



Cost of Border Delays to the United States Economy

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April 2005

Abstract

Ontario-US border crossings are the choke point of the economy. More than five times as many U.S. goods are sold to Canada as to Japan. Canada is a larger market for US goods than all 15 members of the EU combined. In 2001 Canada-US trade supported 5.2 million US jobs. In May 2004, the OCC released its *Cost of Border Delays to Ontario* study which quantified the costs of border delays to Ontario. This report examines the cost effects to the US economy. The US economy absorbs 40 per cent of the current cost of border delays, or approximately \$4.13 billion a year – or \$471,461 an hour. If there is no immediate movement on border issues, the United States stands to lose 17,345 jobs by 2020, and 91,194 jobs by 2030.

As the most diverse and most influential business group in the province, the Ontario Chamber of Commerce works closely with governments, labour, academia and various other groups to create a stronger and more vibrant economy in Ontario and the surrounding regions.

The OCC represents 57,000 members through 160 independent chambers of commerce and boards of trade throughout the province. The OCC has worked on behalf of business since 1911.

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I. Introduction

The Ontario Chamber of Commerce (OCC) is a federation of 160 local chambers of commerce and boards of trade in the Province of Ontario, representing 57,000 businesses of all sizes, in all economic sectors and from every area of the province. The OCC's mandate is to advocate strong policies on issues that affect its membership throughout Ontario's business community. The information contained in this report is a compilation of quantifiable data obtained from various research initiatives.

In May 2004, the Ontario Chamber of Commerce released the report entitled "The Cost of Border Delays to Ontario." This report was commissioned by the OCC Borders and Trade Development Committee as it identified the need to further study and quantify the costs of border delays to Ontario. Although that study thoroughly examined the cost of border delays to both Canada and Ontario, the costs to the United States, and in particular the Great Lakes States, were not fully analyzed.

The trading and economic relationship between Canada and the United States is unique to any other such relationship in the world. Not only are we each other's largest trading partner, our economies are increasingly interdependent on a daily basis. Critical to manufacturers, businesses, jobs and the economy on both sides of the border, a free flowing border is of significant importance to both countries. Since the North American Free Trade Agreement (NAFTA), the economy of the United States has come to rely heavily on its Canadian counterparts. In fact, since NAFTA, trade between the two countries is growing at an annual rate of ten percent¹. More so, Ontario and the states surrounding the Great Lakes (primarily heavy manufacturing states) have formed a regional integrated economy that depends daily on the ability to move goods across the border efficiently.

The Ontario Chamber of Commerce and its members respect and recognize the need for effective security and measures taken at the U.S.-Canadian Border. We will continue to support the need for security and safety at our borders. The OCC also recognizes that a free and secure border must mean free and secure trade. The security of our borders must be balanced with a recognition of the importance of timely movement of people and goods.

As such, border delays cause havoc to this integrated economy. In a world where manufacturers rely on just-in-time logistics and others depend on the \$1.2 billion in trade that crosses the border every day, it is essential that the United States focus on how much border delays are costing the US economy. The borders are the 'choke point of the economy'. This is evidenced in the real money that is lost both to private and public enterprises, and the jobs that are lost daily because of border delays, primarily at Ontario – US borders.

¹ Canada-US-Ontario-Michigan Border Transportation Partnership Planning/Need Feasibility Study ("Bi-National Study"), *Regional and National Economic Impact of Increasing Delay and Delay Related Costs at the Windsor Detroit Crossings*. January 2004, pg. 2.

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Although not comprehensive, this report attempts to quantify a US\$ cost of border delays to the economy of selected states, as well as the US economy. The OCC wishes to highlight such costs in order to create an understanding that without immediate action and continued diligence, border delays will continue to increasingly have a negative affect on the US economy and employment.

*** All monetary figures used in this report are in US dollars, unless otherwise noted.*

II. Key Highlights

The key highlights contained within this report include:

- The United States economy absorbs 40% of the current cost of border delays. This in turn is approximately \$4.13 billion a year and \$471,461 an hour.
- If there is no movement on border issues the United States stands to lose 17,345 jobs by 2020 and 91,194 jobs by 2030.
- In 2001 Canada-US trade supported 5.2 million US jobs.
- Canada-US trade has grown by 152% since 1989, with similar growth in commercial traffic of 122.5%.
- US-Canada trade is growing at a rate of 10% annually.
- The Province of Ontario represented 63% of the market accepting US imports for all of Canada.
- Trucks moved 72.6% of the value of exports from the U.S to Canada.
- Three Ontario–US ports accounted for 59.9% of all land borne merchandise trade between the US and Canada. Detroit-Windsor accounting for \$91.9 billion; Buffalo-Niagara Frontier \$60.3 billion; and Sarnia-Port Huron \$55.5 billion.
- More than five times as many US goods are sold to Canada as to Japan. Canada is a larger market for US goods than all 15 members of the EU combined.

III. The Case – US Exports and Economy

With the largest bi-national trade in the world, Canada and the US must ensure that the borders remain free from any unnecessary congestion. Two-way trade between Canada and the United States has more than doubled in value since 1994. We are each other's largest trading partner, with \$1.2 billion in trade now crossing the Canada-US border every single day².

- Since the implementation of the Free Trade Agreement (FTA) in 1989, the total trade between Canada and the US has grown by 152%, with a similar growth in commercial traffic of 122.5%³.
- US merchandise exports to Canada as of 2003 represent 36% (\$169.8 billion) of total US exports⁴. 2004 figures show that US exports to Canada rose to \$190.2 billion⁵.
- More than five times as many goods are sold to Canada as to Japan. Canada is a larger market for the US goods than all 15 members of the EU combined⁶. For example, in 2004 Michigan exported \$21.5 billion to Canada, over 60% of that state's total exports heading to Canada⁷.
- Canada's total two-way trade with the US averages at over \$600 billion annually, of which approximately 59% is Ontario-US trade⁸. The Province of Ontario represented 63% of the market accepting US imports for all of Canada.

Approximately 73% of Canada – U.S. trade crosses by truck; in 2002, 14 million trucks crossed the Canada-US border⁹. Prior to the tragic events of September 11, 2001, significant border delays were already increasing due to sheer volume. Since then, heightened security combined with less than adequate staffing, particularly at peak times, and infrastructure on both sides of the border have led to increased congestion and border delays. This in turn has affected industries,

² Canadian Embassy, "The Worlds Largest Economic Partnership", accessed April 6, 2005.

Online at: <http://www.canadianembassy.org/trade/index-en.asp>

³ Dr. John C. Taylor, Dr. Douglas Robideaux, and Dr. George C. Jackson, *The U.S.-Canada Border: Cost Impacts, Causes and Short to Long Term Management Options*. Prepared for the U.S. Department of Transportation, Michigan Department of Transportation and New York State Department of Transportation, May 21, 2003. pg. 5.

⁴ Canadian Embassy, "The Worlds Largest Economic Partnership", accessed April 6, 2005.

Online at: <http://www.canadianembassy.org/trade/index-en.asp>

⁵ U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C. 20233. "Trade (Imports, Exports and Trade Balance) with Canada", accessed April 5, 2005. Online at:

<http://www.census.gov/foreign-trade/balance/c1220.html>

⁶ Canadian Embassy, "The Worlds Largest Economic Partnership", accessed April 6, 2005.

Online at: <http://www.canadianembassy.org/trade/index-en.asp>

⁷ U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C. 20233 "Total U.S. Exports (Origin of Movement) via Michigan: Top 25 Countries Based on 2004 Dollar Value", accessed April 5, 2005. Online at: <http://www.census.gov/foreign-trade/statistics/state/country/2004/micity04.pdf>

⁸ Ontario Economic Development. Online at: www.2ontario.com

⁹ Canada-US-Ontario-Michigan Border Transportation Partnership Planning/Need Feasibility Study ("Bi-National Study"), *Regional and National Economic Impact of Increasing Delay and Delay Related Costs at the Windsor Detroit Crossings*. January 2004, pg. vi.

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businesses, families, and both the American and Canadian economies. The following summary tables were adapted from the *Regional and National Economic Impact of Increasing Delay and Delay Related Costs at the Windsor-Detroit Crossings*. These tables illustrate the complete economic and employment costs that both Michigan and the United States face if significant actions are not taken.

Year	Impact on the United States Economy (Values are in millions of 2000 US\$)			
	Wayne County/Detroit Area	SEMCOG Region	State of Michigan	United States
2020	(\$186)	(\$630)	(\$970)	(\$2,219)
2030	(\$927)	(\$3,080)	(\$4,924)	(\$11,436)

Table 1: Annual Foregone Production from Impaired Freight Movements and Productivity Losses¹⁰

Year	Impact on the United States Economy (Full Time Equivalent Jobs)			
	Wayne County/Detroit Area	SEMCOG Region	State of Michigan	United States
2020	-760	-3,129	-6,406	-17,345
2030	-4,095	-15,970	-33,977	-91,194

Table 2: Cumulative Foregone Employment from Impaired Freight Movements and Productivity Losses¹¹

Although the above data is state specific, it is telling of how border delays can affect a region, state and country. While congestion occurs on both sides of the border, more often it is produced on the US side (traffic entering the US) with wait time ranging from **10 minutes up to four hours**. Customs Canada states that the average border delay is approximately 30 minutes, while other sources suggest that 60 minutes is more accurate.¹² Given the real cost of border delays to industries and employment; the annual growth of trade between the US and Canada each year; and the lack of immediate additional available infrastructure, it is imperative that both the US and Canada work together, along with neighbouring states and provinces to identify potential areas of immediate action.

¹⁰ Canada-US-Ontario-Michigan Border Transportation Partnership Planning/Need Feasibility Study (“Bi-National Study”), *Regional and National Economic Impact of Increasing Delay and Delay Related Costs at the Windsor Detroit Crossings*. January 2004, pg. vi.

¹¹ Ibid, pg. vii.

¹² David J. Andrea, and Brett C. Smith, *The Canada-US Border: An Automotive Case Study*, Prepared for the Canadian Department of Foreign Affairs and International Trade by the Center for Automotive Research, January 2002.

IV. The Costs of Border Delays

It is difficult to determine the actual scale of economic impact of current border delays, due to the fact that the shipment of goods across the border affects almost every industry at some point in their business process. It is nearly impossible to determine every instance where a border delay has resulted in an economic loss, but the overall trend is quite clear as the previous summary tables indicated. From the additional cost of diesel and labour for trucks, to the loss of jobs because parts and components cannot move as quickly and be reliable at a certain time or place; it is evident that an hour delay at the border can cause major economic repercussions. Indeed, doing nothing is clearly not an option.

i. Costs per US Dollar

The Ontario Chamber of Commerce quantified the costs of border delays to Ontario in the report “Cost of Border Delays to Ontario.” Cost figures utilized in this report were drawn from a study prepared for the U.S. Department of Transportation and the Michigan Department of Transportation entitled *The U.S.-Canada Border: Costs Impacts, Causes and Short to Long Term Management Options*. This report identified that the total costs to the U.S. and Canadian economies for the present border management system and trade policies at an estimated \$7.52 – 13.20 billion annually, with a most likely cost estimate of \$10.3 billion annually¹³. This figure includes specific costs to carriers and manufacturers resulting from border transit times and uncertainty; other border related costs borne by manufacturers and carriers for duties, broker fees, customs administration etc.; and costs for inspection staffs borne by the two governments. However, this figure excludes the costs associated with late deliveries, tourism or the environment, and therefore may potentially be much greater¹⁴.

Both the United States and Canada bear these costs. Both countries rely heavily on each other’s imports. However, one must also consider the unique reliance on parts and equipment that go back and forth on a daily basis. Total trade, according to Statistics Canada and the Canadian Embassy, in 2003 between Canada and the US was \$361.7 billion. Of that trade the United States exported \$145.1 billion to Canada, and imported \$216.6 billion from Canada. Of this total two-way trade the United States represented approximately 40% of the exports. Therefore the United States absorbed 40% of the estimated \$10.3 billion in economic loss annually, equaling approximately \$4.13 billion annually.

Table 3 illustrates the cost of border delays to both the United States and key exporting states. It shows the cost both per year and per hour, not assuming social (i.e. environmental) and tourism costs. The percentage shown of costs borne by specific states was determined by the percentage of two-way trade each state takes part in.

¹³ Dr. John C. Taylor, Dr. Douglas Robideaux, and Dr. George C. Jackson, *The U.S.-Canada Border: Cost Impacts, Causes and Short to Long Term Management Options*. Prepared for the U.S. Department of Transportation, Michigan Department of Transportation and New York State Department of Transportation, May 21, 2003. pg.11

¹⁴ Ibid.

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**Forty Percent absorption of costs by the United States Economy
(In US\$)**

	United States	Michigan	New York	Pennsylvania	Ohio	Washington	Minnesota
Percentage of Costs	40%	13.80%	6.50%	4.60%	10.10%	2.20%	2%
Per Year	\$4.13 billion	\$569.94 million	\$268.45 million	\$189.98 million	\$417.13 million	\$90.86 million	\$82.6 million
Per Hour	\$471,461	\$65,062	\$30,645	\$21,687	\$47,618	\$10,372	\$9,429

Table 3: The Cost of Border Delays to the Economy of the US and Specific States

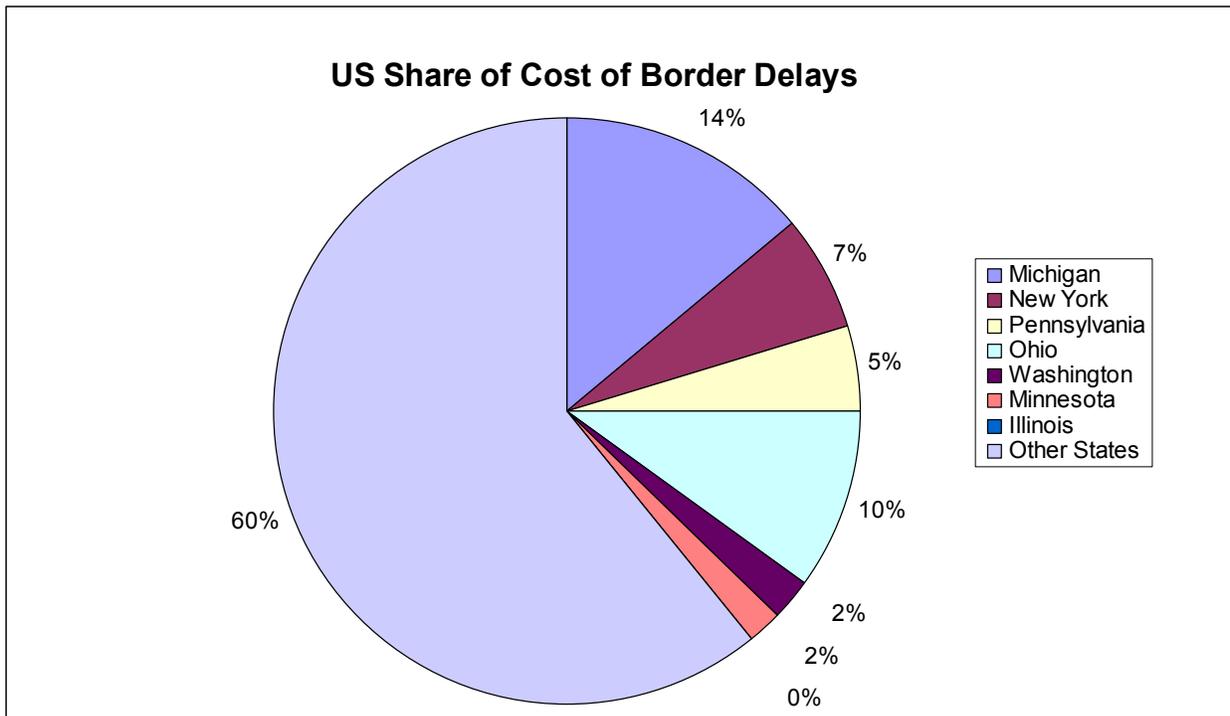


Table 4: Percentage Share of US Border Delay Costs to Select Economies

ii. Costs per US Job

Border delays have increasingly become worse in the past five years. So has unemployment in the United States. However, no employment data exists to co-relate the actual number of jobs lost each year to border delays. The US economy has experienced a recession in the past five years, in addition to the effects of the events of September 11,2001. Both of these events have affected employment drastically, and in some cases producing some of the highest unemployment rates since the severe recession of the early 1990s.

The Final Report of the *Regional and National Economic Impact of Increasing Delay and Delay Related Costs at the Windsor-Detroit Crossings* (The Bi-National Study) identified a sophisticated model and applied it to job loss by 2020 and 2030 (Table 2). The model that was used included forecasting of capacity for Windsor/Detroit crossings, industry growth etc. However, this report did not identify the current effects of border delays on the unemployment rate in the United States. It is difficult to estimate the actual job loss estimate due to the borders issue, however, there is supporting data to draw linkage to unemployment, specifically in the manufacturing sector and delays at the border. The following table, complete with data extracted by the Canadian Embassy in Washington DC shows jobs per state supported by US – Canada trade.

	US	Michigan	New York	Pennsylvania	Ohio	Washington	Minnesota	Illinois
Jobs supported by trade	5.2 million	174,000	348,000	219,000	212,000	108,000	103,000	237,000

Table 5: Jobs Supported by Canada-US Trade¹⁵

Many sources identify the manufacturing and transportation industries as the sectors feeling the harshest employment effects of border delays. Since the 1950s manufacturing jobs have declined steadily. Employment in the U.S. transportation equipment sector alone will decline at an annual rate of .69% over the next 25 years¹⁶. The impacts of declining jobs are even worse in the State of Michigan, as the rate is 1.2% over the next 25 years, a decline of almost 71,400 jobs¹⁷. Border delays further exacerbate this situation as *The Jobs Tunnel: The Economic Effect of Adequate Border-Crossing Infrastructure* report illustrated:

- By 2010, if the regional economic impacts in Southeast Michigan of growth in employment are **25%** lower than the current baseline (due to Border Delays) Southeast Michigan could stand to lose **1, 592 jobs** across all sectors¹⁸.
- By 2010, if the regional economic impacts in Southeast Michigan of growth in employment are **50%** lower than the current baseline (due to Border Delays) Southeast Michigan could stand to lose **14, 591 jobs** across all sectors¹⁹.

¹⁵ Canadian Embassy, *Trade and Security Partnership Map*, September 2004.

¹⁶ Michael H. Belzer, *The Jobs Tunnel: The Economic Impact of Adequate Border-Crossing Infrastructure*, Produced for The Jobs Tunnel Detroit River Tunnel Partnership, November 3, 2003. pg.31.

¹⁷ Ibid.

¹⁸Ibid pg. 32.

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The report further argues that if additional border crossing infrastructure is built quickly (in this case the ‘Jobs Tunnel’) that an estimated 9,000 – 12,000 jobs could be retained in the Southeast Michigan area²⁰.

Unemployment rates in the manufacturing sector in both New York and Michigan have continually risen over the past 5 years. In fact the unemployment rate in Michigan is the highest in the nation, after Washington DC, at 7.5%²¹. Also, over 17,000 manufacturing jobs were lost in 2004²². In New York, while lower than Michigan’s is 5.1%, however manufacturing jobs in New York have decreased by approximately 223,000 over the past 10 years, 175,000 of those in the past five years²³.

It is not feasible to find a causal relationship between both unemployment figures and jobs lost versus border delays. However, it is apparent that in the past five years delays at the borders have had an effect on many industries and in turn have presented an increase in costs for such industries and the economy surrounding these industries. The costs borne by border delays affect the economy and included in these economic effects are jobs. The high unemployment rates borne by Great Lakes Manufacturing States, and the high amount of ground-transported trade that takes place in this regional economy between Ontario and these states sets a conclusion that additional border infrastructure and resources can only assist to maintain and attract jobs and economic prosperity to the region.

V. In Context for Specific States

Border delays affect each state uniquely. See Appendix I for information on specific states.

¹⁹ Ibid.

²⁰ Ibid. pg.31.

²¹ Michigan Department of Labor and Growth. Online at: <http://www.michlmi.org>

²² Anderson Economic Group, “Michigan Unemployment Report, December 2004: Broad-Based Employment Slump Continues in December 2004”, January 20, 2005. Online at: http://www.andersoneconomicgroup.com/Pubs/econ_data_releases/2005/012005/012005_unemplo.htm

²³ US Department of Labor: Bureau of Labor Statistics. Online at: www.bls.gov

VI. Effects on the US Automotive Sector

Presently, if the United States economy faces costs of \$4.13 billion a year it is evident that all taxpayers, businesses and industries are facing the burden of such costs. However, because of their heavy reliance on the border, some industries are absorbing a much greater percentage of the costs than others.

The impact of border delays impacts manufacturing industries, such as the automotive industry at a higher degree than most. Given the integrated manufacturing process, there is a unique inter-dependence that Ontario and the Great Lakes States share through shipping parts and components (some that cross the border multiple times in different forms). The auto industry can only take advantage of the integration when border crossings are efficient, smooth and reliable. In 2002, cross border flows of automotive parts and vehicles totaled over \$153 billion²⁴. US automotive parts exports to Canada are forecast to expand inline with the market and exceed \$30 billion annually²⁵.

It is estimated that by 2010, border crossing delays could add almost \$200²⁶ to the cost of producing a new vehicle. The cost of this can be illustrated by examining the Detroit/Hamtramck Assembly Plant in Michigan. Considering that the Detroit/Hamtramck General Motors plant produced 170,580²⁷ vehicles last year, and assuming that the productions will be the same in 2010, **border delays associated with production at this plant alone will cost \$34.12 million**. These costs of border delays would be borne by the manufacturer, all suppliers, all carriers and their drivers associated with the plant. Additionally, the foregone revenue would be an opportunity cost for General Motors, Michigan, Canada and the United States.

An additional illustration relies on just-in-time logistics. Just-in-time logistics have proven to be an excellent way to reduce on site inventory, and thereby minimize costs. This system depends upon the efficient and timely delivery of components into an assembly plant as needed, rather than stockpiling them in inventory, where it is costly to do so. However, not having parts in inventory also becomes costly when they are delayed at the border. For example: Assembly plant revenue generation is approximately \$1.5 million per hour (60 units per hour at \$25,000). With a typical return on sales in the four percent range for a vehicle manufacturer, a lost hour of assembly output due to a parts shortage costs approximately **\$60,000 in lost earnings**²⁸.

²⁴ Industry Canada. Online at: strategis.ic.gc.ca

²⁵ Corley, William, "O Canada: The Most Important and Accessible Market for U.S. Exports," *Export America*, October 2002, 8-9.

²⁶ Michael H. Belzer, *The Jobs Tunnel: The Economic Impact of Adequate Border-Crossing Infrastructure*, Produced for The Jobs Tunnel Detroit River Tunnel Partnership, November 3, 2003. pg.1.

²⁷ General Motors Corporation. Online at: www.gm.com

²⁸ David J. Andrea, and Brett C. Smith, *The Canada-US Border: An Automotive Case Study*, prepared for the Canadian Department of Foreign Affairs and International Trade by the Center for Automotive Research, January 2002. pg. 12.

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Further examples exist that can be used in illustrating the actual cost of a truck full of automotive parts delayed at the border. However, the result is the same: Border delays are costing taxpayers, industry and government every minute. The automotive market's high degree of integration between Canada and the US creates a unique cross- border situation that multiplies the costs associated with border delays that this sector absorbs.

VII. Conclusion

As the United States and Canada represent the largest bi-national trade in the world, it is imperative to examine the costs that the border represents to both countries. Although the costs to the economy are high (\$4.13 billion annually), the costs to jobs are greater. Recognizing the human aspect to border delays is crucial. The loss of jobs will only continue unless infrastructure and improvements are made immediately.

Everyday North America is competing with the EU, China, Korea and Japan, to name a few. The Great Lakes States in particular have a vested interest to continually improve the access they have to Canada, and Ontario in particular. Their continued economic viability depends on this.

In conclusion, it is quite evident that the **cost of fixing, improving and expediting our borders is much less than the annual cost to taxpayers, industries and governments.** Already, many of our Ontario-U.S. borders are currently operating at near capacity of the existing infrastructure. With the growth of trade (10% annually) and commercial traffic in the next 10 years there is no doubt without investment to improve surface cross-border trade, the United States will suffer tremendous economic and social costs.

Appendix I

Context of Costs of Border Delays to the US for Specific States in Relation to Ontario-US Borders

Michigan

- Michigan and Ontario are each others largest trading partner. On average, Michigan and Canada exchanged US\$177 million daily²⁹.
- In 2004 annual two-way trade between Michigan and Ontario totaled \$86.2 billion³⁰ (Canadian Dollars).
- Ontario's top five imports from Michigan are: Motor Vehicle Parts; Autos; Trucks/Other Goods Transport Vehicles; Engines and Liquefied Petroleum, Hydrocarbon Gases³¹.
- Ontario's top five exports to Michigan are: Autos; Trucks/Other Goods Transport Vehicles; Motor Vehicle Parts; Engines and Engine Parts³².
- In 2001 174,000 Michigan jobs depended on US-Canada Trade³³.
- Michigan sold over \$8.6 billion in auto parts to Canada and in turn bought more than \$21 billion in automobiles and \$7.8 billion in trucks³⁴.

²⁹ Canadian Embassy, *Trade and Security Partnership Map*, September 2004.

³⁰ Ontario Exports Inc., "Ontario-Michigan Trade Factsheet", March 7, 2005. Online at www.ontarioexportsinc.com

³¹ Ibid.

³² Ibid.

³³ Canadian Embassy, *Trade and Security Partnership Map*, September 2004.

³⁴ Canadian Embassy, *Trade and Security Partnership Map*, September 2004.

Ontario - Michigan Trade Factsheet

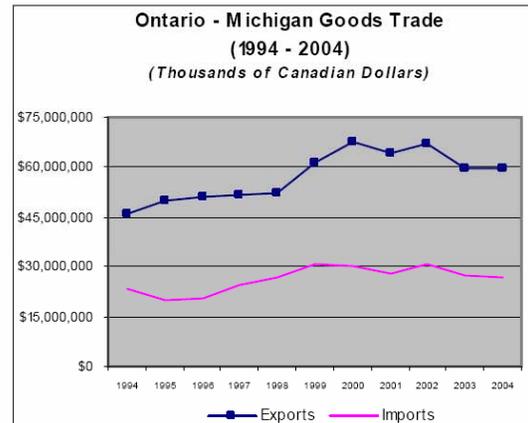
Ontario - Michigan: Two-Way Trade

ONTARIO GOODS EXPORTS TO MICHIGAN

2000	2001	2002	2003	2004
<i>Value in Thousands of Canadian Dollars</i>				
\$67,423,198	\$64,049,202	\$67,309,973	\$59,554,084	\$59,539,276

ONTARIO GOODS IMPORTS FROM MICHIGAN

2000	2001	2002	2003	2004
<i>Value in Thousands of Canadian Dollars</i>				
\$30,342,512	\$27,963,136	\$30,411,117	\$27,174,065	\$26,616,301



Ontario - Michigan : Top Goods Exports and Imports

Top 10 Goods Exports 2004 (HS4 code)	C\$ (000's)
Autos	\$31,953,045
Trucks /Other Goods Transport Vehicles	\$9,492,025
Motor Vehicle Parts	\$5,023,794
Engines	\$1,741,291
Engine Parts	\$698,965
Seats	\$631,671
Liquefied Petroleum, Hydrocarbon gases	\$371,352
Moulds, Mould Patterns, etc.	\$300,402
Metal Mountings and Fittings	\$238,237
Particle Board	\$236,893

Top 10 Goods Imports 2004 (HS4 code)	C\$ (000's)
Motor Vehicle Parts	\$8,269,234
Autos	\$3,214,587
Trucks/Other Goods Transport Vehicles	\$2,425,460
Engines	\$1,882,852
Liquefied Petroleum, Hydrocarbon Gases	\$1,198,394
Engine Parts	\$593,092
Seats	\$460,834
Centrifuges; Filtering/Purifying Machinery	\$353,610
Interchangeable Tools, Blow Lamps, etc.	\$289,081
Iron/Non Alloy Steel – Flat Hot-Rolled	\$265,247

Ontario's Top Country Trade Partners (2004)

% of Total Goods Exports: US state compared to top five countries		% of Total Goods Imports: US state compared to top five countries	
US (All States)	90.66%	US (All States)	69.14%
Michigan	29.97%	Michigan	12.08%
United Kingdom	1.97%	China	5.55%
China	0.65%	Mexico	5.04%
Norway	0.56%	Japan	3.31%
Mexico	0.55%	Germany	1.97%

Ontario's Top US State Trade Partners (2004)

% of Total Goods Exports to the United States (with state ranking)		% of Total Goods Imports from the United States (with state ranking)	
Michigan (1)	33.05%	Michigan (1)	17.48%
California	10.76%	Ohio	11.52%
New York	6.40%	New York	6.81%
Ohio	5.84%	Illinois	5.97%
Illinois	4.33%	Indiana	5.85%

New York

- In 2003 annual two-way trade between New York and Ontario totaled \$22 billion (Canadian Dollars)³⁵.
- Ontario's top five imports from New York are: Engines; Motor Vehicle Parts; Aluminum Plates Sheets and Strip; Waste and Scrap of Precious Metals and Photographic Film in Rolls³⁶.
- Ontario's top five exports to New York are: Gold; Autos; Motor Vehicle Parts; Computers/Other Office Machinery Parts and None-Crude Petroleum Oils Preparations³⁷.
- In 2001 348,000 New York jobs depended on US-Canada Trade³⁸.
- New York's leading import from Canada was \$4.6 billion worth of natural gas³⁹.

³⁵ Ontario Exports Inc., "Ontario-New York Trade Factsheet", November 4, 2004. Online at www.ontarioexportsinc.com

³⁶ Ibid.

³⁷ Ibid.

³⁸ Canadian Embassy, *Trade and Security Partnership Map*, September 2004.

³⁹ Ibid.

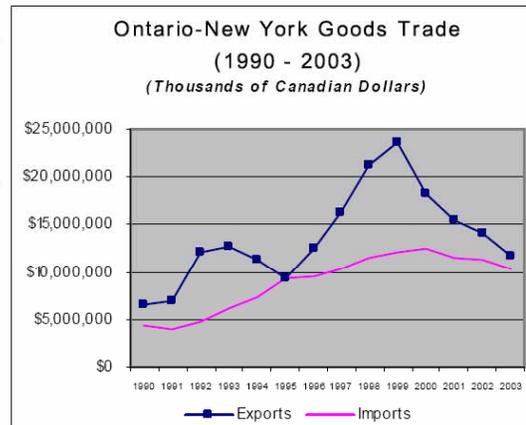
Ontario-New York: Two-Way Trade

ONTARIO GOODS EXPORTS TO NEW YORK

1999	2000	2001	2002	2003
<i>Value in Thousands of Canadian Dollars</i>				
\$23,513,988	\$18,251,763	\$15,505,055	\$14,057,723	\$11,658,293

ONTARIO GOODS IMPORTS FROM NEW YORK

1999	2000	2001	2002	2003
<i>Value in Thousands of Canadian Dollars</i>				
\$12,038,572	\$12,526,349	\$11,458,067	\$11,252,787	\$10,386,301



Ontario-New York: Top Goods Exports and Imports

Top 10 Goods Exports 2003 (HS4 code)	C\$ (000's)
Gold	\$1,654,010
Autos	\$416,133
Motor Vehicle Parts	\$309,361
Computers/Other Office Machinery Parts	\$268,739
Non-Crude Petroleum Oils Preparations	\$266,676
Furniture	\$225,875
Telephone (Incl. Modems)	\$166,542
Beauty or Make-Up Preparations	\$157,290
Self-Propelled Works Trucks	\$138,048
Electrical Energy	\$133,715

Top 10 Goods Imports 2003 (HS4 code)	C\$ (000's)
Engines	\$735,644
Motor Vehicle Parts	\$695,283
Aluminum Plates, Sheets and Strip	\$650,549
Waste and Scrap of Precious Metals	\$371,754
Photographic Film in Rolls	\$357,693
Engines Parts	\$196,334
Newspapers, Journals and Periodicals	\$150,270
Turbo-Jets, Turbo-Propellers	\$147,518
Computers and Computer Peripherals	\$144,160
Diesel or Semi-Diesel Engines	\$137,895

Ontario's Top Trade Partners (2003)

% of Total Goods Exports: US state compared to top five countries		% of Total Goods Imports: US state compared to top five countries	
US (All States)	91.41%	US (All States)	71.45%
New York	6.16%	New York	4.95%
United Kingdom	1.44%	Mexico	4.77%
China	0.72%	China	4.48%
Japan	0.59%	Japan	2.85%
Mexico	0.47%	Germany	1.87%

Ontario's Top US State Trade Partners (2003)

% of Total Goods Exports to the United States (with state ranking)		% of Total Goods Imports from the United States (with state ranking)	
Michigan	34.45%	Michigan	18.02%
California	10.55%	Ohio	11.84%
New York (3rd)	6.74%	New York (3rd)	6.92%
Ohio	5.78%	Illinois	5.89%
Illinois	4.07%	Indiana	5.70%

Ohio

- On a daily basis an average of \$68 million in goods crosses the border between Canada and Ohio⁴⁰.
- In 2004 annual two-way trade between Ohio and Ontario totaled \$28.1 billion (Canadian Dollars)⁴¹.
- Ontario's top five imports from Ohio are: Motor Vehicle Parts; Engines; Autos; Trucks/Other Goods Transport Vehicles and Turbo-Jets/Turbo-Propellers⁴².
- Ontario's top five exports to New York are: Motor Vehicle Parts; Engines; Engine Parts; Iron/Non-Alloy Steel – Flat Rolled; Coated and Metal Mountings/Fittings⁴³.
- In 2001 212,000 Ohio jobs depended on US-Canada Trade⁴⁴.
- Canada bought 57% of Ohio's exports worth \$14.7 billion⁴⁵.

⁴⁰ Canadian Embassy, *Trade and Security Partnership Map*, September 2004.

⁴¹ Ontario Exports Inc., "Ontario-Ohio Trade Factsheet", March 7, 2005. Online at www.ontarioexportsinc.com

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Canadian Embassy, *Trade and Security Partnership Map*, September 2004.

⁴⁵ Ibid.



Ontario

Ontario Exports Inc.

Ontario's Export Development Agency

Management Systems Registered to the ISO 9001:2000 Standard

Ontario - Ohio Trade Factsheet

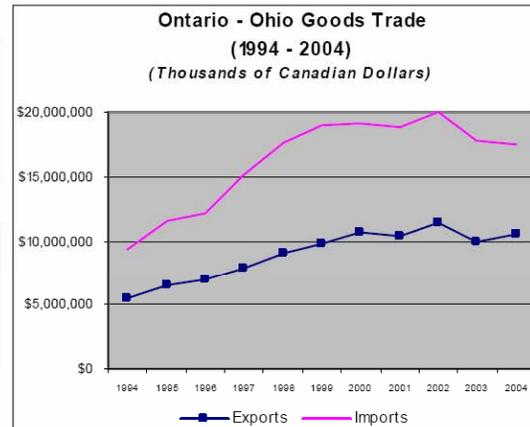
Ontario - Ohio : Two-Way Trade

ONTARIO GOODS EXPORTS TO OHIO

2000	2001	2002	2003	2004
<i>Value in Thousands of Canadian Dollars</i>				
\$10,665,811	\$10,389,239	\$11,360,765	\$9,995,934	\$10,516,832

ONTARIO GOODS IMPORTS FROM OHIO

2000	2001	2002	2003	2004
<i>Value in Thousands of Canadian Dollars</i>				
\$19,147,239	\$18,734,304	\$20,026,833	\$17,759,298	\$17,544,208



Ontario - Ohio: Top Goods Exports and Imports

Top 10 Goods Exports 2004 (HS4 code)	C\$ (000's)
Motor Vehicle Parts	\$1,938,331
Engines	\$341,516
Engine Parts	\$229,621
Iron/Non-Alloy Steel - Flat Rolled, Coated	\$191,751
Metal Mountings, Fittings	\$167,002
Radio, Television, Radar Parts	\$162,623
Iron/Steel Tubes, Pipes and Hollows	\$152,741
Newsprint - In Rolls or Sheets	\$151,999
Seats	\$148,689
Polyethers, Polycarbonates, Alkyd Resins	\$142,284

Top 10 Goods Imports 2004 (HS4 code)	C\$ (000's)
Motor Vehicle Parts	\$3,699,955
Engines	\$1,645,351
Autos	\$1,396,374
Trucks/Other Goods Transport Vehicles	\$445,941
Turbo-Jets, Turbo-Propellers	\$400,317
Engine Parts	\$360,749
Surface-Active Agents or Preparations	\$310,263
Paper Products for Household/Hospital Use	\$288,520
Air Conditioners	\$247,014
Tractors	\$182,239

Ontario's Top Country Trade Partners (2004)

% of Total Goods Exports: US state compared to top five countries		% of Total Goods Imports: US state compared to top five countries	
US (All States)	90.66%	US (All States)	69.14%
Ohio	5.29%	Ohio	7.96%
United Kingdom	1.97%	China	5.55%
China	0.65%	Mexico	5.04%
Norway	0.56%	Japan	3.31%
Mexico	0.55%	Germany	1.97%

Ontario's Top US State Trade Partners (2004)

% of Total Goods Exports to the United States (with state ranking)		% of Total Goods Imports from the United States (with state ranking)	
Michigan	33.05%	Michigan	17.48%
California	10.76%	Ohio (2)	11.52%
New York	6.40%	New York	6.81%
Ohio (4)	5.84%	Illinois	5.97%
Illinois	4.33%	Indiana	5.85%

March 7, 2005 - Ontario Exports Inc. - Source: Industry Canada - Strategis, March 7, 2005

www.ontarioexportsinc.com

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Pennsylvania

- In 2004 annual two-way trade between Pennsylvania and Ontario totaled \$12.5 billion (Canadian Dollars)⁴⁶.
- Ontario's top five imports from Pennsylvania are: Rail Locomotives; Motor Vehicle Parts; Newspapers Journals and Periodicals; Coal and Motorcycles and Mopeds⁴⁷.
- Ontario's top five exports to Pennsylvania are: Medicaments; Cyclic Hydrocarbons; Polymers of Ethylene in Primary Forms; Chemical Woodpulp and Ferrous Waste and Scrap⁴⁸.
- In 2001 219,000 Pennsylvania jobs depended on US-Canada Trade⁴⁹.
- Pennsylvania sold \$5.3 billion in goods to Canada, more than to its next nine export markets combined⁵⁰.

⁴⁶ Ontario Exports Inc., "Ontario-Pennsylvania Trade Factsheet", March 7, 2005. Online at www.ontarioexportsinc.com

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Canadian Embassy, *Trade and Security Partnership Map*, September 2004.

⁵⁰ Ibid.

Ontario - Pennsylvania Trade Factsheet

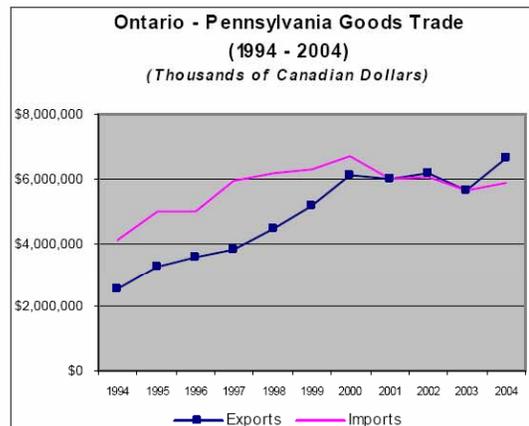
Ontario - Pennsylvania: Two-Way Trade

ONTARIO GOODS EXPORTS TO PENNSYLVANIA

2000	2001	2002	2003	2004
<i>Value in Thousands of Canadian Dollars</i>				
\$6,091,567	\$6,000,591	\$6,170,119	\$5,645,817	\$6,644,980

ONTARIO GOODS IMPORTS FROM PENNSYLVANIA

2000	2001	2002	2003	2004
<i>Value in Thousands of Canadian Dollars</i>				
\$6,713,836	\$6,002,778	\$6,053,230	\$5,610,784	\$5,860,173



Ontario - Pennsylvania: Top Goods Exports and Imports

Top 10 Goods Exports 2004 (HS4 code)	C\$ (000's)
Medicaments – Prepared for Retail Use	\$421,130
Cyclic Hydrocarbons	\$248,048
Polymers of Ethylene in Primary Forms	\$192,649
Chemical Woodpulp - Soda or Sulphate	\$185,618
Ferrous Waste and Scrap	\$166,430
Unwrought Nickel	\$147,553
Chocolate/Other Foods Containing Cocoa	\$125,530
Furniture	\$119,247
Paper/Paperboard for Writing, Printing, etc.	\$106,920
Motor Vehicle Parts	\$104,235

Top 10 Goods Imports 2004 (HS4 code)	C\$ (000's)
Rail Locomotives - Diesel or Steam Engines	\$206,043
Motor Vehicle Parts	\$194,082
Newspapers, Journals and Periodicals	\$143,886
Coal	\$135,896
Motorcycles and Mopeds	\$121,974
Medications – Prepared for Retail Use	\$113,498
Iron/Non-Alloy Steel - Flat Rolled, Coated	\$112,462
Lumber	\$97,857
Printed Books, Brochures, Directories, etc.	\$97,280
Packing Materials for Plastic Goods Transport	\$93,317

Ontario's Top Country Trade Partners (2004)

% of Total Goods Exports: US state compared to top five countries		% of Total Goods Imports: US state compared to top five countries	
US (All States)	90.66%	US (All States)	69.14%
Pennsylvania	3.34%	China	5.55%
United Kingdom	1.97%	Mexico	5.04%
China	0.65%	Japan	3.31%
Norway	0.56%	Pennsylvania	2.66%
Mexico	0.55%	Germany	1.97%

Ontario's Top US State Trade Partners (2004)

% of Total Goods Exports to the United States (with state ranking)		% of Total Goods Imports from the United States (with state ranking)	
Michigan	33.05%	Michigan	17.48%
California	10.76%	Ohio	11.52%
New York	6.40%	New York	6.81%
Ohio	5.84%	Illinois	5.97%
Illinois	4.33%	Indiana	5.85%
Pennsylvania (6)	3.69%	Pennsylvania (8)	3.85%

Illinois

- In 2004 annual two-way trade between Illinois and Ontario totaled \$16.9 billion (Canadian Dollars)⁵¹.
- Ontario's top five imports from Illinois are: Liquefied Petroleum or Hydrocarbon Gases; Motor Vehicle Parts; Autos; Diesel or Semi-Diesel Engines and Self-Propelled Bulldozers, Scrapers, etc.⁵².
- Ontario's top five exports to Illinois are: Tractors; Motor Vehicle Parts; Trucks/Other Goods Transport Vehicles; Lifting, Loading/Unloading Machinery and Paper/Paperboard for Writing, Printing etc.⁵³.
- In 2001 237,000 Illinois jobs depended on US-Canada Trade⁵⁴.
- Illinois sold \$8.8 billion in goods to Canada and bought \$14.8 billion worth in 2003⁵⁵.

⁵¹ Ontario Exports Inc., "Ontario-Illinois Trade Factsheet", March 7, 2005. Online at www.ontarioexportsinc.com

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Canadian Embassy, *Trade and Security Partnership Map*, September 2004.

⁵⁵ Ibid.

Ontario - Illinois Trade Factsheet

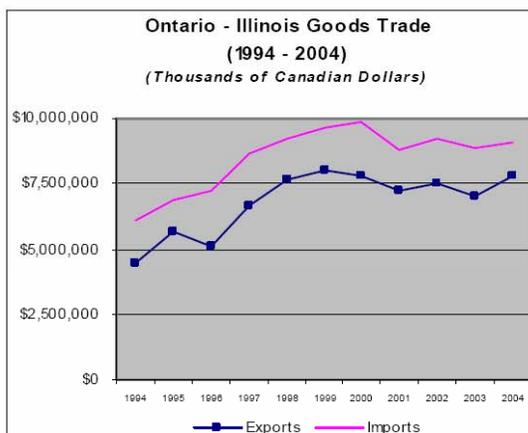
Ontario - Illinois: Two-Way Trade

ONTARIO GOODS EXPORTS TO ILLINOIS

2000	2001	2002	2003	2004
<i>Value in Thousands of Canadian Dollars</i>				
\$7,828,748	\$7,242,961	\$7,547,853	\$7,031,400	\$7,792,841

ONTARIO GOODS IMPORTS FROM ILLINOIS

2000	2001	2002	2003	2004
<i>Value in Thousands of Canadian Dollars</i>				
\$9,837,744	\$8,818,208	\$9,221,807	\$8,836,284	\$9,089,218



Ontario - Illinois: Top Goods Exports and Imports

Top 10 Goods Exports 2004 (HS4 code)	C\$ (000's)
Tractors	\$876,404
Motor Vehicle Parts	\$441,599
Trucks/Other Goods Transport Vehicles	\$226,266
Lifting, Loading/Unloading Machinery	\$200,567
Paper/Paperboard for Writing, Printing, etc.	\$180,205
Newsprint - In Rolls or Sheets	\$172,970
Protein Concentrates, Other Food Preparations	\$169,747
Furniture	\$132,528
Bread, Pastry, Cakes, Biscuits, etc.	\$121,596
Aluminum Plates, Sheets and Strips	\$109,512

Top 10 Goods Imports 2004 (HS4 code)	C\$ (000's)
Liquefied Petroleum or Hydrocarbon Gases	\$665,315
Motor Vehicle Parts	\$639,343
Autos	\$457,976
Diesel or Semi-Diesel Engines	\$446,901
Self-Propelled Bulldozers, Scrapers, etc.	\$226,597
Engine Parts	\$163,474
Medications - Prepared for Retail Use	\$142,138
Switches/Protectors for Electrical Circuits	\$113,971
Protein Concentrates, Other Food Substances	\$107,182
Transmission Shafts and Cranks, etc.	\$106,297

Ontario's Top Country Trade Partners (2004)

% of Total Goods Exports: US state compared to top five countries		% of Total Goods Imports: US state compared to top five countries	
US (All States)	90.66%	US (All States)	69.14%
Illinois	3.92%	China	5.55%
United Kingdom	1.97%	Mexico	5.04%
China	0.65%	Illinois	4.13%
Norway	0.56%	Japan	3.31%
Mexico	0.55%	Germany	1.97%

Ontario's Top US State Trade Partners (2004)

% of Total Goods Exports to the United States (with state ranking)		% of Total Goods Imports from the United States (with state ranking)	
Michigan	33.05%	Michigan	17.48%
California	10.76%	Ohio	11.52%
New York	6.40%	New York	6.81%
Ohio	5.84%	Illinois (4)	5.97%
Illinois (5)	4.33%	Indiana	5.85%