



STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

July 17, 2012

Mr. Russ Jorgenson
Michigan Division Federal Highway Administration
315 W. Allegan, Room 201
Lansing, Michigan 48933

Subject: Buy America – Waiver Request

Dear Mr. Jorgenson:

The State of Michigan requests approval of a waiver of the Buy America requirements stipulated in 23 CFR 635.410 in order to use US- and Canadian-produced iron and steel, only, in the construction of the New International Trade Crossing (NITC) between Detroit, Michigan and Windsor, Ontario. Approval of this waiver request is consistent with the authority the Secretary possesses under law to grant waivers that are in the public interest. A waiver would serve the public interest by enabling a significant binational infrastructure project that has an unprecedented financial structure under which Canada will assume all of the financial risk. Furthermore, this project will lead to the creation of thousands of new jobs, expanded international commerce, and enhanced economic and border security through the creation of an additional crossing between the US and Canada.

Background

As you are aware, the State of Michigan and the Government of Canada signed a Crossing Agreement on June 15th, 2012. The Crossing Agreement provides a framework for a Crossing Authority established by Canada to design, construct, finance, operate and maintain a new International Crossing between Canada and Michigan, under the oversight of a jointly established International Authority, and through one or more Public-Private Agreements with one or more private sector Concessionaires.

The Michigan components of the project that are not funded by the private sector Concessionaire(s) or by the US federal government will be financed entirely with funds advanced by Canada (the "Canadian Contributions"). These components include the interchange linking the bridge to I-75, the Michigan approach, and the Michigan plaza (collectively, the "Michigan Components").

Generally, the Crossing Agreement requires all Canadian Contributions expended on the Michigan Components to comply with all applicable Federal Aid Eligibility Requirements; however, because the NITC is an international crossing between the US and Canada, and because Canada will be advancing all funds to build the Michigan Components and assuming all financial risk, the Crossing Agreement allows both US- and Canadian-produced iron and steel to be used in the construction of these components, as well as in the construction of Michigan's portion of the bridge itself. In addition, the Agreement requires the portion of the bridge on the Canadian side to be built using only US- and Canadian-produced iron and steel.

Justification for Public Interest Determination

The construction of an international crossing is a unique endeavor. It is a massive joint infrastructure project between two sovereign countries that is intended to enhance the economic strength of both. In this case, Canada has not only agreed to partner with the State of Michigan to build a bridge

that will provide a substantial long-term benefit to the US, Canadian, and Michigan economies, but it has also agreed to fund the construction of the Michigan Components *and accept all financial risk* for the project.

Canada's unprecedented willingness to take on these additional responsibilities was critical to Michigan's ability to enter into this joint endeavor. It is impossible to overstate the importance of Canada's willingness to fund the bridge project and assume all of the financial risk. Without this commitment it is unlikely that this project would have moved forward. A project with this unique structure is unlikely to arise in the future and a waiver request of this type is unlikely to be repeated.

The applicability of the Buy America requirement was important to Michigan and was a critical component of the negotiations that led to the Crossing Agreement. Michigan insisted that all federal aid eligibility requirements be followed. Canada justifiably took the position that they could not agree to permit only US, and not Canadian, steel to be used in the project given their willingness to fund the project and assume one hundred percent of the financial risk. In the end, Canada agreed to follow the federal aid eligibility requirements, but only if Canadian steel and iron could also be used. Without such an agreement it is unlikely that the Crossing Agreement would have been reached. Given these extraordinary circumstances, I believe the requested waiver of the Buy America requirements is justified and is in the best interests of the US, Canada, and Michigan.

The NITC will be a critical component of both countries' future economic strength and security. No two economies on the globe rely so heavily on the free flow of goods across a shared border. For instance:

- Thirty-four states rely on Canada as their largest export market. Canada's largest trade partner is the US, and the US's largest trade partner is Canada.
- In 2011, the US and Canada shared \$597 billion in two-way trade.
- Eight million jobs in the US and three million jobs in Canada depend on the trade between the two countries.

The NITC will also provide additional redundancy at the border, which will reduce the likelihood of an economic disaster should any of the other crossings in the area sustain lengthy shutdowns.

On the US side, the construction and operation of the NITC will:

- Create a demand for 10,000 jobs directly related to the NITC project and thousands of additional indirect jobs.
- Open new global markets for farmers, entrepreneurs, and manufacturers.
- Provide additional capacity to meet long-term demands as the US, Canadian, and Michigan economies grow.
- Reduce costs to job providers.
- Provide a direct connection between I-75 in Michigan and Highway 401 in Canada, further facilitating the free flow of trade across the border.
- Allow Michigan to maximize federal matching funds for use on highway projects across the state.
- Help establish southeast Michigan as a global transportation hub.

All of these facts amply demonstrate that granting this waiver request will serve the public interest.

Lastly, the NITC has received widespread support from businesses, labor groups, and elected officials on both sides of the border. Business, including the "Big 3" automakers headquartered in Michigan, and organized labor, have stressed the importance of this project to creating jobs, revitalizing

July 17, 2012
Page 3

manufacturing, and reviving the Michigan and US economies through expanded and more efficient trade and commerce. The NITC represents a wonderful example of what is possible when business and labor, local, state, provincial, and federal governments, and the public and private sectors, work together to accomplish a shared goal.

It is for these reasons that I respectfully request that the Federal Highway Administration find that it is in the public interest to grant a waiver allowing the use of US- and Canadian-produced iron and steel, only, in the construction of the NITC.

If you have any questions or need any additional information, please contact Mike Gadola in my office at (517) 241-5630 or by email at [gadola@michigan.gov](mailto:gadolam@michigan.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Snyder". The signature is fluid and cursive, with a large initial "R" and "S".

Rick Snyder
Governor