BUFFALO NIAGARA
PARTNERSHIP

Comments in Response to the November 8, 2011 Notice of Inquiry Regarding U.S. Inland Containerized Cargo Moving Through Canadian and Mexican Seaports

Docket Number 11-19
Submitted by: Buffalo Niagara Partnership

On behalf of the 2,500 employer members of the Buffalo Niagara Partnership, and representing its Logistics Council, we write in opposition to proposed new border fees on U.S.-bound cargo through seaports in Canada or Mexico. As an economic development organization in a border community, the Partnership's membership features a wide array of employers in the manufacturing/logistics/shipping/warehousing/transportation industry that would stand to be affected by such a change in policy.

The CanAm trade relationship is the most vibrant in the world, with more than $1.7 billion in goods crossing the border every day, supporting eight million U.S. jobs. To be clear, that relationship is not simply about shipping finished products from one country to the other – its success is due to an integrated approach that makes both nations competitive in a global market.

The integrated North American transportation system includes secure ports and efficient supply chains to the benefit of firms and consumers on both sides of the CanAm border. The free flow of secured goods across the border is an essential economic lifeline for both countries. For that reason, the Partnership just this week issued comments in strong support of the recently-announced "Beyond the Border" accord.

The shipping industry is highly competitive and service providers must consistently meet their customers' needs for efficiency in terms of speed, reliability and cost both in terms of price and the expense posed by administrative burdens. With that understanding, Canadian ports offer many advantages over U.S. ports – some geographic and unavoidable, but others due to the cost considerations.

Ocean carriers who service Canadian ports have long pointed out to their customers the cost advantage of using a port where there is no Harbor Maintenance Fee (HMF). Local fees and administrative requirements imposed on the use of U.S. ports such as Pier Pass and the Clean Truck Initiative further increase the cost of U.S. ocean cargo. Attempting to force the hand of shippers by increasing costs elsewhere through new fees will not only harm U.S. business and consumers by raising costs, but will undermine North America's global economic competitiveness – which we believe is 100% contrary to what "Beyond the Border" is looking to accomplish. The impact of such policy will surely be felt in inland port communities such as Buffalo Niagara, whose economies rely upon a steady flow of truck and rail shipping between the two countries.

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We believe that the natural, geographic advantages and efficient transportation systems will always make the use of Canadian ports attractive. In reality, U.S. ports would benefit from the *reduction* of fees and administrative burdens associated with their use. Meanwhile, measures to enhance U.S. transport efficiency – which could and should be supported by the Harbor Maintenance Tax Fund's surplus of over $6 billion – would support the competitiveness of U.S. ports, as well the overall strength of North American trade.

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