-national working group of officials and researchers were facilitated during spring, 2012 by Mr. Dan Casey, the executive director of the Economic Development Alliance of St. Clair County. Informally dubbed the Ontario and Michigan Export and Logistics Partnership, this group consists of representatives of Ontario provincial agencies, local economic development agencies in the bi-national Blue Water Region, Michigan State University, and the Great Lakes International Trade and Transportation Hub, or GLITTH (see Appendix 6 for the bi-national team roster).

This bi-national team discussed partnership opportunities for developing and promoting joint export programs and resources as well as marketing the global gateways between the U.S. and Canada that support the combined Ontario, Michigan, and northwest Ohio region.

The ad hoc group identified five objectives and next steps for future near-term bi-national collaboration in the Blue Water Region between Port Huron/regional and Sarnia-Lambton area organizations that are described below:

- i. Conduct an assessment of current bi-national regional export capacity and multi-modal assets. The intent is to identify export-related assets and resources available in Ontario and Michigan to assist small-and-medium enterprises

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<sup>43</sup> "Sarnia-Lambton Biohybrid Chemistry Cluster", Sarnia-Lambton Economic Partnership, March 2012.

(SMEs) export in two of the three neighboring regions of Michigan and Ontario sharing land crossings.<sup>44</sup>

ii. Conduct wider outreach to Canadian institutions of higher education.

In support of bi-national regional economic development initiatives, perhaps focused on the trade connections provided by the Blue Water Bridge and St. Clair River Rail Tunnel, colleges and universities in the region and in the London and Toronto areas will also be contacted to invite their participation.

iii. Market the MEDC-developed regional brand and refine the state

Transportation, Distribution, Logistics (TDL) Strategy. The Michigan Economic Development Corporation (MEDC) has started an initiative to develop a brand and marketing effort around trade gateways and multi-modal assets. This effort spans two provinces (Ontario and Nova Scotia) and northwest Ohio in addition to Michigan. MEDC has drafted a Transportation, Distribution, and Logistics (TDL) Strategy (see Appendix 8). The TDL Strategy includes conducting an infrastructure assessment consistent with the regional exporting infrastructure assessment developed by the project team and described in part i immediately above.

iv. Develop an I-69 international trade corridor through the establishment of a Next Michigan Development Corporation.

The I-69 International Trade Corridor Next Michigan Development Corporation (NMDC)<sup>45</sup> has started a marketing program to promote the I-69 International Trade Corridor. A Next Michigan Corporation offers economic incentives to businesses in the corridor that move their products with two or more types of transportation. Other incentives include real

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<sup>44</sup> The MSU project team has started this infrastructure assessment for the 14-county EMCOG region and 3-county Eastern Upper Peninsula. The EMCOG region includes Sanilac County adjacent to St. Clair County (where Port Huron is located). Such resources would include online resources, government programs, public or private sector consulting, and soft landing areas for foreign business travelers who are pursuing export opportunities in Michigan and Ontario markets. (See Appendix 7 for the draft MSU CCED Regional Export Infrastructure Assessment)

<sup>45</sup> The I-69 International Trade Corridor Next Michigan Development Corporation includes Shiawassee, Genesee, Lapeer, and St. Clair Counties. This corridor provides critical intermodal hub opportunities based on key infrastructure assets: Bishop International Airport (Flint); two Foreign Trade Zones (Port Huron and Flint); I-69, I-75, and US-23; two Class I rail providers (Canadian National and CSX) and 3 short lines; and crossings to Ontario and Canada at the Blue Water Bridge and St. Clair River Rail Tunnel. Significant volumes of international freight currently enter Michigan and continue along the I-69 corridor without stopping in Michigan for any processing or intermodal activities. Much of this freight is of course destined for the heavy congestion and bottlenecks in Chicago. If the current set of logistics were changed to accommodate processing or intermodal activities at Michigan sites, substantial job creation could result. Significant opportunities to increase exports from I-69 Corridor businesses also exist.

and personal property tax abatements, job-creation credits, and tax-free Renaissance Zones.<sup>46</sup> Partners are being sought in Sarnia and Ontario to ensure representation of the Canadian Highway 402/401 corridor. This initiative will be developed over the next 12 months and beyond.

- v. Conduct a bi-national business networking event. Selected economic development organizations will be contacted to begin planning this activity.

The I-69 International Trade Corridor Next Michigan Development Corporation hosted its first regional summit Wednesday, Oct. 31, 2012 in Flint with 250 local business owners, and civic and education leaders from the four-county region of Genesee, St. Clair, Lapeer and Shiawassee counties. The summit focused on collaborative efforts of the four counties to boost trade and export opportunities across different business sectors.

Dan Casey, CEO of the Economic Development Alliance of St. Clair County described how the Blue Water Bridge can be used as a tool for businesses to take advantage of trade opportunities. Businesses in the region can also benefit from combining the wide range of trade and export assistance with multi-modal transportation options available to them. He pointed out that collaboration is currently critical, especially for the logistics, agriculture, and automotive sectors.

The MSU project team in cooperation with the St. Clair County Economic Development Alliance will hold a bi-national regional collaboration conference in 2013 similar to the successful Twin Saults bi-national collaboration conference held October 24-25, 2012.

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#### **IV. Making Trade Easier: The U.S.-Canada Agreement in Principle on Perimeter Security and Streamlining Trade Regulations Announced by the President and Prime Minister on December 7, 2011**

On December 7, 2011, President Barack Obama and Prime Minister Stephen Harper jointly announced two *Beyond the Border* (that was originally announced February 4, 2011) initiatives on border security and reducing trade regulations (see Appendix 9 for the joint announcement). The two nations will coordinate the introduction of new technology to improve cargo security and screening at points of entry along the border. These improvements will ease congestion and reduce the time it takes to transport products between the U.S. and Canada. That, in turn, will make it easier for businesses to export their goods. The U.S. and Canada will also work to streamline trade regulations or eliminate them in some cases.

The President noted in a joint press address with Prime Minister Harper that Canada has a special role to play as the single largest trading partner of the U.S. and the top export market of the U.S. These exports—from cars to food—support some 1.7 million U.S. jobs. It was also noted that Canada, in turn, is one of the top foreign investors in the United States and that, too, creates more jobs and prosperity. Both the President and the Prime Minister underscored their determination not just to sustain this trade, but to expand and grow it faster to create new jobs and more economic opportunities.

A major thrust of the announced agreement is to pre-inspect and pre-clear U.S.-bound Canadian goods and travelers to avoid border delays. The U.S. government intends to negotiate pre-clearance measures that will provide pre-approval for Canadian goods crossing the border. The Canadian government has agreed to expanded lanes and booths for NEXUS holders at the Fort Erie (across from Buffalo, NY) and Queenston (across from Lewiston, NY) border crossings over the Niagara River by June 2013. NEXUS is a pre-clearance program for trusted travelers.

Another key component of the agreement is a joint entry-exit tracking system, in which the U.S. and Canada will effectively merge their land-border screening efforts on the shared border by recording and sharing details on people crossing there. The two national governments have also agreed to better share information about potential security threats.

Prime Minister Harper considers this agreement to be the most significant step in Canada-U.S. cooperation since the North American Free Trade Agreement (NAFTA) went into effect in 1994. The new agreement vows to keep the border as open as possible to legitimate commerce and travel by implementing regulations that are more sensible and streamlining screening at the border for both travelers and cargo. Both the U.S. and Canadian economies will benefit from the implementation of the agreement as increased trade and travel will create more jobs.

It is important to note that the two national governments must yet take many steps before the specifics of the Agreement announced in principle are in place and actually implemented.



## V. Conclusion and Lessons Learned on Bi-National Regional Collaboration

This review of bi-national collaborative initiatives and agreements between first, Sault Ste. Marie, Michigan, USA and Sault Ste. Marie, Ontario, Canada, and second, between Port Huron, Michigan, USA and Sarnia, Ontario, Canada serves as a **point of departure in considering bi-national border and near-border EDD/regional collaboration to enhance economic development in the Twin Saults Region and Blue Water Gateway Region.** These collaborative models could have broad implications for EDDs along the U.S.-Canada and U.S.-Mexico borders. Indeed, Canadian Consul General Roy Norton stated at the Conference on Bi-National Regional Collaboration on October 24, 2012 that **“the (Sister City) Agreement absolutely could serve as a model for other U.S.-Canadian jurisdictions joined by a bridge or tunnel.”**

Having signed their formal Sister City agreement on August 16, 2012 covering an ambitious range of collaborative areas, the twin Saults have signaled the advent of an enhanced bi-national regional collaboration that can benefit both the Eastern Upper Peninsula border region and the northern Ontario border region on either side of the St. Mary's River. Clearly, the immediate proximity of the Eastern Upper Peninsula to the international border creates an ease of access that favors bi-national collaboration. And this collaboration can also reach more widely to include near-border regions on either side of the international border.

Moreover, as a highly rural and sparsely-populated region with limited resources, the Eastern Upper Peninsula Regional Planning and Development Commission and the Sault Ste. Marie, Michigan EDC have worked closely together as a practical means to deliver greater benefits to their stakeholders. This critical cooperation has produced tangible and positive results for businesses and communities across the EUP region.

With the recent signing of their Sister City Agreement on bi-national economic development and other areas of mutual interest, **the twin Saults provide an outstanding model of bi-national regional collaboration.** This model is worthy of emulation by the Blue Water Region, EMCOG region, and other U.S. EDDs with immediate or near-border proximity to bi-national land crossings along the U.S.-Canada or U.S.-Mexico borders. The economic and ecological assets of border and near-border EDDs that are shared with their international neighbors provide an immediate connectivity that can help accelerate bi-national regional

economic development, including the creation or expansion of strategic links to the global economy. But these are opportunities, not givens. **Border and near-border EDDs must act collaboratively and strategically to capitalize on these opportunities to act as global players.**

Although no bi-national agreements were identified in either the near border EMCOG region or in the bi-national Blue Water Gateway Region between Port Huron, Michigan and Sarnia, Ontario interests, an ad hoc bi-national working group came together during early 2012 and identified five areas of future bi-national collaboration and the future steps that could be taken in those areas. In addition, the recently-established I-69 International Trade Corridor Next Michigan Corporation hosted its first regional summit to develop greater collaboration and take greater advantage of Blue Water Bridge assets in leveraging trade and logistics opportunities. These steps represent positive signs for the prospect of future bi-national regional collaboration in the Blue Water Region. A conference on bi-national regional collaboration in the Blue Water Gateway Region will be held in 2013.

The U.S.-Canada Agreement in principle on perimeter border security and streamlining trade regulation announced on December 7, 2011 by President Obama and Prime Minister Harper could provide additional impetus to, and valuable reinforcement of, these place-based efforts to build powerful bi-national regional economies in the Twin Saults and Blue Water Gateway Regions and adjacent areas. **Such bi-national regional collaboration has become increasingly critical to regional success and prosperity in the rapidly evolving, hyper-competitive global economy.**

The project team believes that robust bi-national collaboration can enhance exporting and related trade activities in each of these two international gateways in the Twin Saults and Blue Water Gateway Regions, respectively. Leaders in these two gateway regions situated north of the trade-intensive Detroit-Windsor gateway are positioned to take key steps to compete more successfully in the global economy and expand bi-national trade and logistics hub activities. But first, **a broad range of stakeholders in and near these gateways must come together and help devise new data-driven strategic approaches that deploy each region's exporting assets more effectively, and provide visionary and lucid leadership for the region to compete successfully in the global economy.**

We look forward to and seek your feedback to assist bi-national collaboration that can energize and accelerate the robust development of the bi-national regional economy of Michigan and Ontario.

## **Appendices**

**Appendix 1: Project Team Members**

**Appendix 2: Joint Sault Ste. Marie, Michigan and Sault Ste. Marie, Ontario City Council Resolution**

**Appendix 3: Map of the Eastern Upper Peninsula Regional Planning and Development Commission Region**

**Appendix 4: Program for the UPEDA Conference on Bi-National Regional Collaboration in Sault Ste. Marie, Michigan and Sault Ste. Marie, Ontario, October 24-25, 2012**

**Appendix 5: Map of the Eastern Michigan Council of Governments Region**

**Appendix 6: Michigan-Ontario (Port Huron-Sarnia) Partnership Group Roster**

**Appendix 7: Draft MSU CCED Export Infrastructure Assessment Tool**

**Appendix 8: State Transportation, Distribution, and Logistics (TDL) Strategy**

**Appendix 9: White House Statement, December 7, 2011**

**Appendix 1:  
Project Team Members**

J. D. Snyder  
**Project Director**

Rex LaMore  
**Director**  
**MSU Center for Community and Economic Development**

John Melcher  
**Associate Director**  
**MSU Center for Community and Economic Development**

Kenneth E. Corey  
**MSU Department of Geography**

John Schweitzer  
**MSU Center for Community and Economic Development**

Jeff Hagan  
**Eastern Upper Peninsula Regional Planning and Development Commission**

Jane Fitzsimmons  
**East Michigan Council of Governments**

Steven Miller  
**MSU Center for Economic Analysis**

Kevin Doyle  
Leslie Grimm  
Jeff Gepper  
Kristen Forster  
Kram Sokchanna  
Kaelyn Stevick  
**Research Assistants**  
**MSU Center for Community and Economic Development**

**Appendix 2:**

**“Two Nations – One City” Sister City Agreement, Sault Ste. Marie,  
Ontario and Sault Ste. Marie, Michigan**



*Two Nations – One City  
Sister City Agreement*



*City of Sault Ste. Marie, ON, Canada • City of Sault Ste. Marie, MI, United States*

*Whereas We the undersigned, as leaders of our respective communities, Sault Ste. Marie, Ontario, Canada and Sault Ste. Marie, Michigan, United States of America in the spirit of mutual collaboration, do hereby enter into this agreement on the occasion of Celebrate 100 (1912-2012), the 100 year anniversary of the Incorporation of the City of Sault Ste. Marie, Ontario thus formalizing our first Sister City Agreement; and*

*Whereas The purpose of such agreement is to promote economic, educational and cultural exchanges and other co-operative ventures to enrich the lives of citizens and enhance our shared international understandings and appreciation of our respective countries; and*

*Whereas The governments and residents of both of our communities envision an expansion of cultural exchanges and programs to foster friendship, business development and initiatives of mutual interest; and*

*Whereas Our respective governments and citizens hereby pledge to further explore and develop new ventures, and exchange programs deemed desirable and feasible for both communities; and mutually agree within the limits of our respective statutes and resources, commit to accomplish the purpose of this Agreement and any supplemental agreements derived there from.*

*Signed By Mayor Debbie Amaroso and Mayor Anthony G. Bosbous and affixed with the seal of both respective cities on this Thursday 16th day of August, 2012*

*Mayor Debbie Amaroso  
City of Sault Ste. Marie, Ontario*

*Mayor Anthony G. Bosbous  
City of Sault Ste. Marie, Michigan*

*Chief Administration Officer Joseph Fratesi  
City of Sault Ste. Marie, Ontario*

*City Manager Spencer Nebel  
City of Sault Ste. Marie, Michigan*



**Appendix 3:**  
**Map of the Eastern Upper Peninsula Regional Planning and  
Development Commission Region**





**Appendix 4:**

**Program for the UPEDA Conference on Bi-National Regional  
Collaboration in Sault Ste. Marie, Michigan and Sault Ste. Marie,  
Ontario, October 24-25, 2012**



**UPEDA CONFERENCE ON BI-NATIONAL REGIONAL COLLABORATION**

LSSU WALKER L. CISLER CENTER

650 W.EASTERDAY AVE., SSM MI 49783

To register visit [www.upeda.com](http://www.upeda.com)

<b>WEDNESDAY, OCTOBER 24, 2012 – LSSU CISLER CENTER, SAULT STE. MARIE MICHIGAN</b>	
1:00 – 2:00 PM	Registration
2:00 – 2:45 PM	Opening Remarks: Jeanette P. Tamayo, EDA and Jeff Holt, SSM EDC Chair <b>CANADIAN KEYNOTE: ROY B. NORTON, CONSUL GENERAL OF CANADA AT DETROIT</b>
2:45 – 3:15 PM	<b>MICHIGAN KEYNOTE: LT. GOVERNOR BRIAN CALLEY</b>
3:30 – 4:30 PM	<b>ALTERNATIVE ENERGY PANEL</b> Rob Reid, President N-Sci Technologies Ken Nielsen, Kinross Cellulosic Ethanol Ernie Maas, Cloverland Electric Cooperative <i>Kim Stoker, Moderator</i>
4:30 – 5:30 PM	Networking Reception @ LSSU, Sault MI – Sponsored by Cloverland Electric
<b>THURSDAY OCTOBER 25, 2012 – LSSU CISLER CENTER, SAULT STE. MARIE MICHIGAN</b>	
8:00 – 9:00 AM	Registration / Continental Breakfast
9:00 – 9:15 AM	<b>WELCOME AND INTRODUCTIONS –</b> SAULT MICHIGAN MAYOR TONY BOSBOUS SAULT ONTARIO MAYOR (Steve Butland City Councilor for Mayor Amaroso) KIM STOKER, UPEDA PRESIDENT
9:15 – 9:55 AM	<b>OPENING KEYNOTE –</b> PHIL BECKER, EXECUTIVE DIRECTOR INTERNATIONAL BRIDGE AUTHORITY
9:55 – 10:05 AM	<b>COFFEE BREAK</b>
10:05 – 10:45 AM	<b>CANADIAN KEYNOTE – TOM DODDS, CEO SSM EDC ONTARIO</b>
10:45 – 11:30 AM	<b>BI-NATIONAL MULTI-MODAL TRANSPORTATION</b> Pete Anastor- MEDC Transportation, Distributions and Logistics Strategy Don Mitchell, Sault Ontario Multi-Modal Ralf Wilhelms, Sault Michigan Multi-Modal Dan Casey, I-69 Corridor <i>Phil Becker, Moderator</i>
11:30 AM – NOON	<b>UPEDA REPORT</b>
NOON – 1:00 PM	<b>LUNCH</b>



## Appendices

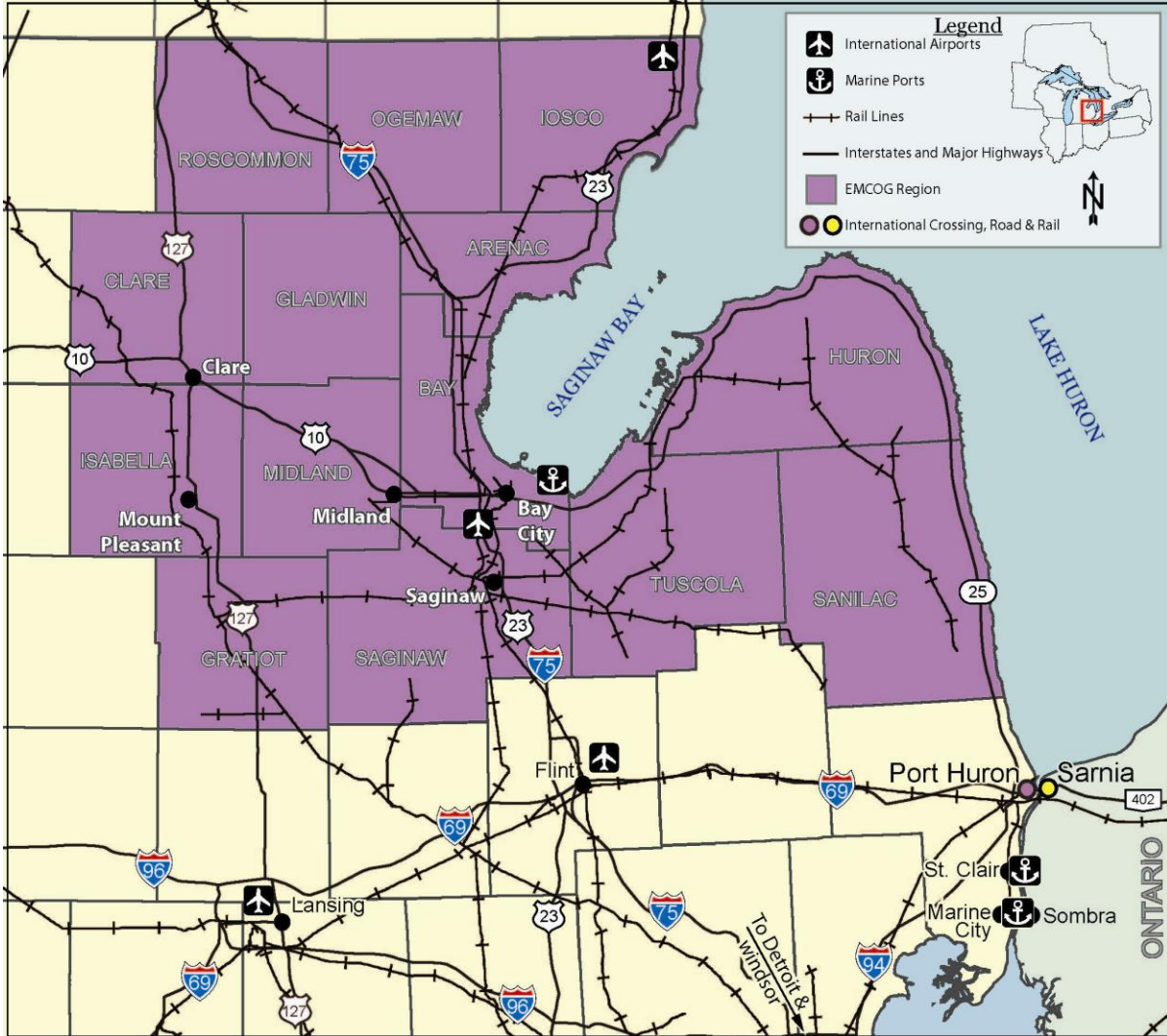
1:15 – 2:20 PM	<p><b>THE ROLE OF HIGHER EDUCATION IN BI-NATIONAL REGIONAL ECONOMIC DEVELOPMENT</b></p> <p>Dr. David Schantz, VP Algoma University          Dr. Morrie Walworth, VP Lake Superior State University          Reuven Shlozberg, University of Toronto – Mowat Center          MSU Center for Community and Economic Development – Best Practices in exporting strategies and foreign direct investment attraction, and collaboration research.          David Hollister, Great Lakes International Trade and Transport Hub  <i>JD Snyder, Moderator</i></p>
2:20 – 2:30 PM	<p><b>AFTERNOON BREAK</b></p>
2:30 – 3:30 PM	<p><b>BUSINESS ROUNDTABLE</b></p> <p>Martin Pochtaruk, President, Heliene Photovoltaic Modules – Sault Ontario          Green Circle Environmental – Sault Ontario          Aggressive Manufacturing Innovations – Sault MI          Hoover Precision Products – Sault MI  <i>Bob Metzger, Moderator</i></p>
3:30 PM	<p><b>ADJOURN/NEXT STEPS</b></p>



University Outreach  
and Engagement  
Center for Community  
and Economic Development



### Appendix 5: Map of the East Michigan Council of Governments Region



**Appendix 6:**

**Michigan-Ontario (Port Huron-Sarnia) Partnership Group Roster  
Ontario and Michigan Joint Initiatives**

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## Appendices

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## Appendices

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## Appendix 7:

### Draft MSU CCED Export Infrastructure Assessment Tool

Michigan State University/Center for Community and Economic Development  
**Draft Regional Export Infrastructure Assessment for  
 Comprehensive Economic Development Strategies (CEDs)**

**(Identify export-related assets in 6 major categories for Michigan-Ontario border/near-border regions)**

Identification and development of existing infrastructure and assets in the region is an essential initial step for increasing export activity. With this identification of assets, community stakeholders and local policy planners will have a clearer picture of the region’s exporting capabilities. Ideally, the regions will fully leverage these assets to encourage SME export market entry or expansion.

**Michigan Regions  
 (EUPRPDC & EMCOG)\***

**Ontario Regions  
 (Sault Ste. Marie & Sarnia)**

1. Physical Assets
Ports of Entry
Rail
Border Crossings » Bridges, Tunnels, and Ferries
Marine Ports
Interstates, State Highways, and Arterials
International Airports
Multimodal Transfer Facilities
Bonded Warehouse Space
Broadband
Pipelines

1. Physical Assets
Ports of Entry
Rail
Border Crossings » Bridges, Tunnels, and Ferries
Marine Ports
Interstates, State Highways, and Arterials
Airports
Multimodal Transfer Facilities
Bonded Warehouse Space
Broadband
Pipelines

2. Institutional Assets
Export Assistance Centers
Foreign Trade Zones
U.S. Customs and Border Protection Offices
Alliances to Support Collaborative Exporting and FDI Initiatives

2. Institutional Assets
Export Assistance Centers
Foreign Trade Zones
Canada Border Services Agency Offices
Alliances to Support Collaborative Exporting and FDI Initiatives



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<b>3. Knowledge Assets</b>
Awareness of Export Laws and procedures
Availability of Trade/Export Advice
Capacity of Economic Development Organizations
Availability of Professional Translation Services

<b>3. Knowledge Assets</b>
Awareness of Export Laws and procedures
Availability of Trade/Export Advice
Capacity of Economic Development Organizations
Availability of Professional Translation Services

<b>4. Capital Access and Assistance</b>
FDI Readiness
Financial Assistance
Loans/ Loan Guarantees
Capacity to Facilitate Currency Exchange

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FDI Readiness
Financial Assistance
Loans/ Loan Guarantees
Capacity to Facilitate Currency Exchange

<b>5. Networking Capacity</b>
Networks that Connect Local, Regional, and Statewide Entities

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<b>6. Cross-Cultural Knowledge Capacity**</b>
Behaviors
Ethnic Identities, Traditions, and Festivals
Other Bi-national Collaborative Instruments

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Behaviors
Ethnic Identities, Traditions, and Festivals
Other Bi-national Collaborative Instruments

\* EUPRPDC is the abbreviation for the Eastern Upper Peninsula Regional Planning and Development Commission that covers three counties: Chippewa, Luce, and Mackinac.

EMCOG is the abbreviation for the East Michigan Council of Governments that covers 14 counties around Saginaw Bay: Arenac, Bay, Clare, Gladwin, Gratiot, Huron, Iosco, Isabella, Midland, Ogemaw, Roscommon, Saginaw, Sanilac, and Tuscola.

\*\* **Cross-cultural Knowledge Capacity:** The purpose of this category is to assess the export readiness of enterprises and the community in terms of the need for understanding socio-cultural differences and customs. A greater understanding of socio-cultural differences between the home community and current and potential trading partners can enhance the development and quality of trade relationships and promote understanding between trading partners.



## Appendix 8: State Transportation, Distribution, and Logistics (TDL) Strategy



### Statewide Transportation, Distribution, and Logistics (TDL) Strategy Project Charter and Statement of Work

**Points of Contact:**

- Peter Anastor, Michigan Economic Development Corporation (MEDC)
- Laura Mester, Michigan Department of Transportation (MDOT)
- Gordon Wenk, Michigan Department of Agriculture and Rural Development (MDARD)
- Doug Smith, MEDC

**Objective:** To develop a strategy for transforming Michigan into a “Gateway for the Midwest”—a center for global freight, logistics and supply chain that will drive significant job creation and investment over the next decade.

Job creation and investment will be achieved in three ways: first, by connecting existing Michigan businesses to export markets in order to increase sales; second, by identifying and developing value-add business opportunities for goods and services that currently pass-through our state for other points of destination; and, finally, by marketing our assets and increasing our profile as a center for global freight, logistics and supply chain.

**Background:** Stakeholder groups have been developing plans for positioning Michigan as a global supply chain and logistics hub. These plans build on the success and competitive advantages of Michigan’s TDL assets, including our major border crossings in Detroit, Port Huron and Sault Ste. Marie, which together make Michigan the largest international trade gateway in the country. In 2011, Michigan was the 8<sup>th</sup> largest exporter among U.S. States with \$50.8 billion total shipments of merchandise and we need to build on that success. Michigan is strategically located with four of six North American Class I railroads with a presence in Michigan, including two that have their North American entry point in Southeast Michigan. The Detroit region also has a market reach of 88.2 million people within a 10-hour truck delivery (currently, truck delivery is the dominant transportation mode with 72% of cargo volume).

A statewide initiative supported by the resources of the state will enable the development of a comprehensive plan that will leverage existing efforts and raise Michigan’s global TDL profile. This initiative will leverage our existing university expertise and skilled workforce and build on the capacity we have available to drive growth opportunities. Current subject matter experts estimate that a fully leveraged TDL system in Michigan will create 60,000 to 75,000 new direct jobs and reduce supply chain cost by approximately 5% to 20% for Michigan manufacturing, agriculture and distribution. With current U.S. ports and freight hubs, including Chicago, becoming increasingly congested, and only 6% of inbound freight stopping in Michigan, the state has an outstanding opportunity to deliver value for its residents and businesses through a comprehensive TDL strategy.

**Michigan Economic Development Corporation**

300 North Washington Square | Lansing, MI 48913 | 888.522.0103 | MichiganAdvantage.org | michigan.org



**Business Need (Why should the State of Michigan devote resources to this project?):** Michigan is well positioned to capture a significantly higher share of global trade. However, Michigan's competitive advantages in TDL, its location and robust asset portfolio, are under-leveraged. In order to realize the full economic benefit of its TDL infrastructure, Michigan needs a comprehensive, collaborative and coordinated strategy for connecting TDL components, filling gaps, and raising the profile of Michigan globally.

Better leveraging these unique assets will create benefits that will be significant, including job growth and greater value for our companies in Michigan. By reducing uncertainty and congestion, the private sector will be able to drive efficiency and costs savings into their TDL systems in Michigan.

**Partners:**

The statewide effort is being led and coordinated by the MEDC in partnership with MDOT and MDARD.

External partners include:

- Business Leaders for Michigan
- Detroit Regional Chamber
- Michigan State University
- Prima Civitas
- Next Michigan Development Corporations (Detroit Region, Lansing Region, Traverse City Region, the I-69 Corridor Region)
- Great Lakes International Trade and Transportation Hub
  - Mowat Institute, Engineering Society of Detroit, Dalhousie University
- Great Lakes Global Freight Gateway
- Center for Automotive Research
- Detroit/Wayne County Port Authority
- Grand Rapids Region
- Detroit Intermodal Freight Terminal
- Private Rail Companies
- Private Industry, Third-Party Providers, Freight Forwarders
- and many others

In addition, in order to establish itself as a global TDL leader, Michigan will need to develop a common vision and partnerships with Ohio and Canada, including Ontario, and other port destinations like Montreal, Halifax, Nova Scotia and Prince Rupert and Vancouver, British Columbia.

**Approach:**

The project will utilize a partnership model to develop a global TDL strategy. In particular, the partnership model provides resources and a framework development to *allow front-line subject matter experts and professional organizations to craft the appropriate outcome*. The partnership will be directed by the MEDC and its state TDL partners (MDOT and MDARD). As noted above, the project will



assume that a regional scope is necessary for success and will seek to incorporate partners in NW Ohio, Ontario and other strategic locations in Canada, including Montreal, Halifax, Prince Rupert and Vancouver, which have growing ports.

The project will ultimately incorporate all four modes of transportation (road, rail, maritime and aviation), and will begin by focusing on building out Michigan's capacity for freight and associated logistics and supply chain. The project will include pilot projects in multiple Michigan regions.

The partnership structure will include a steering committee that will direct the initiative and comprise state agencies and many of the partners listed above. In addition, additional subcommittees will be formed to address each of the issue areas listed below. These subcommittees will include groups and individuals who can help create and implement an action plan which will be developed for each component. The subcommittees will have the ability to engage resources as necessary in order to develop a comprehensive strategy that will make this strategy a success.

The following initial products would be created, with more developed as the project moves forward:

1. Development of Vision
2. Development of Brand and Marketing Image
3. Development of Materials to Enable Economic Developers
4. Development of Value Propositions
5. Development of Strategy for Transportation Modes and Asset Integration
6. Development of Economic Development Metrics related to TDL

**Areas of Focus:**

1. Business Development and Industry Collaboration
  - a. Identify business value proposition for industry
  - b. Collaborate with private sector and industry associations to promote competitive advantage
  - c. Promote export opportunities and ensure integration with agriculture industry
  - d. Integrate the competitive advantage into business development sales strategy
  - e. Build on existing capacity within region
  - f. Leverage existing business expertise, knowledge and capacity
  - g. Identify areas of constraint in the current system as targeted areas of opportunity
  - h. Identify value add opportunities for freight that uses Michigan as a pass-through
2. Marketing and Branding
  - a. Develop brand Identity
  - b. Develop marketing plan and materials
  - c. Unify brand and marketing over region in coordination with partners
  - d. Promote bi-national, multi-state, regional vision
  - e. Create and provide education and training sessions in order to promote opportunities



3. Infrastructure Assets, Development and Integration
  - a. Roads
  - b. Railroads (Four Class I Railroads)
  - c. Airports
  - d. Maritime Ports
  - e. International Crossing ( Detroit, Port Huron, Sault Ste. Marie)
  - f. Intermodal Hubs, Transload Facilities and Distribution Centers and their integration
  - g. Next Michigan Development Corporations
  - h. Information Technology
4. Policy Development
  - a. Develop regional plan to prioritize needs
  - b. Eliminate barriers for development of industry
  - c. Identify and secure federal resources for TDL activities
5. Access to Capital
  - a. Focus and prioritize funding for critical infrastructure needs
  - b. Leverage public-private partnerships where appropriate
6. Talent
  - a. Assess and develop talent for industry needs
  - b. Collaborate with universities, community colleges and training centers to create and support training programs to support industry
  - c. Leverage our existing professional experience in industry
  - d. Leverage existing knowledge within universities to expand programming for industry
7. Organizational Structure
  - a. Determine long-term structure for global TDL freight gateway
  - b. Identify appropriate long-term roles for the state and local government and economic development organizations

**Key Milestones Timeline:**

1. Overall Completion:	December 31, 2012
2. Develop of Mission and Vision Statement:	April 1, 2012
3. Identify Project Steering Committee:	April 1, 2012
4. Identify and Task Project Subcommittees	May 1, 2012
5. Create TDL Brand:	June 1, 2012
6. Governor Launch of Initiative:	TBD
7. Initial Subcommittee Reports:	August 1, 2012
8. Develop Marketing Campaign:	September 1, 2012
9. Develop Action Plan:	October 1, 2012
10. Identify of Long-Term Structure:	November 30, 2012
11. Issue TDL Strategy	December 31, 2012



**Metrics:**

The TDL strategy will identify clear metrics for outcome success. Though ultimately the appropriate metrics will be developed by the project team over the development of the strategy, project leadership anticipates some version of the following metrics will measure TDL outcomes:

1. New jobs created by industry
2. Amount of private investment leveraged per dollar of public investment
3. Increase in economic activity in TDL industry
4. Increase in volume and value of inbound and outbound containers
5. New business development in TDL industry

**Project Sponsors:**

- Michael Finney, President and CEO, MEDC
- Kirk Steudle, Director, MDOT
- Keith Creagh, Director, MDARD

## Appendix 9:

### White House Statement, December 7, 2011

Statements by President Barack Obama and Prime Minister of Canada Stephen Harper of Canada  
South Court Auditorium  
3:16 P.M. EST

PRESIDENT OBAMA: Good afternoon, everybody. Please be seated.

I am very pleased to welcome my friend and partner, Prime Minister Harper, back to the White House. Whenever we get together it's a chance to reaffirm the enduring alliance between our nations, the extraordinary bonds between our peoples, the excellent cooperation between our governments, and my close personal friendship to the Prime Minister.

Stephen, I believe this is the 11th time that we've sat down and worked together, not including our many summits around the world. And on occasions like this, unfortunately, I only speak one language; Stephen moves effortlessly between two. But no matter what language we speak, we always understand each other. In Stephen, I've got a trusted partner, and I think he'll agree that perhaps no two nations match up more closely together, or are woven together more deeply, economically, culturally, than the United States and Canada.

And that deep sense of interconnection, our shared values, our shared interests, infused the work that we have done today -- from supporting a resolution to the eurozone crisis to moving ahead with the transition in Afghanistan, from deepening security cooperation here in the Americas to supporting reform and democratic transitions in the Middle East and North Africa.

Our focus today, however, is on our highest priority, and my top priority as President, and that's creating jobs faster and growing the economy faster. And in this mission, Canada has a special role to play. As most of you know, Canada is our single largest trading partner, our top export market, and those exports -- from cars to food -- support some 1.7 million good-paying American jobs. Canada, in turn, is one of the top foreign investors in the United States, and that creates even more jobs and prosperity.

And the Prime Minister and I are determined not just to sustain this trade but to expand it, to grow it even faster, so we're creating even more jobs and more opportunity for our people. Canada is key to achieving my goal of doubling American exports and putting folks back to work. And the two important initiatives that we agreed to today will help us do just that.

First, we're agreeing to a series of concrete steps to bring our economies even closer and to improve the security of our citizens -- not just along our shared border, but "beyond the border." Put simply, we're going to make it easier to conduct the trade and travel that creates jobs, and we're going to make it harder for those who would do us harm and threaten our security.

For example, some 90 percent of all our trade -- more than a billion dollars in trade every single day -- passes through our roads, our bridges and our ports. But because of old systems and heavy congestion, it still takes too many products too long to cross our borders. And for every business, either Canadian or American, time is money.

So we're going to improve our infrastructure, we're going to introduce new technologies, we're going to improve cargo security and screening -- all designed to make it easier for our companies to do business and create jobs. And that, by the way, includes our small businesses, which create most of the new jobs here in America. And when they look to export, typically, Canada is one of the most likely places they are to start getting a foothold in the global economy. So it's hugely important for our small and medium-sized businesses.

Last year, more than 100 million people crossed our shared border, including lots of Canadians who, I'd note, spend more money in the United States than any other visitors. So I want to make a pitch: We want even more Canadians visiting the United States. And please spend more money here. We want to make it easier for frequent travelers and our businesspeople to travel, and we're going to create a simplified entry-exit system.

## Appendices

I'd add that along with better screening and sharing more information, this will help us be even smarter about our joint security, concentrating our resources where they're needed most -- identifying real threats to our security before they reach our shores.

The second thing we're doing is we're ramping up our effort to get rid of outdated, unjustified regulations that stifle trade and job creation. This is especially important in sectors like the auto industry, where so many cars and products are built on both sides of the border. But sometimes that's slowed down by regulations and paperwork that, frankly, just doesn't make sense.

So we're going to strike a better balance with sensible regulations that unleash trade and job creation, while still protecting public health and safety. And this builds on the efforts that we have here in the United States, led by Cass Sunstein at OIRA, where we're eliminating billions of dollars in costs from regulations.

Now our two nations are going to be going further, streamlining, eliminating and coordinating regulations, slashing red tape, and we're going to focus on several key sectors, including autos, agriculture and health care. So this can be a win-win situation, where not only are we making our regulatory systems more efficient in our respective countries, but we're also seeing greater convergence between our two countries.

Even as we pursue these two new initiatives, the Prime Minister and I discussed our broader economic relationship. I'm pleased that Canada has expressed an interest in the Trans-Pacific Partnership. Many of you accompanied me to the APEC meeting where you know that this has generated a great deal of interest. So we look forward to consulting with Canada, as well as our TPP partners and others, about how all of us can meet the high standards demanded by this trade agreement. And it can be I think a real model, not only for the region but for the world.

We did discuss the proposed Keystone XL pipeline, which is very important to Canada. And I think the Prime Minister and our Canadian friends understand that it's important for us to make sure that all the questions regarding the project are properly understood, especially its impact on our environment and the health and safety of the American people. And I assured him that we will have a very rigorous process to work through that issue.

So we're going to continue to work as partners and as friends. And, Stephen, on this day and in all the discussions that we have, I want to thank you again for your candor, your sense of common purpose, what you bring -- and your team brings to this partnership. It's been extraordinary. And I want to personally thank you for the progress that our teams made in these two very important announcements that we made today.

I'm confident, by the way, that we are going to implement them diligently. We have folks like Secretary Napolitano from Department of Homeland Security, and Cass Sunstein, who are going to be heading up our team, and making sure that these things go into effect in a way that benefits both the Canadian people and the American people.

And so, Stephen, to all the people of Canada, thank you. To you, thank you. And I wish everybody a wonderful holiday season.

PRIME MINISTER HARPER: Well, thank you, Barack. Thank you for, first of all, our candid conversation today, as always. We always appreciate that. We appreciate all the work that's been done on this. I did mention Bob Hamilton, Simon Kennedy working on our side. But I do want to thank all the officials on both sides who've been working hard over very many months to do what is a very important initiative.

And of course, I do want to thank you for your friendship, not just personally, Barack, but I know the friendship you feel for the entire nation of Canada, and we all do appreciate it.

Today, we are pleased to announce ambitious agreements on perimeter security and economic competitiveness, as well as on regulatory cooperation. These agreements create a new, modern order for a new century. Together, they represent the most significant steps forward in Canada-U.S. cooperation since the North American Free Trade Agreement.

The first agreement merges U.S. and Canadian security concerns with our mutual interest in keeping our border as open as possible to legitimate commerce and travel.

## Appendices

As I said in February, Canada has no friend among America's enemies. What threatens the security and well-being of the United States threatens the security and well-being of Canada. Nevertheless, measures to deal with criminal and terrorist threats can thicken the border, hindering our efforts to create jobs and growth.

Today, our two governments are taking practical steps to reverse that direction. We are agreed, for example, that the best place to deal with trouble is at the continental perimeter; that smarter systems can reduce the needless inconvenience posed to manufacturers and travelers by multiple inspections of freight and baggage.

We also believe that just as threats should be stopped at the perimeter, trusted travelers should cross the border more quickly. Indeed, these priorities are complementary. The key that locks the door against terrorists also opens a wider gate to cross-border trade and travel.

The second joint initiative will reduce regulatory barriers to trade by streamlining and aligning standards where it makes sense to do so. Naturally, in this area, as in all others, no loss of sovereignty is contemplated by either of our governments. However, every rule needs a reason. Where no adequate reason exists for a rule or standard and that rule hinders us from doing business on both sides of the border, then that rule needs to be reexamined.

Ladies and gentlemen, today's agreements will yield lasting benefits to travelers, traders, manufacturers, in fact everybody whose legitimate business or pleasure takes them across the border. And we take these steps, both of us, to protect jobs, to grow our economies, and to keep our citizens safe. And I say "we" because we are each other's largest export customers. The benefits of cooperation will, therefore, be enjoyed on both sides of the border.

Let me also take this opportunity, Barack, to recognize your leadership in this work. This does reflect the vision -- the large vision -- that you have for continental trade and security, and your commitment to the creation of jobs and growth. And it is, I believe -- these agreements today -- it's always necessary to say it -- the next chapter in a marvelous relationship, and a relationship that really is a shining example to the world.

We talked today about other parts of the world that are more troubled, and believe me, if we could replicate our relationship anywhere in the world, the world would be a better place. We're always delighted to be here, always thankful of having the United States as our great friend and neighbor, and once again, delighted to be here today.

PRESIDENT OBAMA: Thank you so much.



# Informing the Debate

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