

FINAL REPORT



An Analysis of the Economic Impacts & Opportunities on Alberta's Eastern Corridor Resulting from Upgrading Port of Entry – Wild Horse

GTS *Group International*
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Executive Summary

The Case for Port of Entry – Wild Horse

As Alberta embarks upon another 10 years of unprecedented growth, investment and further development of the oilsands, in situ and heavy oils, is concentrated in the eastern side of the Province. To mitigate potential costly bottlenecks, a second high capacity north-south transportation corridor connecting the Province directly with the US transportation system is essential. All the components of such a corridor are currently in place – including first class but underutilized highway infrastructure in the Eastern Corridor - except for a connecting 24-hour fully commercial border crossing. Wild Horse is that missing component.

Provincial, municipal, and industry leaders and their economic development representatives along the Eastern Alberta corridor firmly believe the establishment of Alberta's second 24-hour *Designated Commercial Office* border crossing at Port of Entry-Wild Horse is critical in maximizing economic activity and development not only within the Eastern Alberta corridor, but in Alberta overall.

Alberta has been and will remain a major driving force of the Canadian economy

- The Alberta economy has grown by twice the rate of the Canadian economy over each of the past three years
- The investment (capital formation) component of GDP is almost twice as high as Canada as a whole
- In June 2007, there were 94 new energy projects on the books valued at \$123 billion in new investment. Another \$60 billion in investment is on the books in other sectors
 - For a mining type oilsands project, 60% - 70% is spent on machinery and equipment
- Most of the machinery and equipment needed to complete these projects come in from the US by truck, principally from the Gulf states and the US Midwest
- Alberta non-pipeline exports to US was \$15 billion in 2006, of which some \$6.7 billion moved by truck
 - Of the \$12.6 billion of imports to Alberta in 2006, some \$6.9 billion moved by truck

- Alberta non-pipeline exports to US grew by 86% in past 10 years. Alberta imports from US grew by 75% in past 10 years
- The top 25 Alberta imports are virtually all machinery and equipment moving by truck from US.
- As high level of construction and operations in oilsands continue over the next decade, substantial growth in Alberta truck-based imports from the USA can be expected

How Wild Horse Fits and Importance to Alberta

A 24-hour fully commercial crossing at Wild Horse, combined with the Highway 36 and Highway 41, will:

- Address the fact that Alberta is the only "Western" province that has only one year round 24 hour crossing; British Columbia has six, and Manitoba and Saskatchewan each have two year round 24 hour crossings to the United States.
- Create a new and more efficient route for commercial traffic between Alberta and Montana, North Dakota, Wyoming, Colorado, New Mexico, Texas, US midwest and southeast states, and the US eastern seaboard
- Support and create new economic and business opportunities for communities in the Eastern Corridor. This could include modulation for oilsands plants construction
 - Based on current oilsands projects on the books, it is estimated that an additional \$4 billion of machinery and equipment will need to be imported every year by truck, mainly from Texas and the US midwest, for the next 10 years
 - This represents approximately 40,000 truckloads per year, over and above current volumes and the normal forecast growth of 30% over the next 10 years
 - All told, within 10 years this would translate to approximately 200,000 truckloads inbound to Alberta from the US every year.
 - Given current patterns, 170,000 of these would come in through Coutts
 - For Coutts and the Highway 2 corridor, this means an inbound truck every 3 minutes – 24/7 365 days/year

- For the current corridor, this is additional to intra-provincial and interprovincial truck traffic using the corridor, plus US inbound traffic entering through other crossings
- Allow the southeast Alberta/eastern Montana regional economic zone to grow to its full and logical potential
- Create new tourism revenues and traffic in southeastern Alberta, a hitherto neglected tourist zone due to lack of direct access for US tourists

Support for a 24-hour fully commercial crossing at Wild Horse

- Business community in the Eastern Corridor Region supports Wild Horse
- The Medicine Hat Industrial Group (Cancarb, Canadian Fertilizer, Goodyear, IXL, Criterion Catalyst) supports Wild Horse
- Other prominent firms in Medicine Hat and elsewhere in the Eastern Corridor with movements across the border support Wild Horse
- Municipalities have given their full endorsement for expansion of Wild Horse



Conclusions:

- At present, Alberta is a one-legged economic giant balancing on Coutts and the Highway 2 corridor alone for its vital Alberta-US trade
- There is a demonstrable need to create balance and a firm footing using the Eastern Corridor, of which a

- 24-hour fully commercial crossing at Wild Horse is the only missing, necessary and critical component
- Vision and political will is necessary at various times to have infrastructure and services in place to increase growth and handle future demand. It will also:
 - Aid and abet the burgeoning southeastern Alberta/eastern Montana economic zone, and
 - Create an exciting new cross-border tourism market. This will include increased tourism travel into the most dynamic prehistoric archeological region in North America – Dinosaur country
- Wild Horse will be Alberta’s eastern entry, and will be the economic development enabler in the eastern corridor region for the years ahead.

1. Background

Support for a second 24-hour commercial border crossing in Alberta has been growing in recent years as trade and traffic volumes between Canada and the US continue to rise.

Commercial traffic generated from a variety of industries are required to use Port of Entry-Coutts, Alberta which is currently the **sole Designated Commercial Office** in Alberta, reporting and clearing commercial goods for the entire province on a 24-hour basis. Port of Entry-Wild Horse in southeastern Alberta is widely considered under-utilized as a *Designated Export Office*, providing only limited services on a limited daily schedule (ranging 9 to 13 hours per day depending on the season) October 1 to May 14 (8am to 5pm).



At present, there are 31 highway border crossings in Western Canada. Of these, only 7 are a 'Designated Commercial Office' open to clear commercial goods on a 24 hour basis year around. BC has 3 of the 24 hour commercial crossings, Saskatchewan has 2, and Manitoba has 1. Alberta, Canada's economic driver and fastest growing economy has 1 at Coutts/Sweetgrass. Commercial

motor carrier traffic between Alberta and USA used 22 of the crossings in Western Canada in 2006. As well, Some Alberta traffic used crossings east of the Manitoba/Ontario border.

Figure 1.1 shows the Eastern Alberta Corridor in continental context. Figure 1.2 shows the border crossings in Western Canada. It is worth noting that of the seven 24-hour crossings in Western Canada, only 3 are directly connected to a US Interstate highway. Figure 1.3 shows the 24 hour border crossings used by Alberta truck traffic between Vancouver and Emerson.

In 2006, a bi-national, cross-border committee was formed and co-chaired by the Mayor of Medicine Hat and the Mayor of Havre, Montana to focus efforts on promoting to their respective federal governments to support the initiative. Additional proponents on the committee include civic leaders and business representatives from both Alberta and Montana. They have worked to seek support from their respective senior governments. *See Appendix A*



(L to R) Medicine Hat Mayor Garth Vallely, Montana State representative John Musgrove and Cypress Medicine Hat MLA Len Mitzel conferring at the Montana State Legislature January, 2007

Resolutions have been passed in support of Wild Horse in both the Alberta and Montana Legislatures. In April, 2006 the Alberta Legislature unanimously supported MLA Len Mitzel's resolution to make Wild Horse a 24 hour port. In March, 2007 both houses of the Montana Legislature approved a similar resolution which was supported by Montana Governor Brian Schweitzer. On June 7, 2007, Premier Stelmach wrote Prime Minister Harper in support of upgrading services at Port of Entry – Wild Horse. In November, 2007, U.S. Senator Jon Tester, D-Mont., Directed the Department of Homeland Security to administer Wild Horse as a 24-hour commercial port. The efforts in the US Senate are progressing.

2. The Case for Wild Horse

2.1 Alberta – Canada's Economic Giant and Driver

- Alberta continues to drive Canada's economic growth
The Alberta economy has grown at over twice the rate of the Canadian economy for each of the past three years. In 2006 alone, Alberta's real Gross Domestic Product (GDP) grew at 7.0% versus 2.6% for Canada. In the 10 year period 1997 to 2006, Alberta's GDP grew by 49.4%, while Canada as a whole grew by 34.1%. Indications are that Alberta's economy will continue its phenomenal growth over the coming decade, largely driven by oilsands investments in the eastern Alberta corridor, continued development of the Western Sedimentary Basin, and an ever increasing value of exports. The high value of investments and exports is leading not only Alberta's economy, but the economy of Canada as well.
- Investment
In 2006, gross capital formation (investment) accounted for 40.1% of Alberta's GDP. This was much higher than Canada's 22.5%. Alberta's high percentage of investment in GDP is mainly due to the development of major energy projects.

As of June 2007, there were 94 major projects with \$123 billion worth of investment for energy development (oil and gas, oilsands, insitu and

Figure 1.1
The Eastern Corridor in Continental Perspective



Figure 1.2
Western Canada Border Crossings

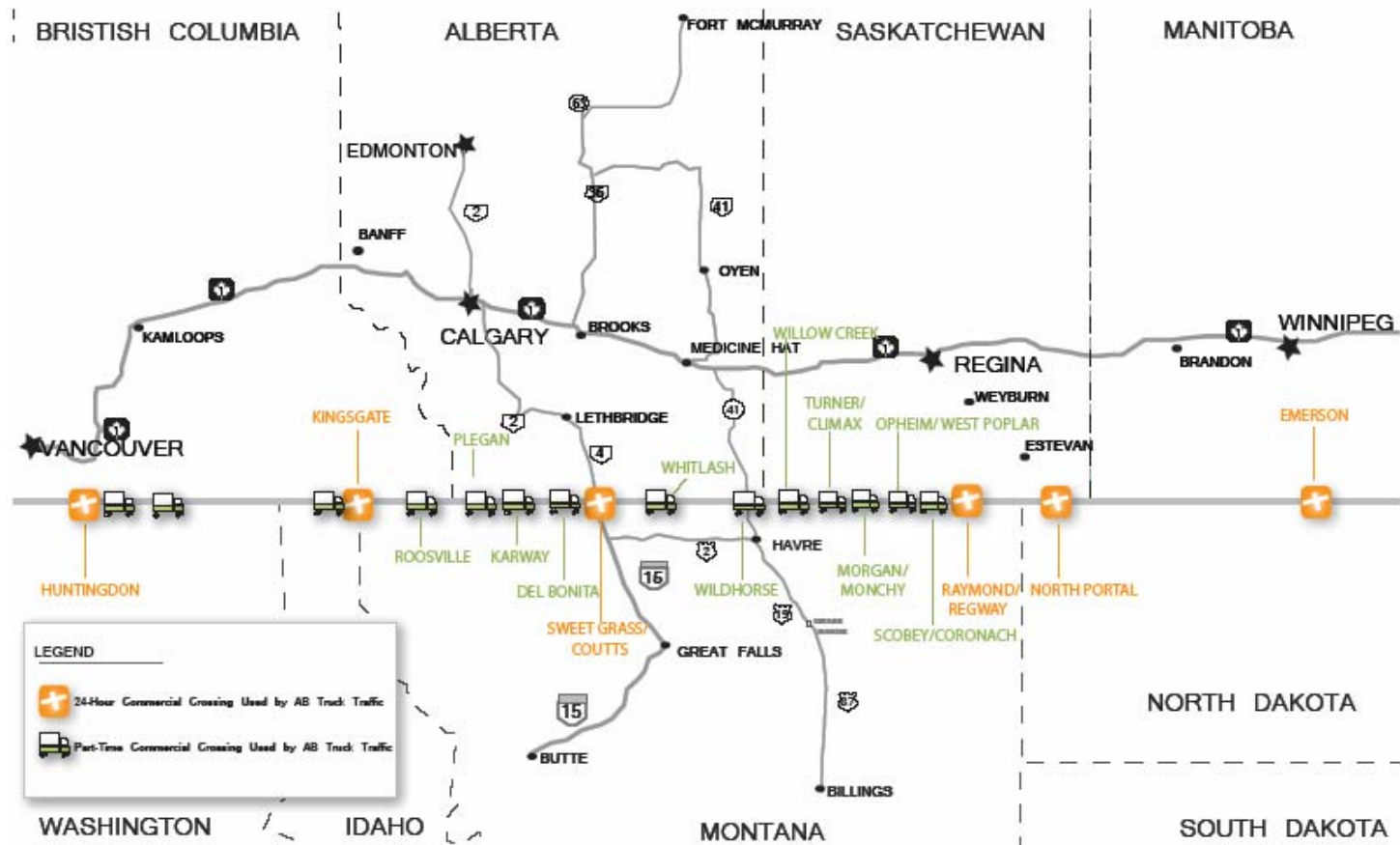
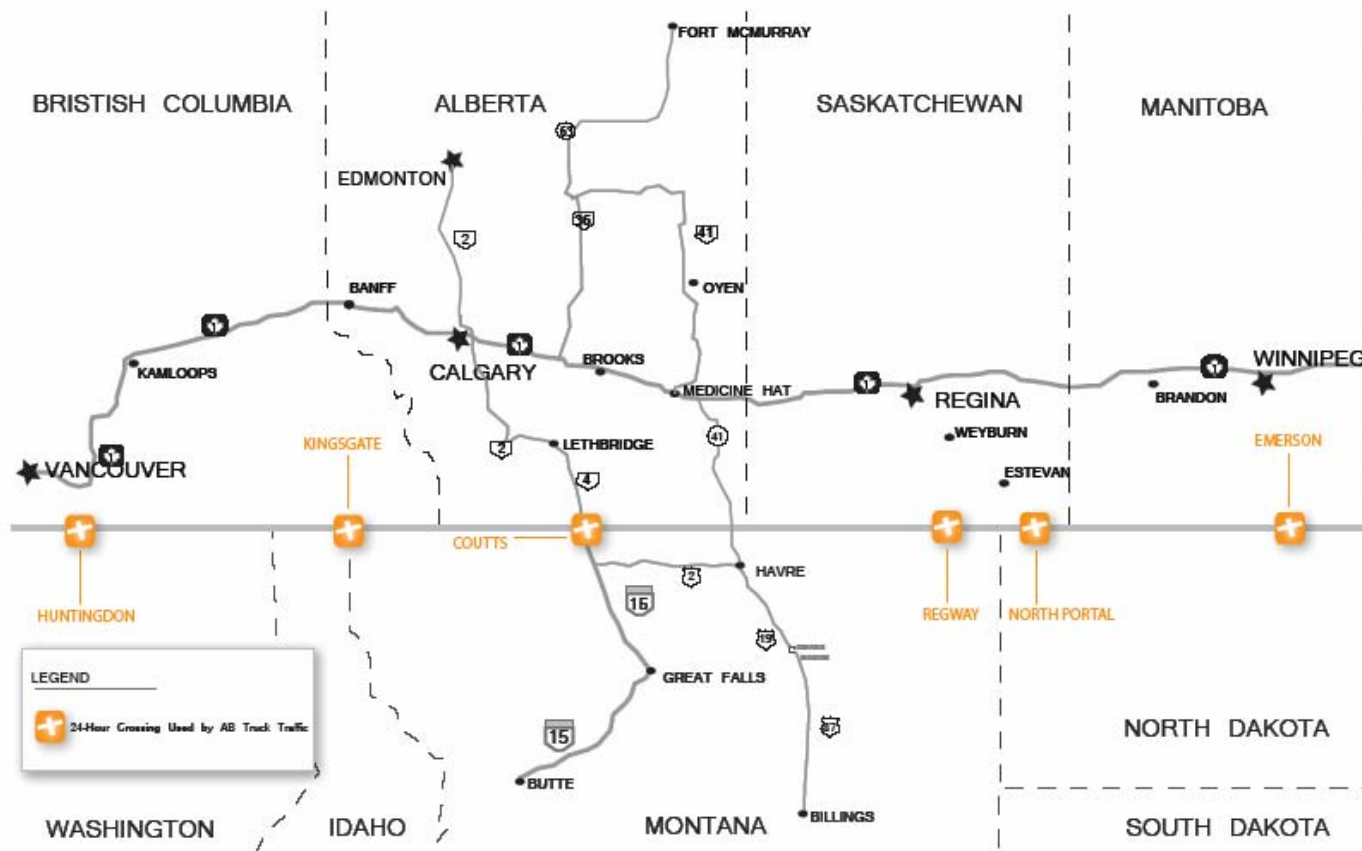


Figure 1.3
Wild Horse to Emerson Border Crossings



pipelines) in various stages of planning, permitting and construction, on the books. Identified investments in other sectors amounted to an additional \$60 billion.

One key to successfully completing these projects is the ability to transport machinery and equipment needed in their construction in a highly efficient manner. The majority of this machinery and equipment is transported over the road from the United States. Oilsands development requires a huge amount of machinery and equipment. For a mining type of oilsands development, 60 to 70 percent of investment is spent on purchasing machinery and equipment. About 50% of this machinery and equipment is imported by truck from the US, mainly from Texas and to a lesser extent Oklahoma, Tennessee and other Midwest US states.

Investment creates a cycle of economic growth. Investment dollars in Alberta create demand for labour and materials, and workers move to the province to seek new employment opportunities.

Population increases and creates new demand for housing and consumer goods; demand for materials increase new opportunities for manufacturing industries; and new production capacity increases output and exports.

■ International Trade

International trade is another major driving force of the Alberta economy. Between 2000 and 2006, exports to other countries accounted for, on average, about 40% of Alberta's GDP, and imports from other countries about 26% of Alberta's GDP.

The United States is Alberta's largest trading partner, accounting for about 86% of total merchandise exports and 73% of total merchandise imports. In 2006, Alberta exports to the US amounted to \$73 billion, while imports were \$12.6 billion. Of the \$73 billion exported, crude oil, petroleum, bitumen, and natural gas moving by pipeline amounted to \$58 billion. The remaining \$15 billion moved by traditional modes of transport, i.e. road, rail and air. In the 10 year period 1997 to 2006, Alberta's non-pipelined exports to the US grew by 86%. The value

of Alberta exports moving to the US by motor carriers in 2006 is estimated at approximately \$6.7 billion. Of the \$12.6 billion of Alberta imports from the US in 2006, some \$6.9 billion is estimated to have moved by motor carriers. Of this, approximately \$1.35 billion were oilsands related machinery and equipment from Texas, estimated to have moved in 14,100 truckloads. Thus, total value of Alberta trade with the US moving by motor carriers is estimated at \$13.6 billion in 2006.

2006 Alberta Import/Export Estimated Truck Movements

- ❑ 2006 = 303,600 total: Inbound = 126,600.
Outbound = 182,000
- ❑ The 7 western states = 110,500 movement
- ❑ Montana = 38,100 movements
- ❑ The rest (US midwest, south, southeast and eastern seaboard) = 155,100 movements
- ❑ The I25 states (Texas, New Mexico, Colorado, Wyoming) = 46,800 movements
- ❑ North Dakota, South Dakota, Nebraska, Kansas = 13,200 movements

The top 25 Alberta imports from the US are virtually all machinery, equipment and component parts for use in oilsands and upgraders construction projects and operations, and in the traditional oil and gas sector. These all move by motor carrier.

Alberta imports from the US grew by 75% in the period 1997 to 2006. As the high level and pace of construction and operations in the oilsands continue over the next decade, substantial growth in Alberta imports from the US can be expected. These movements of products into/out of Alberta mainly involve United States points in the Midwest, East, and Gulf Coast and supports the need for a second 24/7 commercial entry into Alberta that will tie into the Eastern Alberta corridor. It should also be noted that Houston is the port of choice for oversize equipment coming in from off-shore, with subsequent movement by truck to Alberta.

Alberta has been and will remain as the driving force of the Canadian economy. Investment, particularly those in oil sands development, and exports are two major forces of the Alberta economy. A highly efficient transportation network connecting Alberta and US states is essential to sustain healthy growth in investment and trade.

2.2 The Importance of Efficient Transportation Networks and Improved Access

Efficient transportation networks and access are essential to maintain and increase trade, to remain cost competitive, and to deliver/receive products in a timely and predictable manner.

The Government of Alberta has for decades been proactive and visionary in ensuring that adequate, efficient and sufficient transportation infrastructure and services in support of economic activities and trade have been available. These initiatives came about as a result of foresight and confidence in the future of the Province. Past examples include:

- Assuming ownership and construction of all rail lines north of Edmonton early in the 20th century to open up the northern half of the province
- The financing of the grain terminal at the Port of Prince Rupert – Now this container port is serving Canada and the Midwest United States.
- Providing a fleet of rail grain hopper cars to facilitate more efficient movements of export grains to port, assisting Alberta farmers.
- Facilitating the purchase of the Neptune Bulk Terminal in the Port of Vancouver by a consortium of exporters
- Purchasing Pacific Western Airlines and moving its head office to Calgary
- Financing and building the rail spur line to the Daishowa pulp mill at Peace River
- Providing financial assistance to Fraser Surrey Docks in Fraser Port
- Establishing the Alberta Forest Products Shippers Association which provided market power to Alberta

- forestry exporters in securing transportation services and rates
- Establishing and operating Alberta Intermodal Services Ltd. to ensure competitive container rates and services for off-shore Alberta exports
- Establishing the Alberta Airport Program, which led to upgrading including the provision of airport terminal buildings at a number of airports
- Acting as a catalyst to expand the Coutts/Sweetgrass border crossing
- Building Highways 36 and 41 as an Eastern Alberta corridor in anticipation of future needs

These initiatives have greatly contributed to Alberta economic development, activity and trade, and have had a direct and demonstrable impact on Alberta competitiveness in international trade.

Vision and political will is necessary at various times to prepare the infrastructure and services to support increased growth and handle future demand, mitigating playing catch up once growth is upon us.

2.3 Alberta – Montana Economic Region and Joint Demand Generators

Southeastern Alberta and eastern Montana is an interlinked economic zone. There are several interlinked industry sectors, business activities and interaction between Southeastern Alberta and Eastern Montana. This is particularly true for agriculture and fertilizers, the oil and gas drilling and servicing sectors, and for new cross-border joint tourism opportunities.

These linkages are stunted and prevented from reaching their full potential from the part-time border crossing at Wild Horse, within the border is in effect a barrier to economic activity and interaction.

Examples of increased economic activity would include:

- In Montana, oil and gas drilling activities are increasing in the northern and eastern parts of the state. Alberta oil and gas servicing companies in Southeast Alberta are already servicing those drilling activities. At present, however, they must use Coutts/Sweetgrass in order to gain temporary

access for equipment and personnel doing work in Eastern Montana. This more than doubles the travel distance, increases costs, and affects equipment utilization and productivity.

- Movement of fertilizers and other agricultural goods within the zone is incurring higher-than-necessary costs as much of it has no choice but to use Coultts/Sweetgrass.
- The tourism industry in southeastern Alberta, particularly as it pertains to revenues and to attractions such as Dinosaur Provincial Park, and Cypress Hills Interprovincial Park, suffers from the lack of a 24-hour entry point in eastern Alberta, particularly as it pertains to US tourists traveling to/through Alberta in automobiles and buses. The reverse is true for the tourism industry in eastern Montana, with its extensive dinosaur sites and attractions in the Havre Badlands, opportunity for public participation in dinosaur digs at Judith River and at Little Snowy Mountain, and the Fort Peck recreational area with its many and diverse activities and attractions.
- A 24-hour Wild Horse Border crossing would enable and create substantial tourism opportunities, in terms of;
 - Providing direct access to southeastern Alberta and its attractions
 - Providing opportunities for cross-border joint tourism programs and activities between Alberta and Montana
 - Providing new opportunities for Alberta – Montana circle tourism routes, such as cooperation with Canadian Badlands, which is suggested to be the next international icon in Alberta. Canadian Badlands initiative is an economic development activity, not just a marketing project.

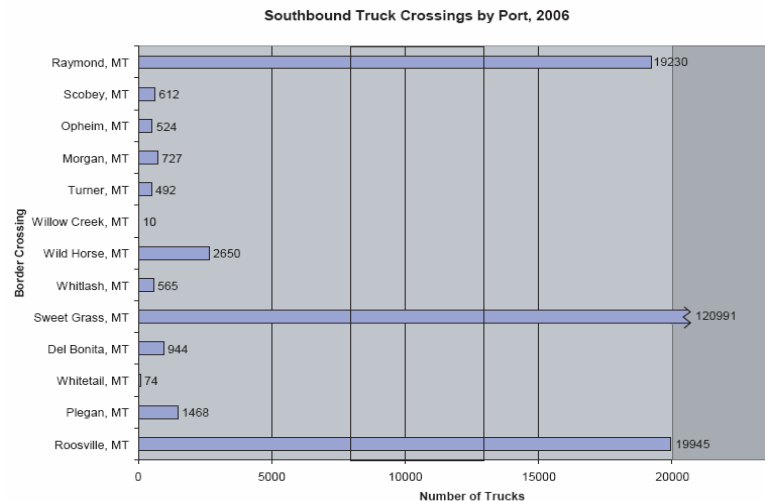
2.4 Current Routing Patterns of Alberta Exports/Imports by Motor Carrier Mode

Based on truck shipment weights in US – Canada trade statistics as supplied by the US Bureau of Transportation Statistics, it is estimated that 2006 Alberta exports and imports by motor carriers amounted to approximately 303,200 equivalent truckloads. Exports were estimated at approximately 181,600 equivalent truck loads, while

imports were estimated at approximately 121,600 equivalent truckloads.

The majority of border crossings in Western Canada, and several crossings in Central and Eastern Canada, were used for these movements. There are certain trends and patterns to these movements:

- Traffic between the 7 US Western States¹ and Alberta use virtually all of the crossings in Western Canada, but is concentrated at Coultts/Sweetgrass, Blaine/Pacific Highway and Eastport ID/Kingsgate BC. Those are all 24 hour fully commercial crossings. These states accounted for some 110,500 Alberta inbound/outbound movements.
- Montana alone accounted for 38,100 Alberta inbound and outbound movements.



University of Montana Study, March 2008

- The Interstate Highway I25 states of Texas, New Mexico, Colorado and Wyoming accounted for 46,800 movements. Imports by truck from Texas alone exceeded 24,000 truckloads. For the states of Texas, New Mexico, Colorado and Wyoming, a 24-hour fully commercial crossing at Wild Horse would be the most

¹ Washington, Oregon, California, Idaho, Utah, Nevada, Arizona.

efficient and shortest routing for traffic involving Alberta's eastern corridor locations, Edmonton, and northern Alberta. **Texas is Alberta's largest trading partner for truck traffic, with a 2006 two-way trading volume of \$2.4 billion and 32,000 truckloads.** This trade is dominated by oil and gas and oilsands traffic, which is essentially all going to Edmonton before it is redistributed or assembled for furtherance to oilsands plants. Houston, Texas is the preferred port for oilsands and upgrader oversize modules, equipment and components sourced from off-shore, with subsequent road movement to Alberta.

- North Dakota, South Dakota, Nebraska and Kansas accounted for 13,200 movements, and the remaining 155,100 truckloads involved US midwest, south, southeast and eastern seaboard import/export truckloads.

**2006 Selected Crossing Statistics
Alberta Estimated Export Import Truck
Movements**

- ❑ Movements through all crossings Wild Horse to Emerson. Total = 44,500. Outbound = 38,300. Inbound = 6,200
- ❑ Movements through 24-hour crossings at Regway, Portal and Emerson. Total = 39,200. Outbound = 33,100. Inbound = 6,100
- ❑ Movement through 24-hour crossing at Coutts. Total = 193,200. Outbound = 85,600. Inbound = 107,600
- ❑ Movements through 24-Hour crossing at Coutts excluding the 7 western states and Montana. Total = 80,100. Outbound = 25,300. Inbound = 54,700
- ❑ The seven 24-hour crossings in Western Canada handle 83% of all Alberta outbound traffic, 92% of all Alberta inbound traffic, and 88% of all Alberta movements
- ❑ Coutts/Sweetgrass handle 85% of all Alberta inbound movements, 47% of all Alberta outbound movements, and 64% of all Alberta movements

- Traffic between Alberta and the US Midwest, southeast and the eastern seaboard move primarily through Alberta/Montana, Saskatchewan/Montana, Saskatchewan/North Dakota and Manitoba/North Dakota crossings. There are a total of 31 crossings along the entire Alberta, Saskatchewan and Manitoba border, but only four are 24-hour fully commercial crossings. Alberta commercial truck traffic flowed through 22 of these crossings in 2006. Of these, Coutts/Sweetgrass, Portal/North Portal, and Emerson/Pembina – all 24-hour crossings - had the greatest Alberta truck traffic, *followed by Wild Horse.* **The part-time Wild Horse crossing had more of the Alberta truck traffic than the 24-hour fully commercial Regway/Raymond MT crossing south of Regina SK.**

- In terms of crossings, it is estimated that Coutts/Sweetgrass handled some 193,200 Alberta import/export truckloads in 2006. Of these, some 107,600 were inbound (Alberta imports) and 85,600 outbound (Alberta exports). Thus, Coutts/Sweetgrass is estimated to handle 85% of all Alberta inbound traffic, and 47% of all Alberta outbound movements. There is a strong tendency for inbound movements to maximize use of the US highway system, and, to enter Alberta directly without having to move through another province.
- There were some 44,500 Alberta movements through all the crossings from Wild Horse in eastern Alberta to Emerson, south of Winnipeg, MB, of which 38,300 were outbound and 6,100 inbound. There were more Alberta movements through Wild Horse than there were through the 24-hour crossing at Regway.
- All together, the seven 24-hour crossings in Western Canada handle 83% of all Alberta outbound traffic, 92% of all Alberta inbound traffic, and 88% of total Alberta import/export truckloads.
- Alberta import/export truck traffic moved through 32 of the 43 crossings in Western Canada in 2006. While a 24-hour fully commercial border crossing at Wild Horse does have a large population centre in close proximity, Medicine Hat being the largest, its strategic importance is as a direct link between the most

efficient transportation routes between Edmonton/Ft. McMurray and Texas. Texas is by far Alberta's largest trading partner for products moving by truck.

- Less-than-truckload (LTL) traffic moves according to the consolidation depot locations of the carrier consolidators, regardless of mileages or efficiencies. The traffic is then distributed from there. These depots tend to be located on either side of continent, particularly in Washington State and New York, and in the central states, particularly in Detroit or in Ohio. Thus, for inbound and outbound LTL traffic, the crossings used are predominantly Blaine WA/Pacific Highway BC, Coutts AB/Sweetgrass MT, Detroit MI/Windsor ON, and Buffalo NY/Fort Erie ON.



Coutts Border Crossing – Great Falls Tribune, Stuart White - www.greatfallstribune.com

There is Alberta bound LTL traffic originating in California that enters Canada at Buffalo/Fort Erie. US Eastern Seaboard traffic from a large Southeastern Alberta LTL exporter is first moved to Calgary where it is consolidated. It is then moved from Calgary to the carrier's depot in Eastern Washington State. There it is consolidated with other traffic and moved to the opposite side of continent.

2.5 Support for a 24-Hour Fully Commercial Crossing at Wild Horse

The business community in the Eastern Corridor supports a 24-hour fully commercial crossing at Wild Horse. This includes the Medicine Hat Industrial Group (comprised of Cancarb, Canadian Fertilizer, Goodyear, IXL and Criterion Catalyst), and other prominent firms in Medicine Hat and elsewhere in the Eastern Corridor with movements across the border. Municipalities have given their full endorsement for the expansion of hours and services.

No opposition has been encountered for upgrading Wild Horse to a 24/7 commercial port.

2.6 Wild Horse Potential Truck Traffic

Predicting Wild Horse commercial traffic levels when it has been upgraded to a 24-hour fully commercial crossing is not possible. However, it is possible to provide indications as to what traffic can logically and potentially move over an upgraded crossing. Such traffic could include:

- Alberta commercial traffic using crossings east of Coutts/Sweetgrass to the Manitoba/Ontario border, including traffic destined for eastern Montana and North Dakota, US Midwest and southeast states, and the US eastern seaboard
- Wyoming, Colorado, New Mexico and Texas traffic diverting from Interstate I15 to the shorter and more direct routing through Wild Horse. Wyoming traffic in particular would be much better served
- Traffic between eastern Alberta and eastern Montana currently having to use Coutts/Sweetgrass because of the inconvenient part-time Wild Horse crossing.

From conversations with exporters in southeastern Alberta, it is known that the estimated 3,200 truckloads moving through Wild Horse in 2006 could at least quadruple if Wild Horse was open 24 hours, as it would greatly improve transportation efficiencies and costs for southeastern Alberta importers/exporters. This quadrupling of traffic is consistent with analysis done by the University of Montana in March, 2008. However, the

main benefit would be to Alberta as whole by creating a second high efficiency north – south corridor for all Alberta import and export truck movements.

2.7 Eastern Alberta Corridor – Economy and Demographics

The Eastern Alberta Corridor has the following economic and demographic characteristics:

- The Eastern Corridor Region encompasses over 127,000 square kilometers, or about 20 percent of Alberta's land area.
- In 2006, the population of the Eastern Corridor Region was approximately 250,000, about 7.6% of Alberta's total population. From 1991 to 2006, the population of the Eastern Corridor Region increased by 18.4% from 211,000 to 250,000
- Oil and gas and agriculture are two major resource industries in the Eastern Corridor Region.
 - As of 2006, the Eastern Corridor Region had 33% of conventional oil reserves and 33% of conventional natural gas reserves in Alberta.
 - In 2006, about 43% of oil well drilling and 50% of natural gas drilling in Alberta were conducted in the Eastern Corridor Region.
 - In 2006, about 24% of bitumen in Alberta was produced in the Eastern Corridor Region.
 - In 2005, the Eastern Corridor Region produced about 50% of wheat and 37% of canola in Alberta.
 - In 2001, the Eastern Corridor Region had about 82% of cattle and calves and 37% of pigs in Alberta.
- Labour Force
 - In 2006, the unemployment rate in the Eastern Corridor Region averaged 3%, the lowest among the regions in Alberta.
- According to Statistics Canada unemployment in March 2008 was 5% in the Medicine Hat and Lethbridge region, up from 4.7% the previous March.
- In terms of labour force by industry sector, the Eastern Corridor Region has a relatively large portion of its labour force in agriculture and mining in comparison with other Alberta regions. From 1996 to 2001, the labour force in mining in the Eastern Corridor Region increased by 27% and the labour force in manufacturing by 19%, both much faster than that of Alberta as a whole.
- Exporting and Importing. As of September 2007 there were 464 businesses engaged in exporting and/or importing goods and services in the Eastern Corridor Region.
- Military Bases in the Eastern Corridor Region
 - Alberta has four of Canada's major military bases: CFB Cold Lake in Cold Lake, CFB Wainwright in Wainwright, Edmonton Garrison, and CFB Suffield near Medicine Hat. In the Eastern Corridor, CFB Cold Lake is the premier air fighter training Base in the Canadian Air Force, and NATO allies also train there; CFB Wainwright is the centre for excellence for Canadian Army training, and troops being deployed to Afghanistan train there; and CFB Suffield is one of the largest training areas in the world for the British army. First responders from across the continent also receive chemical and biological anti-terrorist training at Suffield
 - In addition to the Bases, other significant military presence in Eastern Alberta includes the British Army located at Suffield (BATUS), Defense Research Development Canada (DRDC) at Suffield, and the Aerospace Engineering

Test Establishment (AETE) at Cold Lake.

- The Defense sector is a significant employer of both military and civilian personnel in Eastern Alberta. Current estimates of annual payroll on the Bases exceeds \$300M, translating into opportunities for local communities to provide housing, goods and services for DND military and civilian personnel.



CFB Suffield

significant exports of fertilizers move through the Wild Horse crossing.



3. Benefits of a 24-Hour Fully Commercial Crossing at Wild Horse

Benefits from a 24-hour commercial crossing at Wild Horse will include improved transportation access between Alberta and US markets/suppliers, better distribution of truck traffic on Alberta highways and improved use of under-utilized highway infrastructure in the Eastern Corridor. It also includes generation of new economic activities, new growth in existing activities, new industry attraction/economic opportunities and development.

3.1 Importance to Alberta

- Given Alberta’s importance in the creation of jobs and wealth both in the province and elsewhere in Canada, it is imperative that the province is positioned in every way to support the continuing ‘boom’ over the next decade. An additional 24-hour commercial crossing is essential to assist economic activity and the movement of people, and to keep pace with growth pressures.
- At present, Alberta has one major north-south corridor, which has a very high level of traffic, a high percentage of tractor-trailer traffic, and rapid traffic growth. It is highly debatable that this

corridor, in its present configuration, can handle expected traffic – particularly increases in truck traffic driven by massive construction activities in northeastern Alberta and substantial export/import growth - over the next decade in a safe and transport cost-effective manner. The Highway 36 Association promotes safe travel practices, which will attract drivers from congested highway routes, thus relieving present high traffic routes of major and ever increasing maintenance projects and costs.

- At the same time, the Eastern Corridor – with excellent north-south links in Highway 36 and Highway 41, is substantially underutilized. There would need to be considerable increases in traffic before any major improvements would have to be contemplated, and traffic can essentially quadruple

The Case for Wild horse

- ❑ Based on current oilsands projects on the books, it is estimated that an additional \$4 billion of machinery and equipment will need to be imported every year by truck, mainly from Texas and the US midwest, for the next 10 years
- ❑ This represents approximately 40,000 truckloads per year, over and above current volumes and the normal forecast growth of 30% over the next 10 years
- ❑ All told, within 10 years this would translate to approximately 200,000 truckloads inbound to Alberta from the US every year.
- ❑ Given current patterns, 170,000 of these would come in through Coutts
- ❑ For Coutts and the Highway 2 corridor, this means an inbound truck every 3 minutes – 24/7 365 days/year
- ❑ For the current corridor, this is additional to intra-provincial and interprovincial truck traffic using the corridor, plus US inbound traffic entering through other crossings

or more before Alberta Infrastructure and Transportation's criterion for twinning – 10,000 vehicles per day – is reached.

- A 24-hour fully commercial crossing at Wild Horse, combined with the Highway 36 and Highway 41, will:

- Create a second major north-south transportation corridor in Eastern Alberta
- Take the pressure off the Highway 4/2 Corridor, in terms of traffic levels, safety, and maintenance costs
- Create a new and (more) time and cost efficient route for commercial traffic between Alberta and Montana, North Dakota, Wyoming, Colorado, New Mexico, Texas, US Midwest and Southeast states, and the US eastern seaboard
- Allow the Southeast Alberta/Eastern Montana regional economic zone to grow to its full and logical potential
- Create new tourism revenues and traffic in Southeastern Alberta, a hitherto neglected tourist zone due to lack of access and/or intervening opportunities for US tourists
- Support and create new economic and business opportunities for communities in the Eastern Corridor. These could include consolidation of loads and equipment and assembly for oilsands plants which is currently being done almost exclusively in Edmonton (e.g. Tofield now becoming a consolidation point for a major oilsands operator)

3.2 Generation of New Economic Activities

Certain activities will be generated as a direct result of having a 24-hour commercial crossing at Wild Horse. These will include new roadside facilities and services, and new customs brokerage and transportation services. Customs and brokerage services at Wild Horse will increase the activity of services not only in the Medicine Hat region, but will be utilized by business in the Eastern Corridor, who now have to go to Calgary or Coutts for these services. The presence of these services will, in turn, enable the southeast Alberta region to compete for distribution centres. The traditional model of locating large distribution centres by large retailers and distributors is beginning to change. There is a trend towards moving

away from large metropolitan areas and out into the regions takes advantage of lower land costs, lower taxes and availability of (part time) labor, provided the transportation links are efficient. Business development/investment attraction opportunities identified and pursued by the regional economic development organizations will be greatly enhanced and facilitated by the expansion of Wild Horse.

3.3 New Roadside Services and Facilities

A 24-hour crossing will attract new road side facilities along the Highway 36 and Highway 41, including facilities at the crossing itself. These will include:

- Convenience store(s)
- Gas station(s)
- Duty Free Store
- Tourist Information Services
- Restaurants/Fast Food outlets
- Lodging
- Facilities/Services for truckers (truck stops)

3.4 New Customs Brokerage and Transportation Services

At present there are no customs brokerage services located anywhere in southeastern Alberta. This is a considerable impediment to economic activity involving cross-border movements, as southeastern Alberta firms have to use brokerage services located at Calgary or Coutts. A 24-hour commercial crossing at Wild Horse would precipitate the establishment of customs brokerage services at the crossing and/or in Medicine Hat to the benefit of all of southeastern Alberta.

Considerable less-than-truckload export shipments are originating in southeastern Alberta. As there are no freight consolidation services available in Medicine Hat, these shipments currently have to move through Calgary. A 24-hour crossing at Wild Horse providing more direct access to US midwest, southeast and eastern seaboard markets, has the potential to attract new freight consolidation services to Medicine Hat. This would be a considerable

benefit for export market development and new business attraction.

In North America, large box stores such as Wal-Mart, Ikea, Target and others are moving their distribution centres out into smaller communities. There is normally an untapped pool of female part time labour in these communities, and lower land costs and taxes tend to outweigh the higher transportation costs that are incurred. The presence of a nearby 24-hour crossing at Wild Horse and local customs brokerage services would facilitate southeastern Alberta attempts to attract such distribution centres.

4. Conclusions

- **At present, Alberta is a one-legged economic giant balancing on Coutts and the Highway 2 corridor alone for its vital Alberta-US trade**
- **There is a demonstrable need to create a balance and a firm footing using the Eastern Corridor, of which a 24-hour fully commercial crossing at Wild Horse is the only MISSING, NECESSARY AND CRITICAL component**
- **Visionary action today will facilitate and ensure that Alberta's high rate of economic growth will continue. It will also:**
 - **Facilitate increased bi-lateral activity in the southeastern Alberta/eastern Montana economic zone, and**
 - **Create an exciting new cross-border tourism market. This will include increased tourism travel into the most dynamic prehistoric archeological region in North America – Dinosaur country**
- **Wild Horse will be Alberta's eastern entry, and will be the economic enabler in the Eastern Corridor Region for the years ahead**



– MEDIA RELEASE –

Co-Chairs of the Wild Horse Border Committee Chosen

For Immediate Release
November 15, 2006

Havre, Montana – On November 15, the inaugural meeting of the Wild Horse Border Committee, a bi-national group working to increase the Port of Wild Horse to 24 hour service, took place in Havre. The committee is made up of seven representatives each from Northern Montana, and Southeast Alberta. The elected Co-chairs of the Committee are Mayor Bob Rice of Havre Montana, and Mayor Garth Valley of Medicine Hat.

The committee discussed the progress to date on both sides of the border in advancing the case for 24 hour service and considered several initiatives to move the agenda forward over the next few months. Of considerable excitement will be the opportunity to support a joint resolution to the Montana Legislature sponsored by Representative John Musgrove of Havre, in early January. This resolution is similar to one passed unanimously in the Alberta Legislature in April, 2006. There is a strong business case on both sides of the border to support this initiative and work will be progressing on articulating those benefits.

The Canadian delegates' enthusiasm was quite increased as a result of the meeting. The Canadians were represented by Medicine Hat Mayor Garth Valley, Medicine Hat / Cypress Member of the Legislative Assembly of Alberta Len Mitzel, Russ Holowachuk of Canadian Fertilizers Limited, Bow Island Mayor Alan Hyland representing the Palliser Economic Partnership, Oyen Mayor Doug Jones, and Harold Wilson of the Economic Development Alliance of Southeast Alberta. Kay Olsen from the Medicine Hat Chamber of Commerce was unable to attend. The American representatives were Havre Mayor Bob Rice, Debbie Vandenberg of the Havre Chamber of Commerce, Dennis Morgan as a local business leader, and Craig Erickson of Bear Paw Development. Due to immediate commitments, both Representative Musgrove and Cole Chandler of Klabzuba Oil were unable to attend. The US contingent agreed their resolve was quite strengthened to push forward, as a result of the meeting.

Mayor Valley expressed "The meeting was very productive and set a course of action which we will follow. The level of cooperation, as usual, was at the highest order."

Bob Rice was "Pleased with the reception that their efforts have received and the direction the Committee has taken. I look forward to substantial progress in the near future. This is one of the most energetic and diligent Committees I have sat on."

MLA Len Mitzel offered "I am very excited about this effective partnership in being able to bring this initiative to the forefront in both Alberta and Montana within a year."

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OR

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This project was managed by a Steering Committee with representation from Community Futures Entre-Corp Business Development (Sean Blewett), Palliser Economic Partnership (Elvira Smid) and Economic Development Alliance of South East Alberta (Harold Wilson).

Other supporting organizations include:

- Wild Horse Border Committee
- Bear Paw Development Corporation of Northern Montana
- Battle River Alliance for Economic Development (BRAED)