

NORTHEAST CANAM CONNECTIONS:
INTEGRATING THE ECONOMY AND TRANSPORTATION

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Presented by:
WILBUR SMITH ASSOCIATES

- Global Insight
- HDR, Inc.
- ITRANS Consulting
- Opus International
- Davidson-Peterson Associates
- Stafford Business Advisors

Project Advisor:
ECONOMIC DEVELOPMENT
RESEARCH GROUP

WilburSmith
ASSOCIATES

Study Purpose

Examine the relationship between sufficiency of transportation and economic conditions across the region of central Maine and the northern tier of New Hampshire, Vermont and New York State, as well as along the adjacent Canadian provinces of Nova Scotia, Prince Edward Island, New Brunswick, Quebec and Ontario.

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WilburSmith
ASSOCIATES

NE CanAm Study Region



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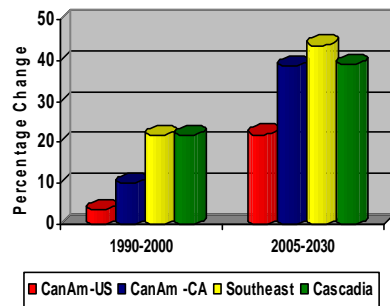
Regional Conditions

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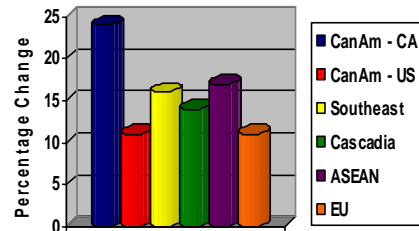


Large Parts of NE CanAm Region's Economy Are Lagging

Comparison of Population Growth, Historical and Projected



Employment Growth by Region, 1996-2005



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Factors Inhibiting Region's Growth

- Border crossing inefficiencies
- Institutional barriers
- High production costs including energy, taxes and transportation
- Insufficient transportation infrastructure and services
- Lack of regional perspective

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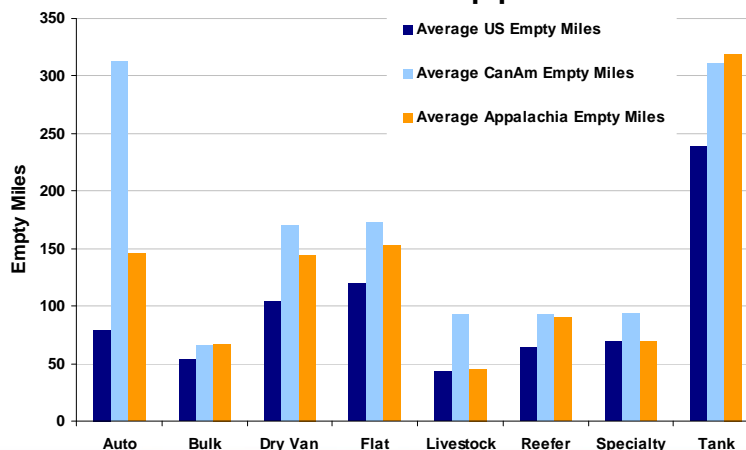
Characteristics of NE CanAm Regional Trade

- 93% of freight tonnage in US portion moved by truck despite cost disadvantages
- Cross border trade dominates trade flows with 2/3 of all flows in US portion crossing border
- Marine transport accounts for less than 5% of regional trade but 50% of cross border flows
- Limitations on rail service arising from challenging conditions for service providers
- Institutional barriers are significant

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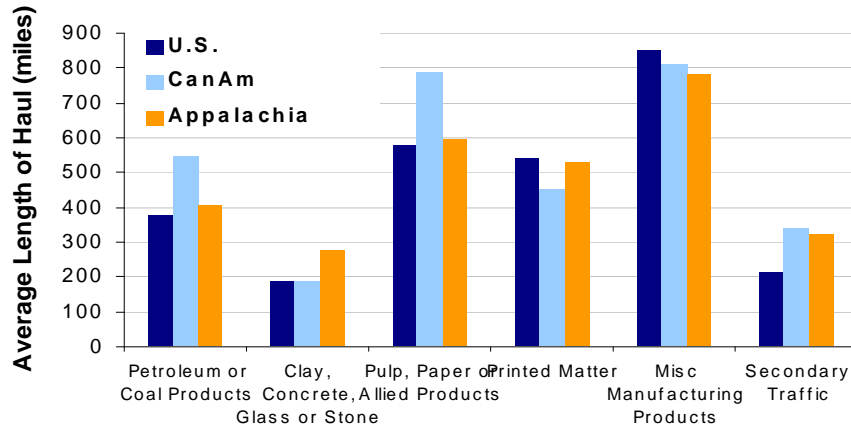
Lack of Shipper Density Leads to Fewer Backhaul Opportunities



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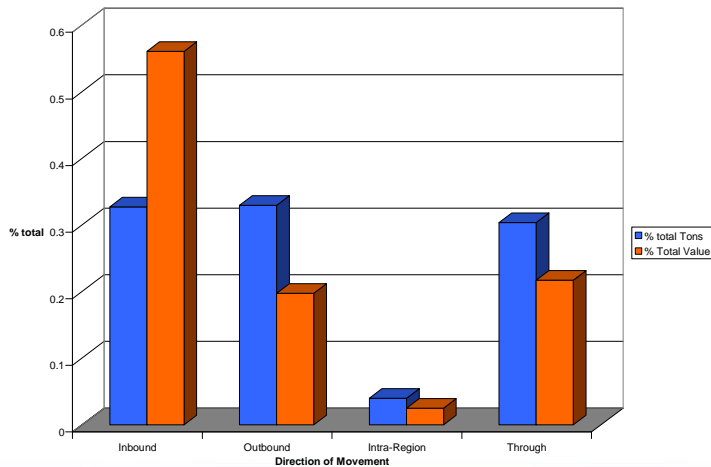
Remoteness Leads to Longer Hauls



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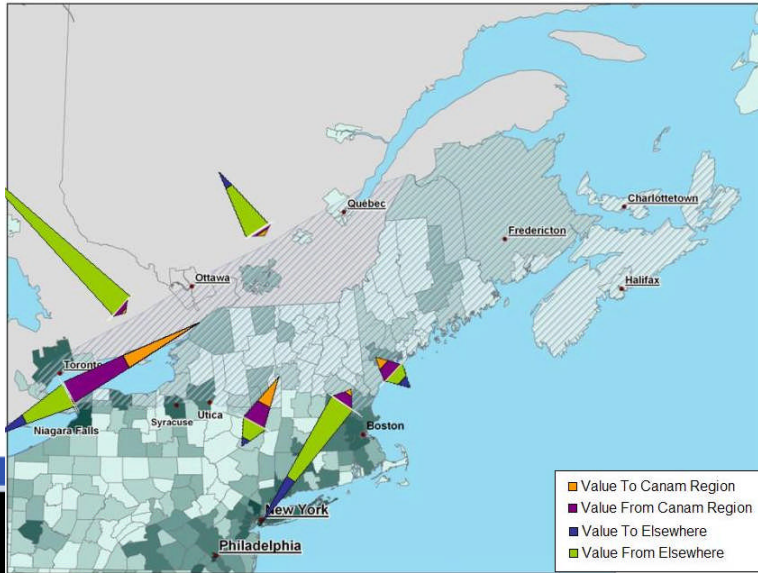
Lack of Internal Trade



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Concentration in Outward Trade with Weak Internal Trade

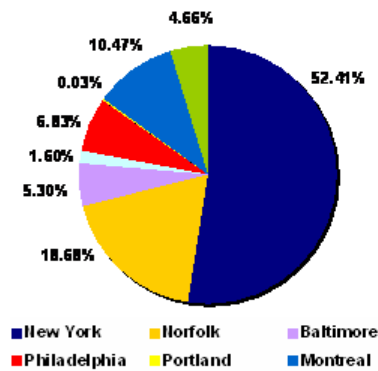


The "Hollow Region"

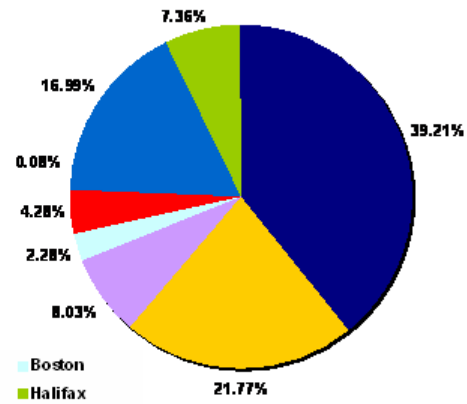


Port Positions in Atlantic

Imports



Exports



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Competitive Position of Halifax - Container Trade

Advantages	Disadvantages
Suez Canal Routes • and N. Europe	Panama Canal Routes • and landbridge
ULC Ship Handling • vs. Montreal	ULC Anchor Market • & other routes to Montreal
Jones Act Jurisdiction • for short sea feeders	Handling Costs & Density • for any short sea
Inland Route Capacity • if developed	Inland Route Distances • and multiple competitors

➔ **Bottom Line: Can compete, cannot dominate**

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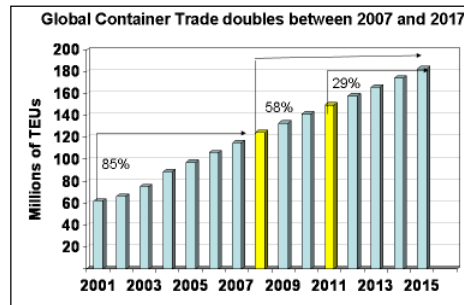
Broader Context

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Global Economic Growth Driven by Growth in Global Trade

- Liberalization of world trade policies
- The growth of multinational trade blocks and multinational corporations
- Accelerated adoption of advanced information technologies



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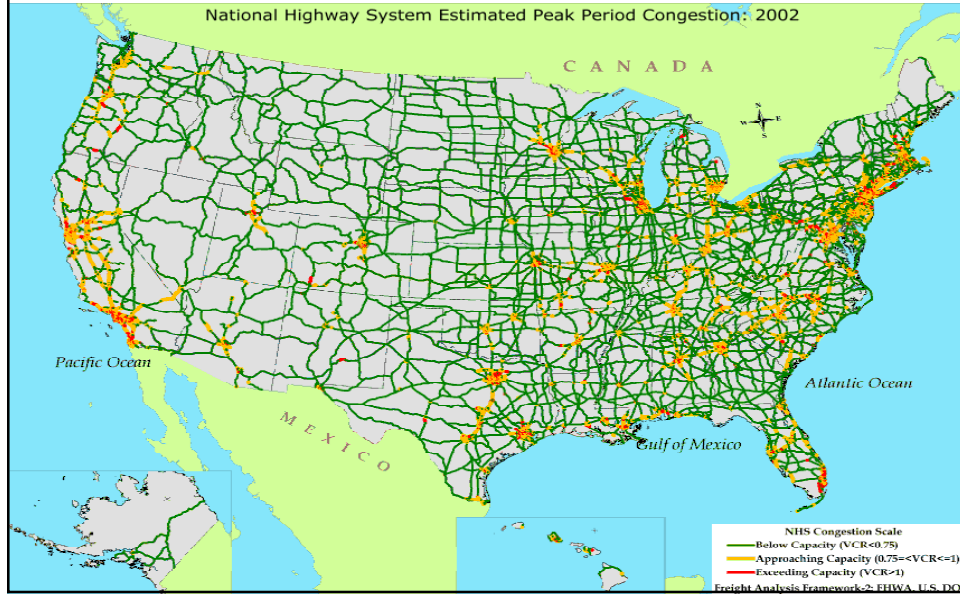
Employment Shift by Sector

Sector	Percent of US 5-Sector Value		Mix Shift	Value CAGR
	2005	2035		
Agriculture	2%	1%	-1%	1.1%
Mining & Extraction	2%	1%	-1%	1.9%
Wholesale Distribution	29%	41%	12%	5.2%
Retail Trade	29%	25%	-4%	3.4%
Manufacturing	38%	32%	-6%	3.4%
All US				3.9%

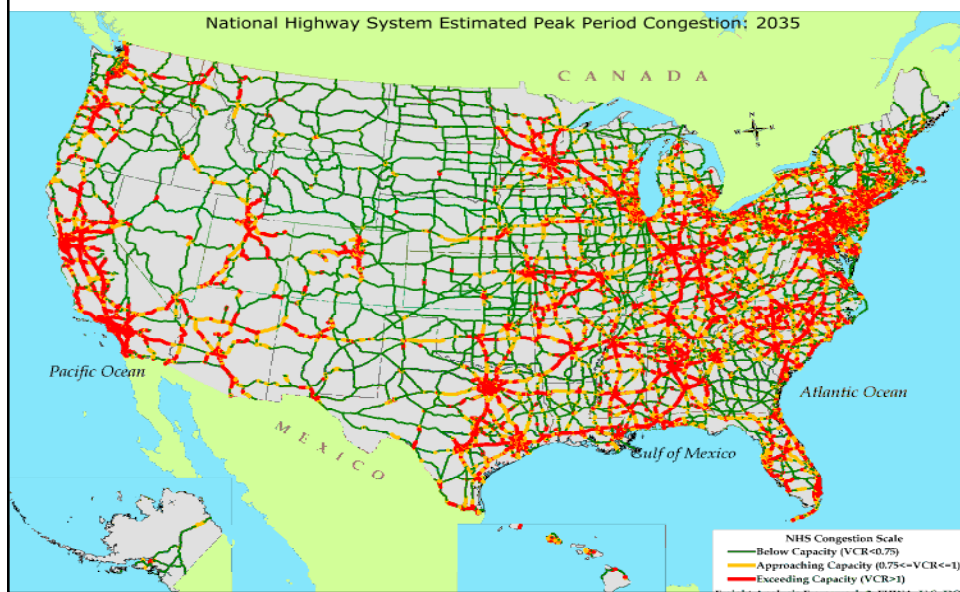
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Congested Highways 2002



Potential Congested Highways 2035



Summary Findings

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Region Can Compete...

- Proximity to major economic centers
- Skilled and productive labor force
- Competitive rail rates
- Key multi-modal assets
- Numerous commercial border crossing to facilitate bi-national trade

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... but does not meet necessary transportation requirements

- Institutional barriers lead to border inefficiencies
- Limitations on rail options force shippers to rely on high cost trucking
- Insufficient east-west highway connectivity inhibit intra-regional trade and port access
- Limited commercial air service limits air cargo service and tourism potential

Strategic Directions

6 Strategic Directions

- Fill in “Hollow Middle” with Intra-regional Trade & Development
 - Promote interoperability of region
 - E.g. Facilitate bridge routes
 - Strengthen radial network connecting internal market centers to gateways, periphery, each other



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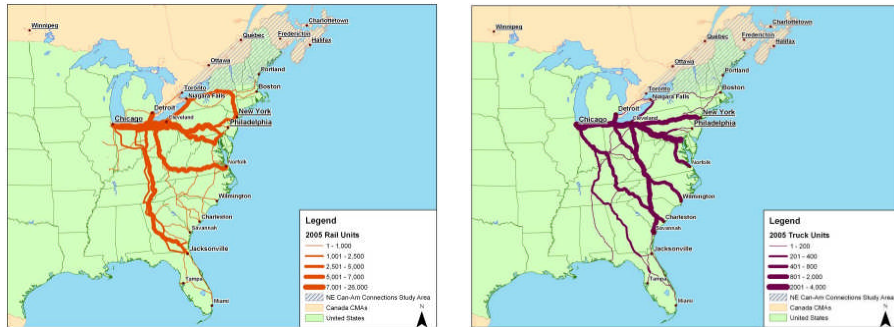
6 Strategic Directions

- Extend Outward Export Base & Exploit Import Growth
 - Invest in port connectivity through on-dock rail & feeder systems
 - E.g. Short sea connections
 - Support development of rail network: weight, speed, clearance, capacity
 - Foster traffic balance for overseas & surface freight
- Become a Link in Great Lakes - Atlantic Trade
 - Invest in Canada’s Continental Gateway and in east-west routes

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US Midwest Export/Import Flows to Port

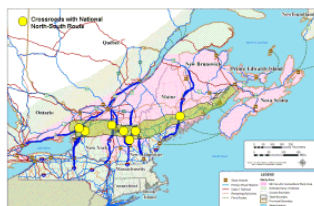


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6 Strategic Directions

- Become a Crossroads in Highway & Rail Networks
 - E/W alignments create multiple interstate crossings & intermodal opportunities
 - Economic development principle



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6 Strategic Directions

- Nurture Regional Specialties
 - E.g. Transport equipment, energy, fishing, tourism
 - Plus: distribution from ports & internal market centers
 - Promote freight density & balance through economic development
- Respond to Broader Regional & National Needs
 - E.g. “Escape valve’ to capacity-constrained southern New England/New York
 - Develop operating networks alongside physical
 - E.g. fuel tax abatement for truck empty miles & intermodal drayage

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Next Steps

- Refine Investments and Policies within Each Strategic Direction
 - Many will be complementary
- Assess with Stakeholders
- Evaluate Relative Economic Impact and Cross-effects
- Decide Recommendations and Actions

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