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THE GORDIE HOWE INTERNATIONAL BRIDGE:

*THE POLITICS, ECONOMICS AND PROCUREMENT OF A
MAJOR INFRASTRUCTURE PROJECT*

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For: Windsor Chapter of CITE
March 28, 2022.

US-CANADA TRADE

- #2 US bilateral trade relationship in 2019 (just behind US-Mexico, roughly 3 times US-Japan or US-Germany)
- Canada is #1 market for US exports
- 57% of Canada-US merchandise trade moves by trucks
- About half is in and out of the province of Ontario (75% by trucks)
- Biggest Ontario categories: automotive; machinery/electrical
- Cross-border supply chains
- Well over 90% through bridges at Detroit, St.Clair and Niagara Rivers



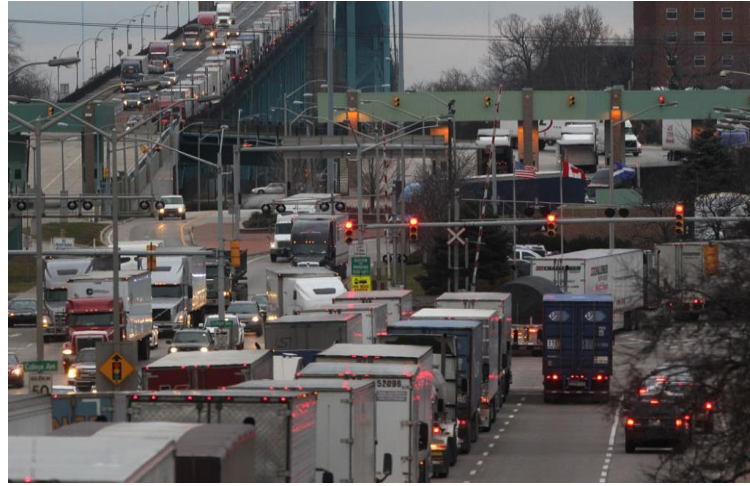




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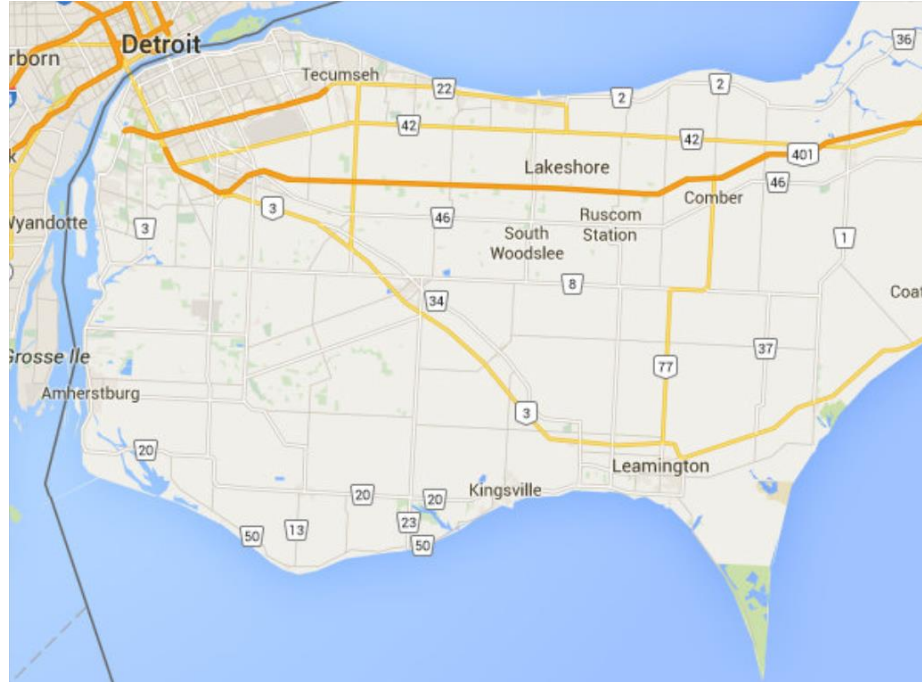


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WINDSOR-DETROIT CROSSING REGION BEFORE 2015



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■ AMBASSADOR BRIDGE CROSSING

Bridge Built in 1929, two lanes each way (one each for trucks and cars)

No direct highway connections on the Canadian side

Still the largest crossing for Canada-US trade

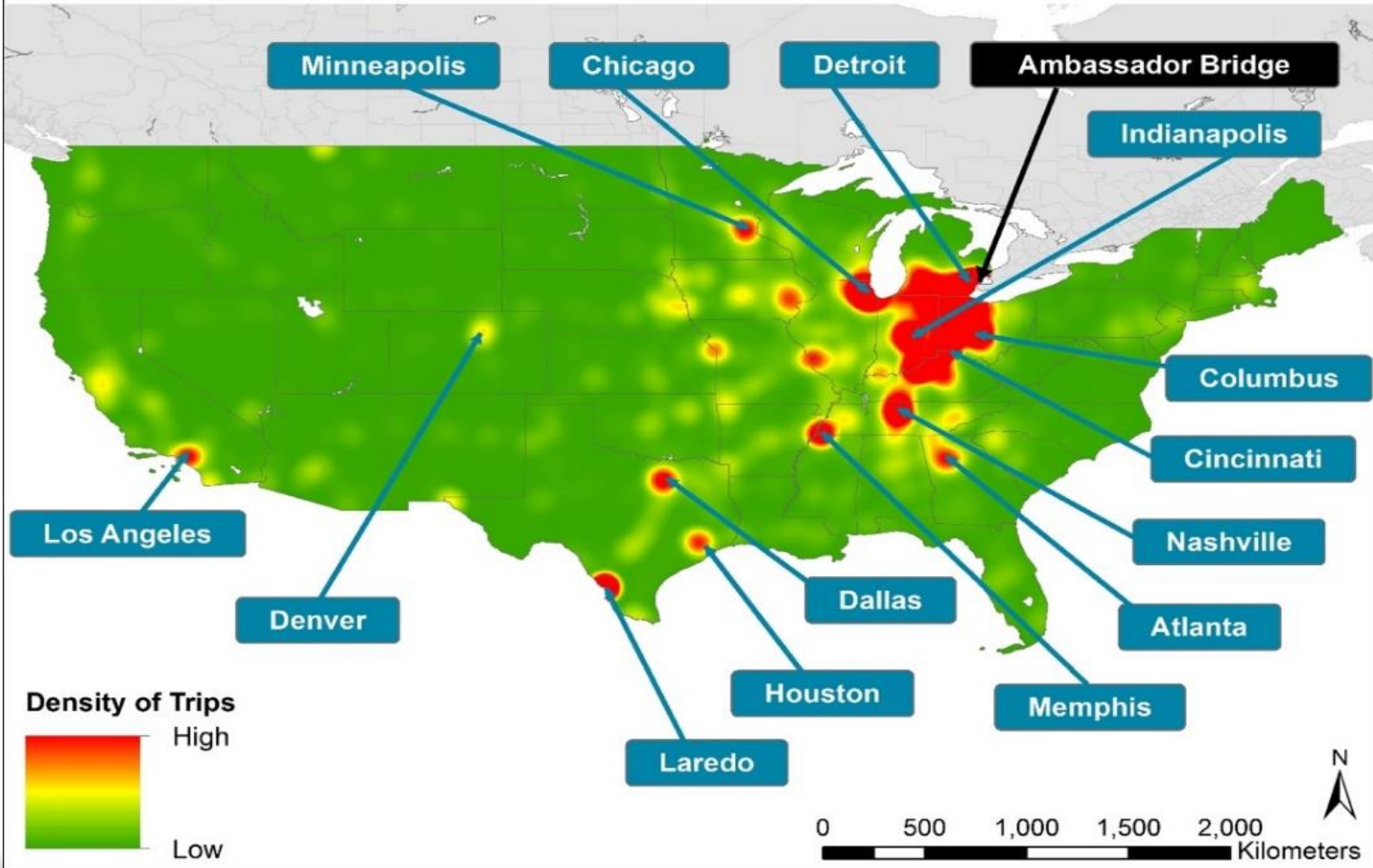
2.5 to 3 million trucks per year, about \$1 billion every four days.

- Economic significance of Detroit River crossing
 - 19% of Canada-US trade
 - Ambassador + Blue Water Bridges 3rd largest US port (Brookings)
 - Ambassador Bridge freight volume greater than Vancouver containers



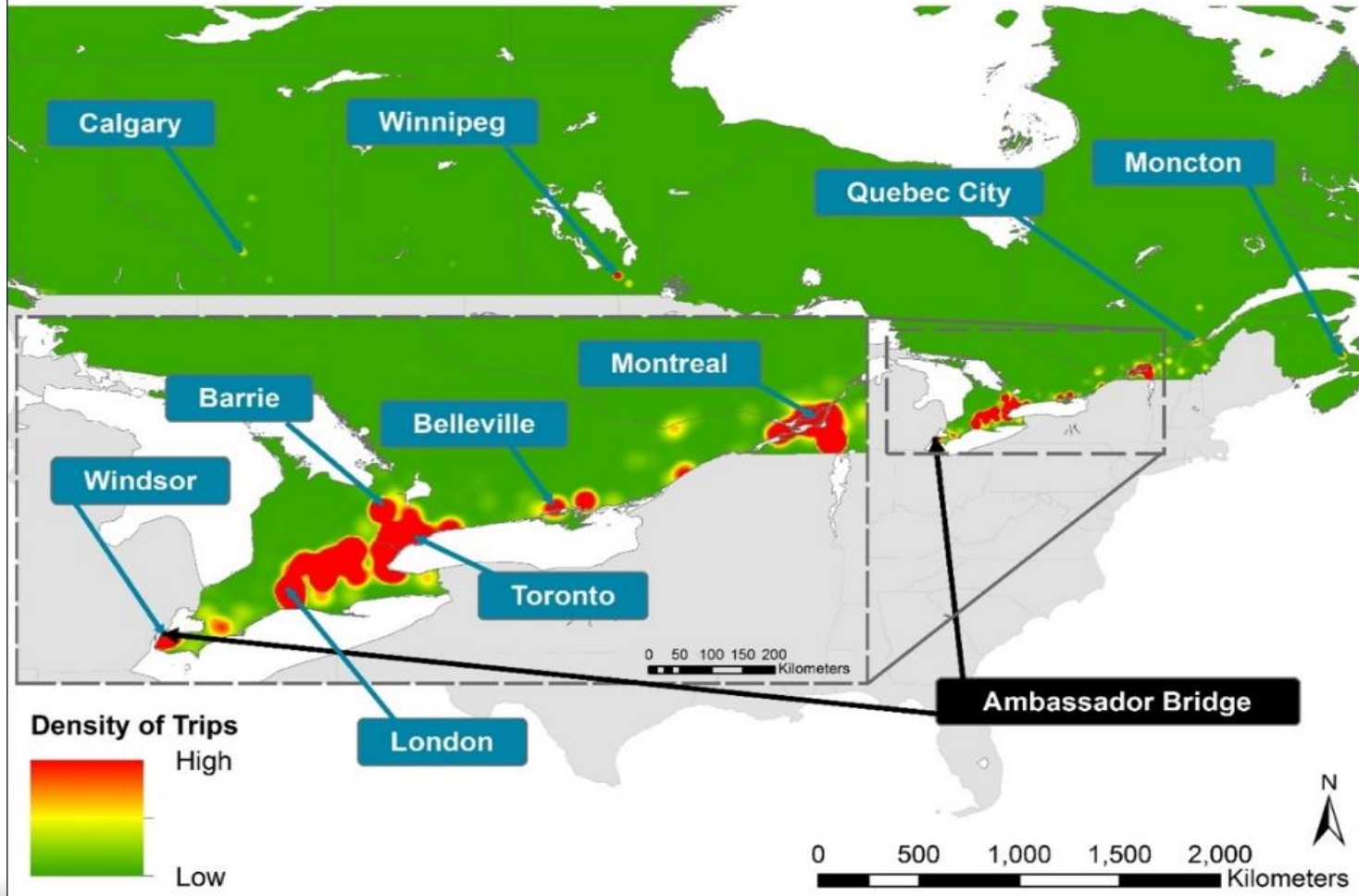
U.S. Origin Density of Truck Trips Crossing the Ambassador Bridge (2013/2014)

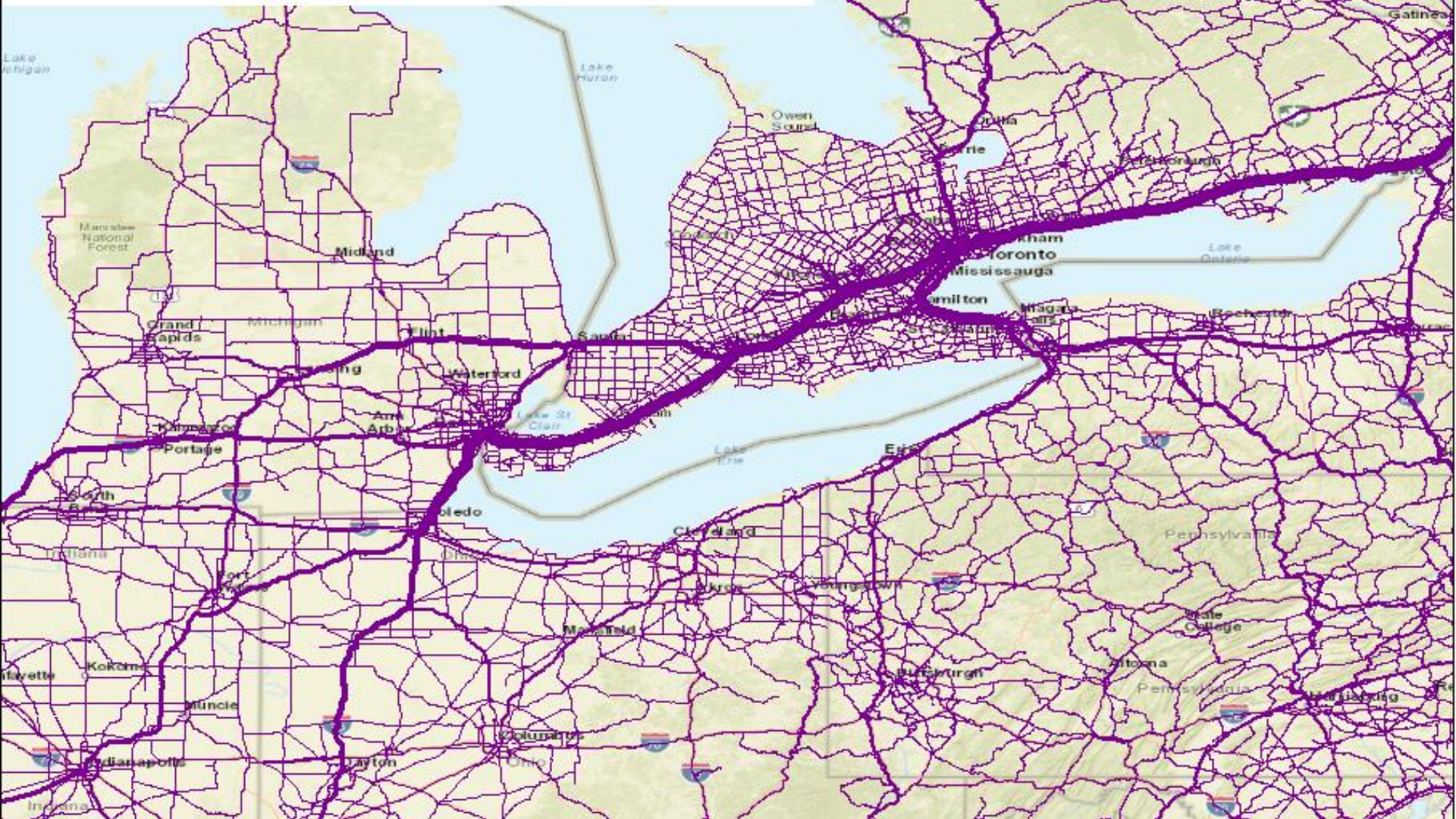
Source: GPS sample data - Cross-Border Institute



CAN Origin Density of Truck Trips Crossing the Ambassador Bridge (2013/2014)

Source: GPS sample data - Cross-Border Institute





GORDIE HOWE INTERNATIONAL BRIDGE PROJECT

- Exploratory planning process began in 2001
- Site selected downriver from the Ambassador Bridge
- Two projects to create highway-to-highway connection
 - Herb Gray Parkway (connection to Highway 401)
 - Gordie Howe International Bridge
- Complex politics
 - No legislative approval in Michigan
 - “Interlocal agreement” Michigan-Canada
- Environmental assessment and P3 contracting
- Construction begins late 2018, completion scheduled late 2024



PUBLIC-PRIVATE PARTNERSHIP INFRASTRUCTURE PROCUREMENT

- Common method of infrastructure procurement in Europe, Canada and other countries
- Private company takes responsibility to design, build, finance, operate and maintain the infrastructure facility
- Often a consortium of firms create a special purpose vehicle (SPV)
- Steps: after all permits are obtained,
 - Request for qualifications
 - Request for proposals to a short list
 - Selection of best proposal
 - Contracting



GORDIE HOWE INTERNATIONAL BRIDGE CONSTRUCTION AND OPERATIONS GOVERNANCE

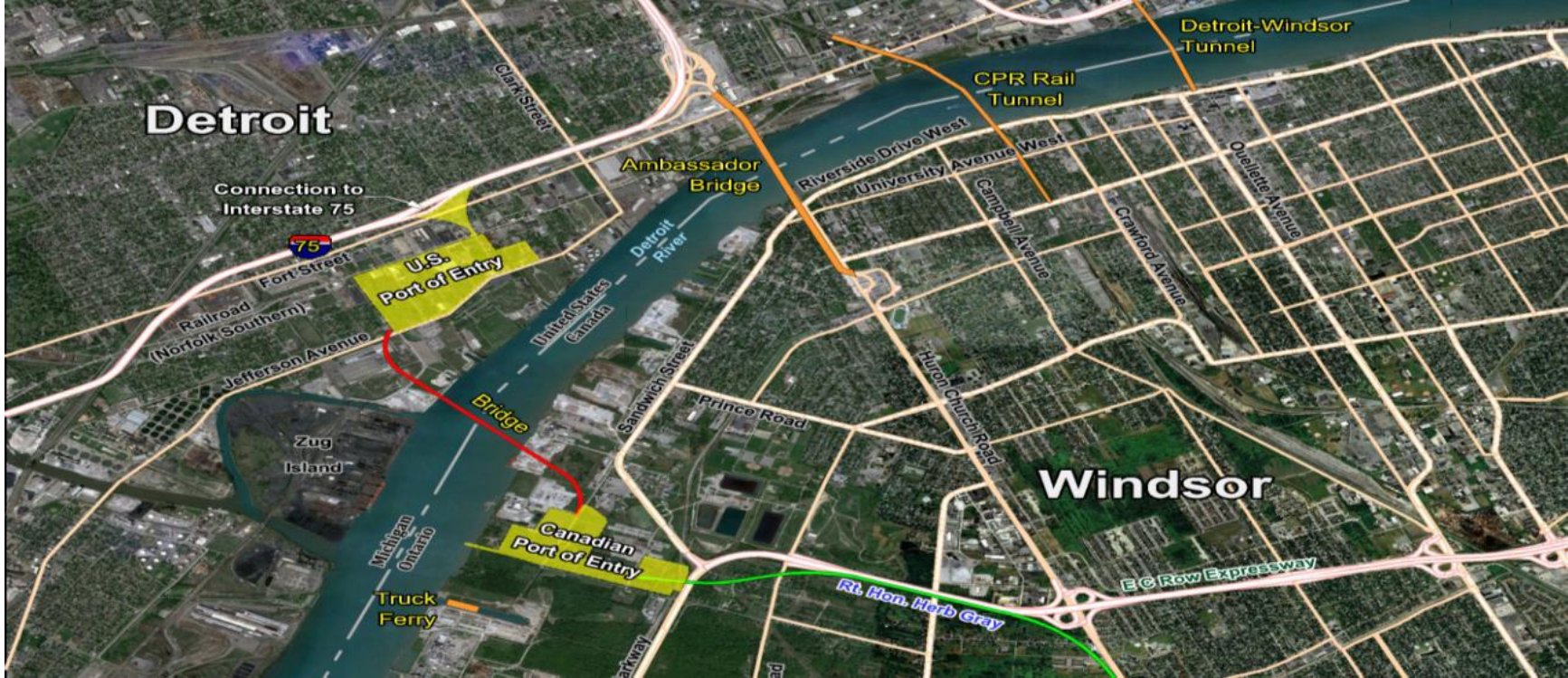
- Windsor Detroit Bridge Authority: Crown corporation created to contract and administer the construction of the Bridge, and to manage its operation, including setting and collecting tolls
- Bridging North American: Contracted to design, build, finance, operate and maintain the infrastructure for 30 years.
- Major Partners
 - Fluor Canada
 - Dragados Canada
 - Aecon
 - AECOM (design)
 - ACS Infrastructure (Maintenance and operation)
- Numerous smaller and local partners and subcontractors



PARKWAY AND BRIDGE (EA REPORT, DECEMBER 2008)

EXHIBIT E.1 – RECOMMENDED PLAN





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[Welcome | Gordie Howe International Bridge](#)



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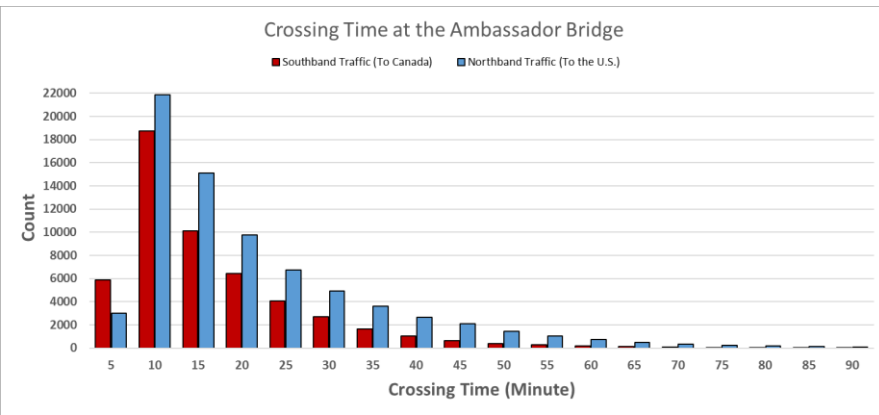
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THE GORDIE HOWE INTERNATIONAL BRIDGE AND THE BI-NATIONAL GREAT LAKES ECONOMIC REGION: ASSESSING ECONOMIC IMPACTS AND OPPORTUNITIES (REPORT BY CBI, 2021)

- Full report
- [The Gordie Howe International Bridge and the Bi-National Great Lakes Economic Region: Assessing Economic Impacts and Realizing Economic Opportunities \(cbiinstitute.ca\)](#)
- Summary report
- [The Gordie Howe International Bridge and the Bi-National Great Lakes Economic Region: Assessing Economic Impacts and Realizing Economic Opportunities \(cbiinstitute.ca\)](#)



IMPACTS: WHY THE GORDIE HOW INTERNATIONAL BRIDGE WILL BE A BETTER CROSSING



- Highway-to-highway connection in expanded corridors
- Larger inspection plazas
- More lanes
 - Support more volume
 - Reduce impact of incidents (better consistency)
 - Support trusted traveler/trader
- Advanced technology
- Certainty of long service lifetime to support private investment

TWO TYPES OF ECONOMIC BENEFITS

Why build infrastructure? To create two types of benefits:

Static benefits: Provide better transportation services to the existing pattern of cross-border traffic flows:

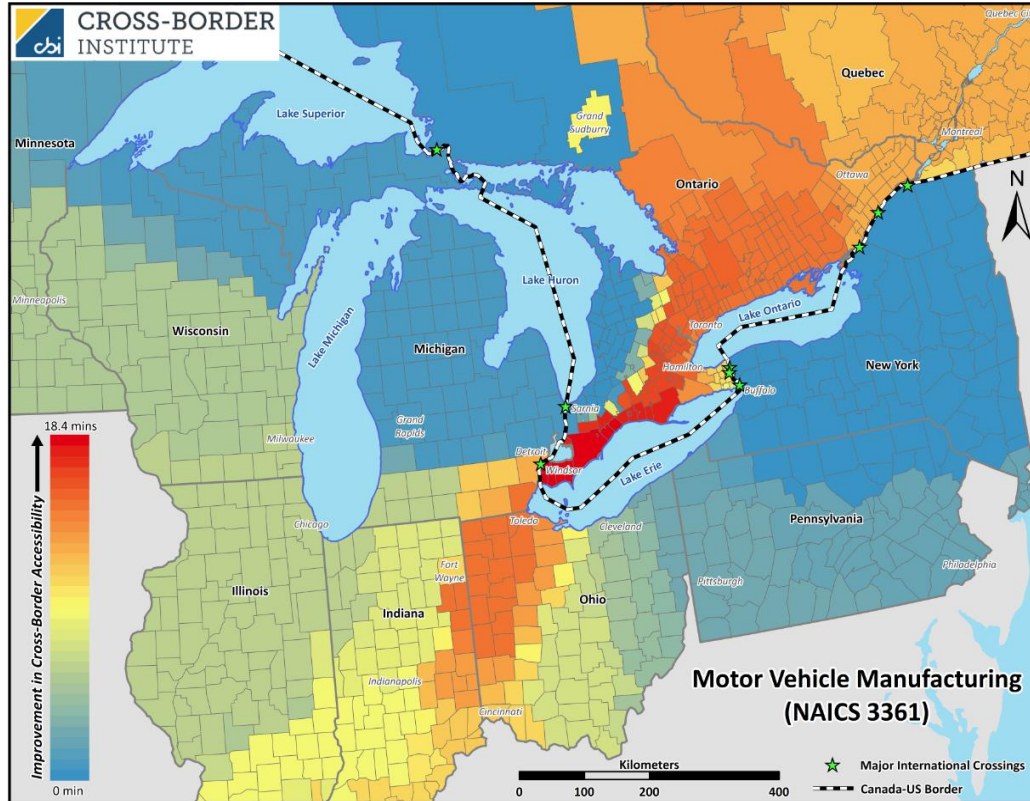
- Aggregate time savings for border crossers
- Enhanced accessibility to economic markets and resources (***improve your geography!***)

Dynamic benefits: Superior service gives rise to a changed pattern of traffic flow due to new and expanded economic activity:

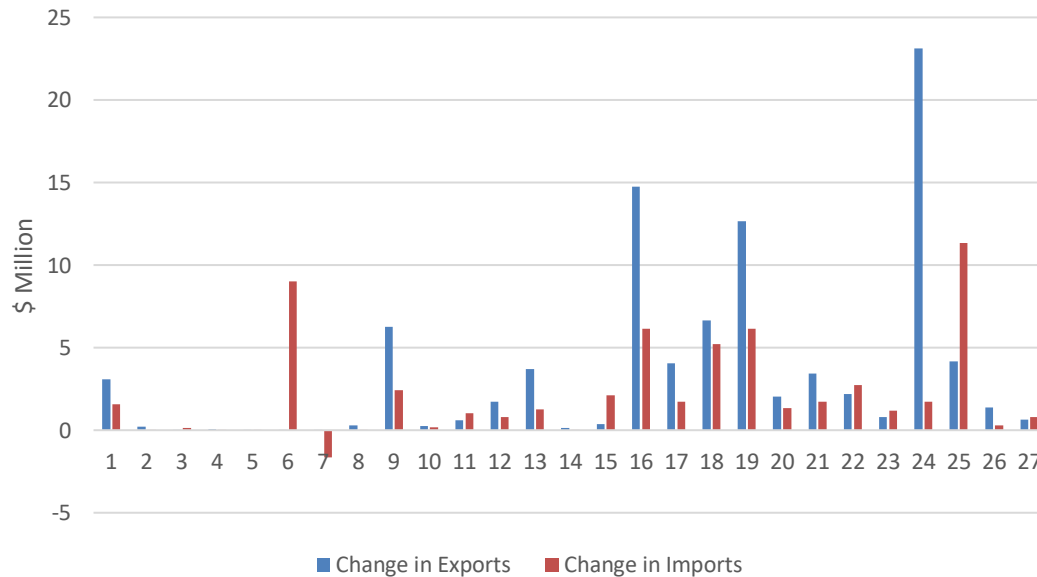
- Like eliminating a tariff, reducing border costs leads to growth in income, employment and trade



STATIC BENEFITS: AVERAGE ACCESS TIME SAVINGS TO INDUSTRIAL INPUTS – AUTO ASSEMBLY



DYNAMIC BENEFITS: TRADE EXPANSION DUE TO IMPROVED CROSSING TIMES (CGE MODEL RESULTS)



No.	Name
1	Grains and other crop products [M111B]
2	Live animals [M112A]
3	Other farm products [M11D0]
4	Forestry products and services [M11E0]
5	Fish and seafood, live, fresh, chilled or frozen [M1140]
6	Mineral fuels [M21B0]
7	Metal ores and concentrates [M2122]
8	Non-metallic minerals [M2123]
9	Food and non-alcoholic beverages [M31C0]
10	Alcoholic beverages and tobacco products [M312A]
11	Textile products, clothing, and products of leather and similar materials [M31D0]
12	Wood products [M3210]
13	Wood pulp, paper and paper products and paper stock [M3220]
14	Printed products and services [M3230]
15	Refined petroleum products (except petrochemicals) [M3240]
16	Chemical products [M3250]
17	Plastic and rubber products [M3260]
18	Non-metallic mineral products [M3270]
19	Primary metallic products [M3310]
20	Fabricated metallic products [M3320]
21	Industrial machinery [M3330]
22	Computer and electronic products [M334C]
23	Electrical equipment, appliances and components [M3350]
24	Transportation equipment [M336A]
25	Motor vehicle parts [M3363]
26	Furniture and related products [M3370]
27	Other manufactured products and custom work [M3B00]

OPPORTUNITIES: POTENTIAL FOR TRANSPORTATION, DISTRIBUTION AND LOGISTICS DEVELOPMENT

Why TDL?

- TDL sector is best placed to take advantage of **the huge flow of freight** through the corridor served by the new Bridge;
- it is a **land-intensive** activity and developable land is more readily available in the study regions than in other metro areas;
- it has the potential to provide employment opportunities to people with **limited transferable skills**;
- growth in TDL services will **enhance the competitiveness** of other industries in the region;
- the central location of the Detroit River crossing creates the potential to provide **hub services** for the broader Great Lakes and St Lawrence (GLSL) economic region.



HOW DOES THE GORDIE HOWE INTERNATIONAL BRIDGE CHANGE TDL POTENTIAL?



- Improved accessibility to origins and destinations of freight
- Increased flow through the corridor
- Reduced risk due to redundancy
- Opening opportunities for land development (especially on Canadian side)

GENERAL RECOMMENDATIONS ON TDL CLUSTER

- Develop business case for cluster based on **flow-through traffic** rather than just local demand
- Private-Public model but **no development “on spec”** – private investment required for all facilities (analytical template developed in project)
- Since no single entity is likely to have sufficient stake on its own, a **coordinating institution** is needed
- Development must be justified on **commercial, social and environmental** benefits
- Common **IT assets** for service providers in the cluster
- First step: *ad hoc* committee to develop **action plan**



GENERAL STUDY CONCLUSIONS

The Gordie Howe International Bridge projects represents **one of the most important initiatives for trade facilitation in the world today**. It will

- **save billions** of dollars for the trade movements that currently pass through the Windsor-Detroit corridor;
- **improve cross-border accessibility** throughout the Great Lakes and St. Lawrence region;
- facilitating growth in **mutually beneficial cross-border trade**; and
- provide the level of **certainty necessary to induce investments** in productive assets in both Canada and the United States.

It will also create a zone of high cross-border accessibility and freight flow, providing the opportunity to build a cluster of transportation, distribution and logistics activities that can expand the economic base and employment level in Southeastern Michigan and Southwestern Ontario.



THANKS, QUESTIONS?



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