

# The Ties that Bind: Bi-national Trade Implications of the US and Canada Using Bi-national Freight Movement Network via Border Crossings<sup>1</sup>

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## **Highlights**

- We developed a bi-national freight network model connecting freight flows of trucks via ports of entry between the US and Canada.
- We monitored and analyzed border wait times to determine the border crossing delay baseline values that are essential for the bi-national Transportation Combined National Interstate Economic Model to operate.
- Weighted Eigenvector Scores reveal that Detroit, Buffalo, Port Huron, Blaine-Pacific Highway, and Champlain are the five most important ports of entry for trucks in terms of their impact on bi-national trade.
- While freight flows via major ports of entry are dispersed to many US states, Canadian freight flows tend to stay within the province of their ports of entry.

## **Abstract**

This study combines US-Canada bi-national highway network data with a freight flow dataset using ports of entry (POE) via highway border crossings. Through several sub-procedures, the US and Canada highway systems are integrated into a single network dataset. In addition, border wait time dataset was monitored and analyzed to set the border delay baseline. This dataset enables us to explore the freight traffic pattern between the US and Canada. Weighted Eigenvector Score is computed using a Social Network Analysis tool. The results demonstrate that major regional bodies are the primary users of major POE between the US and Canada. This study not only offers an improved understanding of the economic implications of US-Canada border crossings, but also contributes to developing a simulation tool, a bi-national Transportation-combined National Interstate Economic Model. Such a tool is expected to extend and apply to other contexts, such as transportation and national and bi-national security, among other applications. Additionally, this study suggests several important considerations for US and Canadian officials charged with devising policy to protect against security threats while facilitating legitimate flows of goods, services and people across the border.

Key words: Cross-border freight; trade network analysis; border wait time; Bi-national TransNIEMO

## 1. Introduction

Freight transportation involves moving diverse commodities to satisfy global supply and demand for goods and services. These commodity outputs, which are connected with many diverse inputs, are often imported or exported via ports of entry (POE), primarily by truck. In 2010, the daily value of all modes of goods exchanged between the US and Canada was nearly \$1.8 billion, making US-Canada trade the largest bi-national trade relationship in the world (Park et al., 2014a). The supply chains of both countries are highly integrated, with the majority of this trade being intra-industry. With the final outputs of these tightly integrated bi-national industries exported worldwide, significant disruptions of the bi-national freight network could cause tremendous economic consequences not only for the US and Canada, but for global trade.

The US and Canada are linked by many modes of transport, including trucks, trains, ferries, pipelines, and airplanes. Efficient connections are essential to the economic productivity of both countries. In the past decade, this efficiency has been threatened by several significant disruptions caused by man-made or natural disasters. Many public and private stakeholders now are aware of the magnitude that transportation disruptions could have on national economic systems. Once a border crossing is closed or its capacity diminished, freight movement via other border crossings in the transportation network could be seriously impacted by freight diverted from the affected crossings. This has the potential to cause adverse economic ripple effects for the various suppliers involved in producing a product. These disruptions could affect supply chains that extend far beyond nearby regions.

A secondary issue affecting bi-national trade is the delay that results from border security measures and inspections. Even though interstate and interprovincial trade may have larger impacts on each national economy than US-Canada trade (Anderson, 2009; Hewings et al., 1998; Hitomi et al., 2000), border crossings and their highway network approaches are often subject to high levels of congestion due to such measures, and hence, need a distinctive examination. This is especially true in the Niagara Falls area, where the highway network connecting Toronto and Buffalo is congested almost every day by passenger and freight vehicles. It is valuable to measure how congestion cost externalities affect the US and Canadian economies, from local communities to each nation as a whole.

Separated from the US by the Great Lakes and the waterways that connect them, a significant amount of Canadian trade with the US is by way of freight transportation via border crossings. Cross-border studies, however, have focused on the magnitude of trade (McCallum, 1995; Anderson and Smith, 1999) instead of on freight disruptions. Filling this void, we seek to measure how these disruptions can simultaneously impact the proximate regions of both countries. To address this issue, it is necessary to develop complex economic impact models linking the two countries with the highway network. Complex and disaggregated models can lead to a better understanding of how economic impacts that result from traffic pattern changes on border crossings affect local economies.

As an essential element for building a bi-national Transportation-combined National Interstate Economic Model (TransNIEMO), this study aims to develop a novel bi-national highway network combined with freight trade information between the US and Canada via POE connected by highways, in order to provide a stronger foundation of understanding for the economic implications of border crossings. Using the bi-national freight network dataset, we explored binational trade patterns and analyzed the role of POE. A general framework of the US-version of TransNIEMO is suggested in Appendix 6 and the theoretical and empirical details can be found in Park et al. (2011), Park et al. (2014a), Park et al. (2014b) and Cho et al. (2015).

Border entries include facilities for entry and departure of people and goods, such as airports, seaports, railways, and border crossings. Since this study only focused on border crossings on highways and examined bi-national freight movements, we established each border crossing dataset. However, as Detroit and Buffalo ports each have two border crossings, we pooled these two border crossings for various analyses applied in this study and neat visualization of the analyzed results.

This article is organized into five subsequent sections. Section 2 provides background on this study. Sections 3 and 4 present an overview and analysis of border wait times and trade issues on US-Canada border crossings, respectively. Section 4 also includes the data processing method and structure of bi-national freight movement data. Section 5 combines origin and destination freight value and truck movement with descriptive statistics, and applies social network analysis (SNA) to understand central border crossings. The article concludes with a brief summary and future discussions to be investigated for border security and policy issues using the bi-national transportation network-combined economic model. We expect to examine the economic and freight transportation importance of border crossings on the US-Canada economies, with emphasis on the various US states proximate to the province of Ontario in ongoing research using bi-national TransNIEMO.

## **2. Background**

### **2.1 A Bi-national Freight Network Model**

TransNIEMO has three sub-models, a national highway network model, a transportation cost impact model, and NIEMO. A national highway network model refers to the baseline highway network combined with freight flow data. A user equilibrium (UE) model is applied to allocate freights volume on the highway network. A transportation cost impact model generates additional shipping costs for network disruption scenarios. NIEMO generates nation-wide ripple effects for each scenario (Park et al., 2011; Cho et al., 2015)

To propose a novel bi-national TransNIEMO, an integrated understanding of both the transportation network and the economy of the US and Canada is crucial. POE via highway border crossings that connect the US and Canada tie industries and local economies of the two countries together. Freight arriving from all over the world

converges and diverges at POE by truck. Given that neighboring regions of the US and Canada are connected with border crossings and trade dataset is aggregated at these points relative to origin/destination states or provinces per commodity type, it is important to take a closer look at border crossings in order to explore the patterns and magnitude of freight flow on the bi-national economy.

In order to investigate freight flow between the US and Canada through POE by truck, we require data on the import and export of goods between the US and Canada by commodity type for each POE. This dataset provides a comprehensive description of bi-national economic relationships at each border point, with specific states or provinces, or at a national scale, for either the US or Canada. This is only a snapshot of commodity flow at border crossings, however. Since the ultimate goal of linking the economies of the two countries at border crossings is to develop a TransNIEMO-type bi-national model, our interest is in building a complex dataset that includes not only the total amount of goods traded between both countries, but also their regional origins and destinations.

To obtain this dataset, we required crossing-specific trade data in terms of import and export value of goods by respective origins and destinations, and also by commodity type. After much investigation, we concluded that there is no comprehensive data that records both origin and destination information from regions in the US to Canada or vice versa through specific POE. Instead, there are several freight-related data sources related to specific POE, which have regional origin or destination information available. By connecting the two countries with POE in our network model, we could collect geographically combined freight origin and destination data.

## **2.2 Social Network Analysis and its Applications in Various Domains**

The concept of Social Network Analysis (SNA) has been discussed among sociologists since the early 19th century. Sociologists regarded societies as networks of reciprocal influence. Due to computational complexities and difficult data collection procedures, however, sociological researchers were challenged in utilizing SNA.

With recent developments in computational technology, many fields, including sociology, have been utilizing SNA due to the theoretical flexibility of its applications. De Montis (2005) employed a weighted network approach to examine inter-municipal commuting network at the inter-city level and its relation with the topological structure. Municipalities and flow of commuters are regarded as nodes and links, respectively, in this study. Shih (2006) applies network analysis to tourism in Taiwan. This study used survey data collected from 21,412 respondents asking about up to sixteen destinations visited, and the sequence in which these destinations were visited. The destinations are treated as nodes and the tourists' routes among destinations are treated as a series of links in the tourism network. Cantner & Graf (2006) applied SNA methods to describe the evolution of the network of innovation in Jena, Germany. The study constructed two different networks, the "inventor overlap" network, and the "technology overlap" network. The inventor overlap network treats innovators (corporations) as nodes, while a link is created when they share an inventor. The number of inventors that two innovators share becomes the weight of a link. A link is created when two innovators produce the same type of commodity in the technology overlap network, with nodes defined the same

way as in the inventor overlap network. Fagiolo, Reyes & Schiavo (2010) constructed World Trade Web (WTW) to explore the regularities of global trade relationships and its evolution over time using international trade data for 159 countries between 1981 and 2000. Countries and trade flow (US dollar) are defined as nodes and links, respectively. This paper explores WTW with many SNA approaches from simple global network properties to vertex specific properties such as connectivity, assortativity, and cluster coefficient analysis for each country.

In network analysis, centrality generally measures the relative density of arcs for each node. Centrality is used to identify the most important actors in a network (Wasserman, 1994). Centrality, popular in social science, was applied in this study to identify the magnitude of key border crossings on the bi-national freight movement of trucks in relation to regional origins and destinations (ODs) in both the US and Canada. Since our bi-national network consists of two different types of nodes, regional origins/destinations and border crossings, it is basically a 'multimodal network.' Edges are formed only between different types of nodes. Web blogs with a user network are common examples of multimodal networks. Users connect to one or multiple web blogs to view and comment, and interact only via web blogs, whereas there is no direct connection of blog to blog or user to user. In the current bi-national freight network, users and web blogs are replaced with regional origins/destinations of both countries and border crossings, respectively. Freight flows from regional origin/destination nodes to POE nodes (and vice versa) serve as edges, while corresponding twenty-foot equivalent unit (TEU) values (see Section 4.4 for the details) are denoted as weights for edges.

There are five kinds of centrality concepts which are commonly employed in Social Network research: Degree Centrality, Closeness Centrality, Betweenness Centrality, Eigenvector Centrality, and Clustering Centrality. Degree Centrality is the simple count of edges for each node. It can be divided into 'in-degree' and 'out-degree' when the defined relationship of a network has direction (e.g., like or hate, flow of money, etc.) and direction is meaningful. In the bi-national freight network, weighted degree centrality is the summation of TUEs for each node when the volume of TEU is applied as the edge weight. It has no more meaning than simple statistics in this study. Closeness Centrality is the summation of reverse-coded distance scores from one node to all other nodes. Betweenness Centrality denotes how often a person lies on the shortest path between pairs of vertices. While these two centrality concepts are indispensable to explore general types of networks (e.g., social networks), they do not prove useful in understanding the bi-national freight network. This network has direct origins and destinations, so an understanding beyond one degree is not considered, whereas Closeness Centrality and Betweenness Centrality consider whole networks to generate scores for each node. Clustering Centrality examines egocentric networks to consider how neighbors of one node are interconnected. While there is value in understanding regional or bi-national trade clusters, we will employ this concept of Clustering Centrality in future research.

Among the centrality concepts described above, we chose Eigenvector Centrality. Eigenvector Centrality indicates the influence of nodes within a network. In a Twitter network, for example, when a person is connected with a very famous person who has an enormous number of followers, this person might have a higher Eigenvector Centrality

score than others who are not connected with famous people. However, Eigenvector Centrality not only considers the degree centrality of connected neighbors, but also the number of neighbors. It is theoretically possible one node that is connected to hundreds of other nodes with small degree centrality scores has a higher Eigenvector Centrality score than another node that is only connected to one other node with a large degree centrality score, or vice versa. This is because Eigenvector Centrality combines both the number of neighbors and their degree centrality. In the current study, Eigenvector Centrality scores for border crossings represent a combination of the number of connected states and provinces and their connected border crossings as degree centrality scores. We also apply the volume of freight as the edge weight.

### **3. Border Wait Times**

#### **3.1. Border Wait Times between the US and Canada**

An understanding of border wait time is crucial when measuring the bi-national economic effects caused by interruptions at border crossings. Border wait time is defined as the time that elapses between a car joining an inspection queue line and leaving an inspection booth. Because the length of an inspection queue line is incessantly changing based on circumstances (e.g., volume of traffic, staffing capacity, intensity of inspection level, and so on), inductive loop-detectors, ranging radar detectors, and video-imaging processing techniques have been developing to identify the beginning point of a queue line (Savean and Jones, 2008). Border security enhancements or other border-related transportation disruptions can result in increased border wait times, increased travel time, or increased travel distance for trucks. In freight transportation, time and distance generally contribute to the generalized cost of travel. An increased travel cost will adversely affect bi-national supply chains. In addition, border wait times can differ at different border crossings due to infrastructure (for example, the number of dedicated commercial inspection lanes) and border agency staffing levels. Therefore, it is important to better understand trends and characteristics of border wait time at different border crossings.

The US Customs and Border Protection (CBP), an agency of the US Department of Homeland Security, maintains a list of current border wait times and open inspection lanes (refer to <http://bwt.cbp.gov/>). This dataset is also available in the form of a live RSS (Rich Site Summary or Really Simple Syndication) feed. An RSS feed is a format that can provide users with frequently updated information. The CBP's RSS feed updates approximately every hour with this information. We monitored the CBP's RSS feed over the period of one week from 16 to 22 September 2014 in order to gain information on border wait times.

The CBP's RSS feed monitors 29 different border crossings. We excluded 5 crossings that are closed to commercial traffic. Table 1 shows the average number of open commercial vehicle lanes and the average delay time at 24 border crossings between the US and Canada. Interestingly, the longest average wait time was at noon, suggesting that truck drivers converge at border crossings at off-peak hours in order to avoid passenger vehicle commuters (Park et al., 2011).

**Table 1. Commercial Vehicle Lanes and Delay Time During Four Different Time Periods at Border Crossing Bridges between the US and Canada**

|                                       | AM Peak | Noon | PM Peak | Midnight | Average |
|---------------------------------------|---------|------|---------|----------|---------|
| Average Commercial Vehicle Lanes Open | 1.49    | 1.89 | 1.81    | 1.24     | 1.61    |
| Average Delay Time (minutes)          | 0.99    | 2.29 | 1.83    | 0.70     | 1.45    |

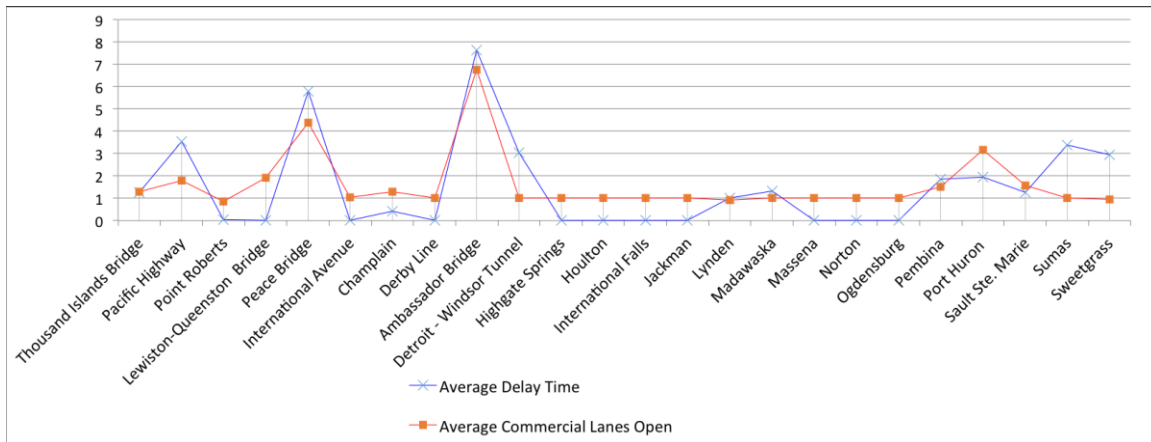
Source: The US Customs and Border Protection Agency, tabulated by authors

Note: AM Peak recorded the closest available update to 7:00 AM local time, Noon closest to noon, PM Peak closest to 5:00 PM, and midnight closest to midnight.

The average delay time for all of these crossings is 1.45 minutes, with Blaine – Pacific Highway, Buffalo/Niagara Falls – Peace Bridge, Detroit – Ambassador Bridge, Detroit – Windsor Tunnel, and Sumas as the only ports with delay times above 3 minutes (see Figure 1). The majority of border crossings have delay times of one minute or less. Comparing the average delay time and dedicated commercial vehicle lanes open, there seems to be a moderate linear relation, with an  $R^2$  equaling 0.6441. This linearity between the average delay time and the number of commercial vehicle lanes open can be understood as the implication of border crossing infrastructure investment policies. For example, the Detroit-Ambassador Bridge and Buffalo-Peace Bridge have the highest number of commercial lanes open relative to the value of commodities crossing, while they still report the longest commercial wait time of all the border crossings. This suggests the need for more investment in commercial inspection lanes at these crossings to handle regular commercial traffic. Given that the current infrastructure does not adequately accommodate current commercial traffic under normal border crossing conditions, these bridges would be challenged to accommodate commercial traffic diverted to these crossings in case of a disruption at another link in the bi-national highway network.

It should be noted that this is an hourly average for a specific week; there are seasonal increases and decreases in traffic, and other high peak points within each hour and between the four points in time where we recorded wait time and open commercial inspection lanes. To obtain a better understanding of these variations, we looked at hourly trends over a longer period of time at two bridges; the Peace Bridge and Lewiston-Queenston Bridge, the two commercial crossings between metropolitan Buffalo, New York and the Niagara Region of Ontario. This analysis follows this section in Section 3.2 and examines how delay varies hourly by week and by month.





**Figure 1. Average Delay Time and Commercial Vehicle Lanes Open at 24 Border Crossings**

Source: The US Customs and Border Protection Agency, generated by authors

### 3.2 Border Wait Time in Ontario and New York

We collected wait time data for commercial vehicles at the US-Canada border crossings near Buffalo, NY, namely, the Peace Bridge (PB) and the Lewiston-Queenston Bridge (LQ), from April to August 2014. The wait time data was recorded each hour, and 17,251 observations were recorded. To collect the data, an automated program was developed. We discarded 665 records, mainly due to data unavailability for at least one bridge as a result of an Internet connection error. We considered both directions on both bridges to create four cases: To US via PB, To US via LQ, To Canada via PB, and To Canada via LQ. Table 2 summarizes the average wait time. We found that the average wait time varied from 1.35 minutes to 8.77 minutes when we considered all 24 hours, and varied from 16.88 minutes to 27.24 minutes when we omit time periods with zero wait time. This difference is attributed to low traffic volume during the overnight hours. In the case of ‘To Canada via LQ’, there was no delay 92.0% of the total time, while ‘To US via PB’ there was no delay 67.8% of the time.

Hourly variation in border wait time is significant, as presented in Figure 2. It is interesting to note that peak and non-peak patterns among the four cases are quite different. While there are two peak wait times to enter Canada on both bridges, one around 10am and the other around 7pm, wait times to enter the US via LQ continuously increases until 3pm before subsequently decreasing. Wait times to enter the US via PB also show a similar pattern as ‘To US via LQ’, but with delay decreasing after 3pm. This suggests that the US border agency increases staffing levels around 3pm to avoid long wait times. However, we cannot confirm this as we do not have access to data regarding hourly staffing levels. It may also be true that the Canadian border agency increases staffing levels at both the PB and LQ before 3pm.

Figure 3 exhibits hourly wait times each weekday. In the middle of a typical week, from Tuesdays to Thursdays, there are peaks early in the morning around 7am, indicating high volume of freight transshipment during weekdays. We also note that wait time subsides earlier on Friday afternoon than on all other weekdays. There is a longer wait time to enter Canada via LQ relative to other cases on Wednesday at 11pm.

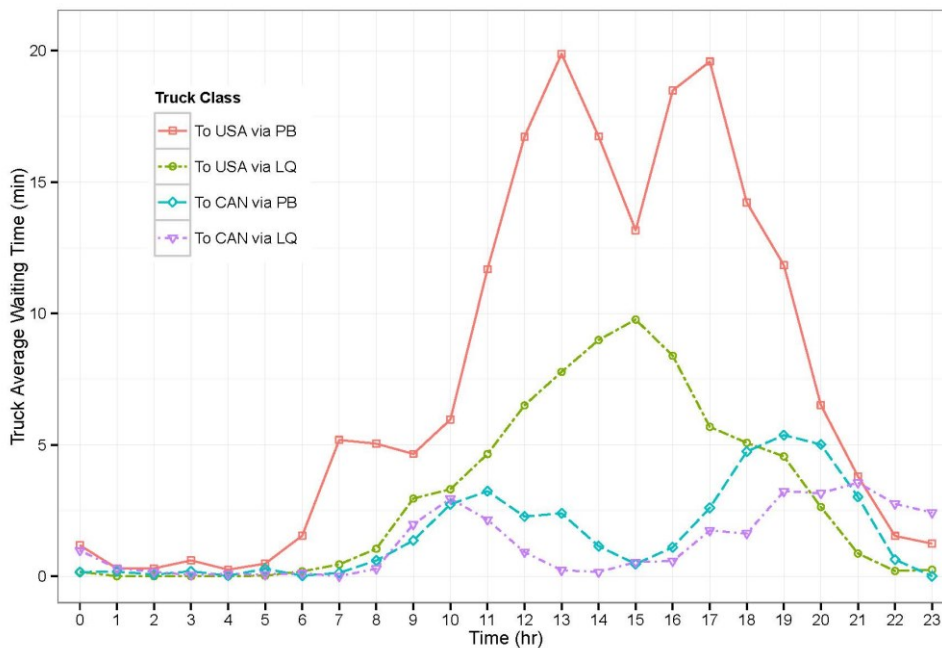
There is also significant variation in wait time by month, as shown in Figure 4. The low peak is in June and the high peak is in August. Wait times more than double in August compared to June. The two bridges, PB and LQ, are close to Niagara Falls, a tourist destination that attracts many travelers from both countries. High volumes of tourists traveling in passenger vehicles may affect staffing available for commercial vehicle inspections.

**Table 2. Summary of Wait Time for Commercial Vehicles at the Peace Bridge (PB) and Lewiston-Queenston Bridge (LQ)**

| Truck Class      | No delay percentage | Overall truck average wait time (min) | Overall truck average positive wait time (min) |
|------------------|---------------------|---------------------------------------|--|
| To US via PB     | 67.8%               | 8.77                                  | 27.24  |
| To US via LQ     | 83.6%               | 3.64                                  | 22.30  |
| To Canada via PB | 89.0%               | 1.82                                  | 16.62  |
| To Canada via LQ | 92.0%               | 1.35                                  | 16.88  |

Notes: 1. ‘No delay percentage’ is the percentage of time periods with zero wait time; ‘Overall truck average wait time’ is the average wait time of all time periods; and ‘Overall truck average positive wait time’ is the average wait time excluding time periods with zero wait time.

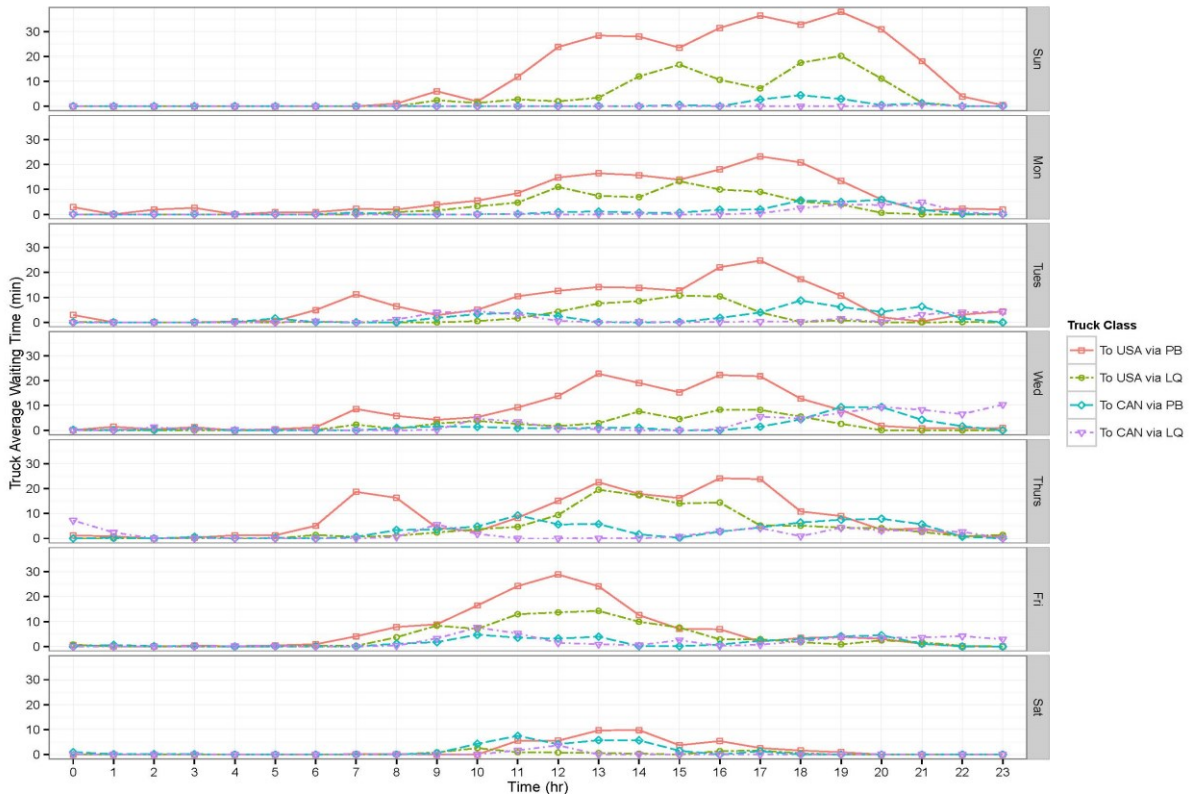
Source: The US Customs and Border Protection Agency, tabulated by authors.



**Figure 2. Hourly Wait Time of Commercial Vehicles on the Border Crossings**

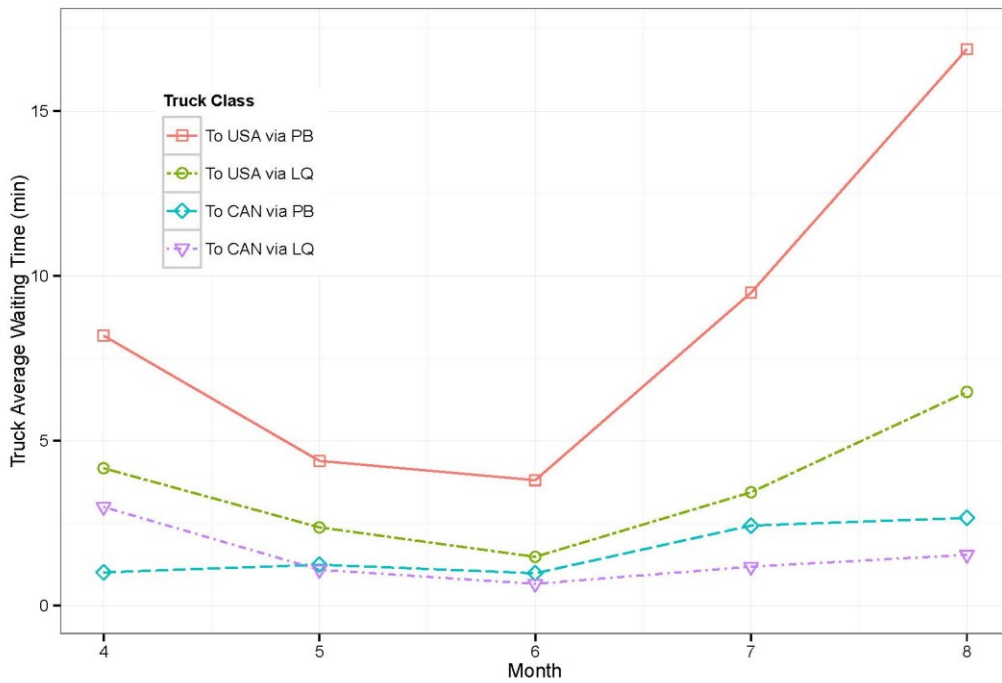
Note: CAN = Canada; PB= Peace Bridge; LQ = Lewiston-Queenston Bridge

Source: The US Customs and Border Protection Agency, generated by authors.



**Figure 3. Hourly Wait Time of Commercial Vehicles on the Border Crossings on Each Weekday**

Note: CAN = Canada; PB= Peace Bridge; LQ = Lewiston-Queenston Bridge  
 Source: The US Customs and Border Protection Agency, generated by authors.



**Figure 4. Monthly Variations in Wait Time of Commercial Vehicles on the Border Crossings**

Note: CAN = Canada; PB= Peace Bridge; LQ = Lewiston-Queenston Bridge  
 Source: The US Customs and Border Protection Agency, generated by authors.

These results demonstrate that the average border wait time information presented in Section 3.1 does not adequately address the complexity of congestion at major border crossings. Therefore, it is necessary to further assess border crossings that record heavy delays using the method applied in Section 3.1 with the method applied in Section 3.2.

## 4. Border Trade

### 4.1 Trade between the US and Canada

The US and Canada enjoy immense economic benefits from the free flow of goods and services across their borders. Building upon the largest bilateral trading relationship in the world, leaders of both countries have agreed to a joint declaration, Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness (USDHS, 2011), a key tenet of which is to facilitate movement and trade across the border. This policy recognizes the importance of land border crossings and has targeted investment in these areas to further enhance trade.

US-Canada land border crossings play a significant role in facilitating bi-national trade. We collected border trade data from WISERTrade ([www.WISERTrade.org](http://www.WISERTrade.org)). Table 3 illustrates that total bilateral truck trade between the two countries has grown steadily from 313.9 billion USD in 2011 to 335.9 billion USD in 2014. US imports grew at a rate of 8.30% during this period, outpacing the growth of imports (5.88%). Consistently ranked as the top 3 commodities over this four year period were vehicles and related components, industrial machinery and electrical machinery. Among the top 10 traded commodities, vehicles and related components have experienced a substantial growth rate of 37% while paper related products, the only commodity type that declined, dropped 11%. Hence, with the growing exchange of goods between the two countries, it is critical to investigate the freight flows of individual border crossings to further understand this bi-national trade relationship.

**Table 3. Freight Imports and Exports by trucks in USD between the US and Canada**

|                 | 2011    | 2012    | 2013    | 2014    |
|-----------------|---------|---------|---------|---------|
| <b>Imports*</b> | 149,684 | 152,815 | 152,684 | 162,113 |
| <b>Exports*</b> | 164,170 | 172,218 | 172,732 | 173,819 |
| <b>Total**</b>  | 313,855 | 325,033 | 325,416 | 335,933 |

Note: \*Imports (Exports) denote freight flow from (to) Canada to (from) the US. \*\* Number is rounded to unit.

Unit: \$ millions.

Source: WISERTrade ([www.WISERTrade.org](http://www.WISERTrade.org)), tabulated by authors.

## 4.2 Data Processing for Freight Imports and Exports

Using publicly available data sources, we obtained origin and destination information for US and Canada imports and exports to and from POE, even though we ultimately will not know direct regional origins and destinations through specific border crossings. There are two key sources available for this information, Freight Analysis Framework version 3 (FAF<sup>3</sup>, [http://ops.fhwa.dot.gov/freight/freight\\_analysis/faf](http://ops.fhwa.dot.gov/freight/freight_analysis/faf)) and WISERTrade (<http://www.wisertrade.org>). We chose to mine WISERTrade data since it covers both the US and Canada and is actual recorded data, as FAF only covers the US with estimates. The WISERTrade POE data shows the flow of freight between each border crossings and each country's regional origins and destinations by commodity type in US dollars, along with some tonnage values. We created a complex dataset using these values, where we characterized exports with an origin state or province and port identification code value, and imports with a port identification code and destination state or province.

Bi-national freight flow at POE can be expressed by the following equations (1-1 through 1-4).

$$US\ Exports\ to\ Canada = \sum_b \sum_i \sum_{k_{O_i}} O_{ib} \cdot V_{k_{O_i}} \quad (1-1)$$

$$US\ Imports\ from\ Canada = \sum_b \sum_i \sum_{k_{D_i}} D_{ib} \cdot V_{k_{D_i}} \quad (1-2)$$

$$Canadian\ Exports\ to\ the\ US = \sum_b \sum_j \sum_{k_{O_j}} O_{jb} \cdot V_{k_{O_j}} \quad (1-3)$$

$$Canadian\ Imports\ from\ the\ US = \sum_b \sum_j \sum_{k_{D_j}} D_{jb} \cdot V_{k_{D_j}} \quad (1-4)$$

Then, we assumed the relationship between the US and Canada trade flow (2-1 and 2-2),

$$US\ Exports\ to\ Canada = Canadian\ Import\ from\ US \quad (2-1)$$

$$US\ Imports\ from\ Canada = Canadian\ Export\ to\ US \quad (2-2)$$

where

$b$  = border bridges between US and Canada

$i$  = US states

$j$  = Canadian provinces

$k$  = 2digit harmonized system (HS) codes = {1 ... 99}

$O$  = Origin of freight flow

$D$  = Destination of freight flow

$m$  = US states  $i$  or Canadian provinces  $j$

$k_{O_m}$  = Group of HS commodity codes for  $i$  or  $j$  as origin,  $\forall k_{O_m} \subset k$

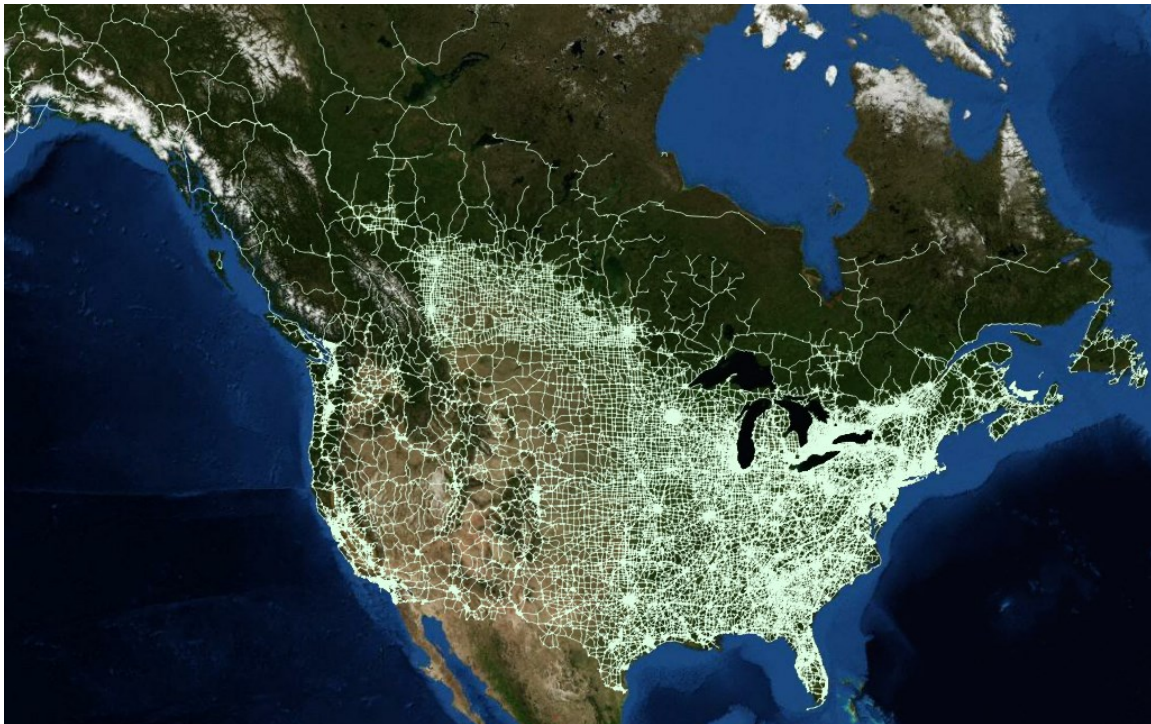
$k_{D_m}$  = Group of HS commodity codes for  $i$  or  $j$  as destination,  $\forall k_{D_m} \subset k$

$V_{k_{O_m}}$  = Value of HS commodity  $k$  in state  $i$  or province  $j$  as origin

$V_{k_{D_m}}$  = Value of HS commodity  $k$  in state  $i$  or province  $j$  as destination

### 4.3 The Edge List of US and Canada POE

Identifying and connecting US and Canadian border crossings through highways is another important task for building a bi-national freight flow dataset. We obtained 138 border crossings (69 border crossings for each country) by comparing GIS data obtained from the Canada-United States Transportation Border Working Group (TBWG), and port import and export data from WISERTrade. Since highway network datasets of both countries are not neatly connected on border crossings, we manually connected them using ArcGIS 10.1, and integrated these into a bi-national highway network (see Figure 5). Using this completely integrated bi-national highway network, we built the bi-national highway network dataset, which generates arcs and nodes.



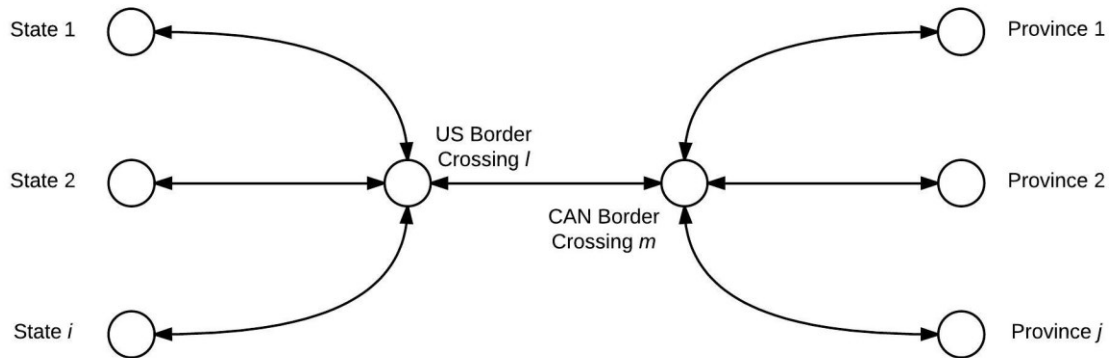
**Figure 5. Bi-national Highway Network of the US and Canada**

Note: The map visualization is generated by ArcMap 10.1.

Source: Highway shapefiles are collected from GeoGratis and FHWA for Canada and US, respectively.

This process generated the edge list including border crossings connecting the US and Canada. This edge list is the key component required in connecting bi-national freight flow, since all the commodity data on freight origins and destinations are connected to one node of the edge list in either the US or Canada. As illustrated in Figure 6, while the ideal bi-national freight network would have direct origin and destination information between the US and Canada, we proposed a data-driven bi-national freight network linked at border crossings. Appendix 1 presents the example of the bi-national freight

network dataset, which shows the data structure. This dataset has a single array form, which is the most efficient data structure for representing networks (Ahuja et al., 1993). This edge list stores link ID, from-node ID, to-node ID, HS2 commodity type, value of freight in US dollars, TEU, and other link attributes. The names of the ports that are paired by border crossings between the US and Canada are available in Appendix 2.



**Figure 6. The Bi-national Freight Network on Border Crossings**

Note: CAN = Canada

#### 4.4 Converting Dollar Value to TEU

From WISERTrade, we could only obtain freight flow value by border crossings and by origin and destination in US dollars. However, in order to connect border freight flow into the bi-national highway network dataset, value in US dollars had to be converted into a unit of weight. In freight analysis, this value is generally calculated in the form of TEU. The TEU is a standard unit of measurement based on the size of the standard shipping container used on container ships. These shipping containers, upon reaching a container port, are transferred onto trucks or trains.

Using WISERTrade data, however, proved to be an issue because freight information was not directly available using this unit of measure. WISERTrade provides only air and vessel data in terms of both weight and dollar value. We could, however, convert dollar value into TEU by considering the characteristics of commodities, as containerized cargo, transported by vessels (generally more similar in characteristics to those transported by truck than those transported by air). Therefore, for the purpose of this analysis, we assumed that the commodity types traded between the US and all other countries by vessel would have similar characteristics to the commodities traded between the US and Canada by truck. Note that perishable goods which are defined in Harmonized System (HS) 2-digit codes 7 and 8 may be different. However, total freight of perishable goods only accounts for 1.29% and 2.23% for import and export of US side, respectively. Therefore, the differences seem trivial and are not considered in this study.

To conduct the conversion, we downloaded vessel data from WISERTrade and calculated “ton/dollar” for each commodity, which is a number of tons per one US dollar. To finally convert ton value to the standardized freight volume, we adopted the concept of the TEU as representing 18 tons (Park et al., 2014a). This is in order to accommodate for the fact that freight containers often contain some form of packaging to protect the products being delivered from damage. A unique “TEU/dollar” value was applied for each commodity type. For the purpose of commodity type, 2-digit HS codes are used to differentiate commodities. The HS system is a unified global tariff nomenclature that classifies commodities. This classification system is maintained by the World Customs Organization. We multiplied the “TEU/dollar” ratios with the dollar value of each commodity at each border crossings and by origin/destination and obtained TEU values. See Appendix 4 for more details on generating “TEU/dollar,” and Appendix 3 for a list of 2-digit HS codes and descriptions.

## **5. Analysis**

### **5.1 Descriptive Statistics**

Since the US and Canada have the largest bi-national trade relationship in the world, a primary interest of our study was to determine what type of commodities are currently trading between the two countries. We first aggregated the total value of goods traded by truck via all border crossings. Table 4 shows top imports and exports between the US and Canada in terms of both monetary values and TEU. Overall, manufactured instruments and machinery with complex systems of internal components such as vehicles, computers and industrial machinery are ranked highest, similar to the findings in Park et al. (2014a). The lowest ranked commodity types are agricultural products. These commodities have a higher TEU in proportion to monetary value.

After getting a snapshot of aggregate trade, we then looked at regional origins and destinations for commodities to and from the US and Canada via border crossings. Table 5 explains top provinces and states in terms of exports and imports in both US dollars and TEU. For Canada, an overwhelming proportion of freight originates from and is destined to Ontario. For the US, freight is more evenly distributed across the 48 contiguous states, though Michigan ranks highest in imports and exports when looking at both dollar value and TEU. Another notable observation is that Michigan and Ontario, the top ranked state and province, respectively, are directly connected. This makes evident the fact that the economies of Michigan and Ontario are tightly linked.



**Table 4. Top Commodities Exchanged Between the US and Canada by Total TEU**

| HS Code* | Export  |         |        |         | Import |         |        |         | Total   |           |
|----------|---------|---------|--------|---------|--------|---------|--------|---------|---------|-----------|
|          | Canada  |         | US     |         | Canada |         | US     |         | Canada  |           |
|          | Value** | TEU***  | Value  | TEU     | Value  | TEU     | Value  | TEU     | Value   | TEU       |
| 44       | 3,204   | 590,687 | 1,362  | 251,197 | 1,518  | 279,812 | 1,869  | 344,568 | 7,952   | 1,466,263 |
| 72       | 3,464   | 369,019 | 3,720  | 396,318 | 3,703  | 394,526 | 2,456  | 261,608 | 13,343  | 1,421,470 |
| 27       | 2,585   | 298,990 | 1,885  | 218,058 | 1,914  | 221,411 | 1,609  | 186,171 | 7,993   | 924,630   |
| 48       | 4,483   | 274,129 | 3,343  | 204,428 | 3,351  | 204,890 | 2,296  | 140,369 | 13,473  | 823,816   |
| 87       | 28,027  | 152,261 | 32,288 | 175,412 | 32,450 | 176,291 | 21,364 | 116,062 | 114,129 | 620,025   |
| 39       | 6,814   | 165,521 | 7,271  | 176,610 | 7,249  | 176,087 | 4,142  | 100,604 | 25,476  | 618,822   |
| 7        | 1,545   | 107,241 | 1,721  | 119,413 | 1,702  | 118,080 | 1,074  | 74,492  | 6,042   | 419,225   |
| 23       | 702     | 81,628  | 954    | 110,827 | 953    | 110,756 | 464    | 53,951  | 3,073   | 357,161   |
| 28       | 1,335   | 130,841 | 605    | 59,270  | 666    | 65,219  | 724    | 70,964  | 3,330   | 326,294   |
| 84       | 19,942  | 72,626  | 24,966 | 90,920  | 24,887 | 90,632  | 15,051 | 54,815  | 84,846  | 308,993   |
| 10       | 521     | 91,984  | 318    | 56,158  | 319    | 56,231  | 449    | 79,260  | 1,608   | 283,634   |
| 12       | 686     | 70,440  | 397    | 40,791  | 399    | 40,952  | 828    | 85,065  | 2,309   | 237,249   |
| 25       | 275     | 65,211  | 250    | 59,205  | 251    | 59,450  | 131    | 30,966  | 907     | 214,832   |
| 76       | 3,307   | 69,119  | 2,447  | 51,154  | 2,450  | 51,210  | 1,756  | 36,705  | 9,960   | 208,188   |
| 19       | 2,514   | 65,236  | 1,998  | 51,843  | 1,956  | 50,739  | 1,427  | 37,019  | 7,895   | 204,836   |
| 31       | 552     | 76,826  | 267    | 37,173  | 267    | 37,224  | 372    | 51,738  | 1,458   | 202,961   |
| 2        | 2,011   | 50,703  | 1,902  | 47,948  | 1,902  | 47,945  | 1,454  | 36,657  | 7,269   | 183,253   |
| 73       | 3,334   | 37,814  | 4,793  | 54,369  | 4,790  | 54,331  | 2,310  | 26,204  | 15,226  | 172,718   |
| 20       | 906     | 38,032  | 1,162  | 48,797  | 1,153  | 48,429  | 561    | 23,533  | 3,782   | 158,791   |
| 40       | 2,597   | 36,066  | 2,342  | 32,528  | 2,347  | 32,594  | 2,072  | 28,767  | 9,358   | 129,955   |
| 38       | 1,481   | 22,333  | 2,568  | 38,739  | 2,578  | 38,889  | 1,035  | 15,605  | 7,662   | 115,565   |
| 47       | 275     | 46,466  | 98     | 16,614  | 97     | 16,309  | 189    | 31,901  | 659     | 111,290   |
| 3        | 1,980   | 40,463  | 564    | 11,531  | 591    | 12,066  | 2,262  | 46,211  | 5,397   | 110,271   |
| 22       | 726     | 26,913  | 822    | 30,464  | 820    | 30,421  | 400    | 14,846  | 2,768   | 102,644   |
| 29       | 366     | 12,654  | 1,086  | 37,494  | 1,092  | 37,695  | 268    | 9,266   | 2,812   | 97,109    |

Notes: \*Harmonized System Code. Refer Appendix 3 to the HS code sector definition. \*\*Value in US Dollars (millions). \*\*\*Twenty-foot equivalent unit.

Source: WISERTrade (www.WISERTrade.org), tabulated by authors.

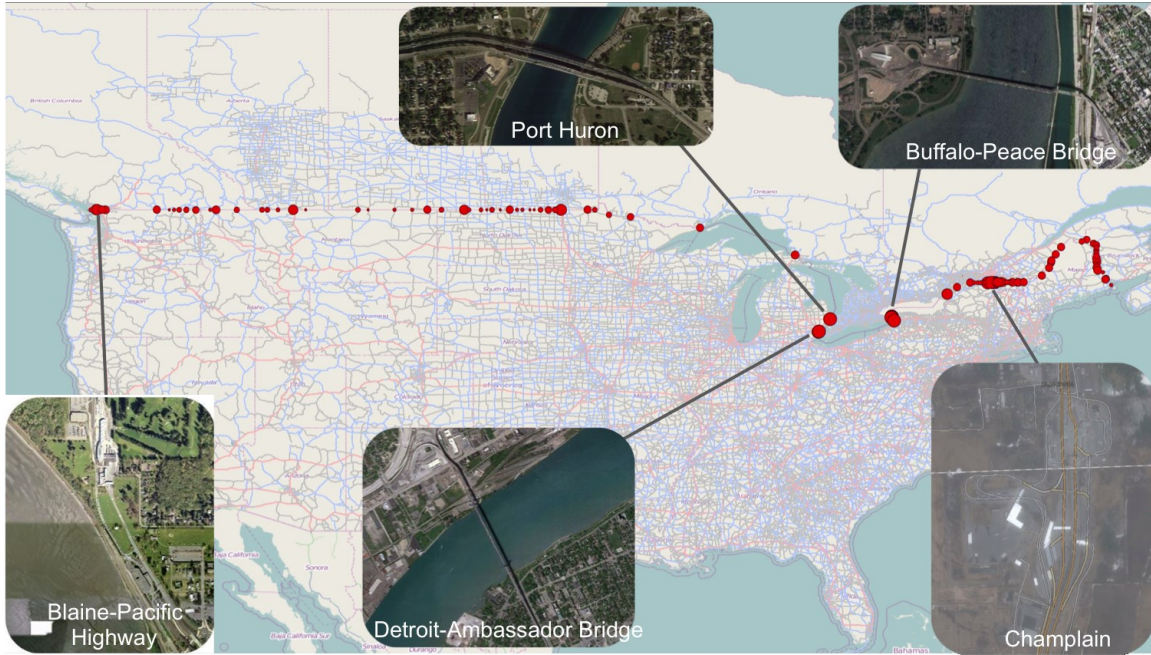
**Table 5. Top Exports and Imports of Provinces and States by TEU**

| Province /State | Export  |           | Import  |           | Total   |           |
|-----------------|---------|-----------|---------|-----------|---------|-----------|
|                 | Value*  | TEU**     | Value   | TEU       | Value   | TEU       |
| Canada          | 143,933 | 3,428,082 | 145,509 | 2,875,653 | 289,442 | 6,303,735 |
| ON              | 91,652  | 1,592,749 | 96,757  | 1,788,221 | 188,408 | 3,380,970 |
| QC              | 27,943  | 881,869   | 8,399   | 171,876   | 36,341  | 1,053,745 |
| BC              | 6,636   | 335,925   | 12,374  | 424,388   | 19,009  | 760,313   |
| AB              | 6,366   | 228,551   | 6,394   | 112,247   | 12,761  | 340,798   |
| MB              | 5,189   | 131,786   | 11,234  | 198,840   | 16,422  | 330,625   |
| US              | 144,104 | 2,822,975 | 93,496  | 2,204,359 | 237,600 | 5,027,334 |
| MI              | 18,053  | 277,977   | 22,580  | 370,407   | 40,633  | 648,384   |
| OH              | 14,241  | 269,356   | 5,394   | 137,049   | 19,635  | 406,404   |
| WA              | 4,760   | 211,620   | 3,577   | 124,828   | 8,337   | 336,448   |
| IL              | 10,065  | 157,107   | 6,296   | 175,656   | 16,361  | 332,762   |
| CA              | 7,771   | 192,254   | 6,203   | 125,998   | 13,974  | 318,252   |
| IN              | 8,480   | 129,151   | 5,730   | 112,520   | 14,210  | 241,670   |
| TX              | 7,304   | 98,696    | 6,398   | 89,848    | 13,701  | 188,544   |
| NY              | 4,630   | 107,366   | 1,720   | 80,937    | 6,349   | 188,303   |
| ND              | 1,420   | 76,657    | 1,749   | 111,311   | 3,169   | 187,969   |
| WI              | 5,597   | 105,182   | 2,411   | 78,178    | 8,008   | 183,360   |
| PA              | 6,021   | 152,835   | 944     | 30,399    | 6,965   | 183,234   |
| MN              | 4,126   | 84,927    | 2,117   | 80,654    | 6,243   | 165,581   |
| OR              | 2,106   | 78,005    | 870     | 40,377    | 2,976   | 118,382   |
| KY              | 4,707   | 72,737    | 2,211   | 35,251    | 6,918   | 107,988   |
| MA              | 1,837   | 29,764    | 2,161   | 64,866    | 3,999   | 94,630    |

Notes: \*Value in US Dollars (millions). \*\*Twenty-foot equivalent unit.

Source: WISERTrade (www.WISERTrade.org), tabulated by authors.

With aggregate and regional trade analyzed for the POE, the key links in bi-national supply chains and key nodes in a bi-national combined economic model were subsequently observed. Figure 7 visualizes the size of freight flow in dollar value for each border crossing. The general trend is that the ports with the greatest freight flow are located along major transportation corridors and have a physical highway connection and link major metropolitan areas. This is particularly evident in Ontario; it contains the highest amount of freight flow and features extensive highway connections to major metropolitan centers in the Midwest and the Northeast regions of the US.



**Figure 7. Visualization of Freight Value on Border Crossings between the US and Canada**

Note: Red circles represent the magnitude of trade flow in US Dollars; larger circles indicate greater magnitudes.

Source: Tiger Products and GeoGratis (Highway Networks), Google Maps (Border Crossings), and WISERTrade (Freight value points), generated by authors using ArcGIS 10.2 and PowerPoint 2013.

Given the concentration of US-Canada trade on only a few POE, we chose the top five POE for closer analysis. Table 6 summarizes dollar value and TEU volume of the top five border crossings. Rank is sorted by total TEU, which does not have a proportional relationship with total monetary value. As indicated by monetary value and TEU volume, for example, a large proportion of the freight crossing at Blaine-Pacific Highway involves agriculture-related goods while Champlain has a high proportion of manufactured goods in their trade flow.

**Table 6. Top 5 Border Crossings by Monetary Value and TEU**

| POE name               | Export  |         | Import |         | Total  |           |
|------------------------|---------|---------|--------|---------|--------|-----------|
|                        | Value * | TEU **  | Value  | TEU     | Value  | TEU       |
| Detroit                | 45,007  | 740,833 | 52,021 | 833,644 | 97,028 | 1,574,476 |
| Buffalo                | 27,674  | 552,757 | 15,097 | 330,264 | 42,771 | 883,021   |
| Port Huron             | 19,552  | 426,804 | 22,482 | 437,654 | 42,034 | 864,458   |
| Blaine-Pacific Highway | 5,732   | 181,312 | 8,395  | 267,437 | 14,127 | 448,749   |
| Champlain              | 11,213  | 251,494 | 5,915  | 101,662 | 17,128 | 353,156   |

Notes: \*Value in US Dollars (millions). \*\*Twenty-foot equivalent unit.

Source: WISERTrade (www.WISERTrade.org), tabulated by authors.

One feature in common among the top five POE is the presence of a multi-lane highway on either side of the crossing facility. We found there is a relationship between TEU and

number of designated commercial inspection booths. This is, however, not the case for the number of designated commercial lanes. The number of Free and Secure Trade inspection booths, which provide commercial trucks fast-tracked border crossing travel, also does not correspond to TEU units passing through a border crossing.

## 5.2 Centrality and Network Scope

We calculated Weighted Eigenvector Score (WES) using TEU as a weight factor for all POE and regional ODs (Equation 3). WES is the Eigenvector Centrality score that applies edge weight as initial values, while normal Eigenvector Centrality score applies “1” as its initial values. By applying edge weights, TEU, WES for border crossings considers the number of edges to regional bodies, magnitude of neighbors (after applying edge weight, magnitude means combination of number of connecting border crossings and their volume of TEU to all border crossings), and the strength of ties connecting each regional body, namely TEU. This score shows that POE, with higher WES, link major import and export states/provinces with high freight volume, and which states/provinces use bustling POE with high freight volume. To be specific, when a border crossing has high WES value, it is the combined output of: 1) The magnitude of states/provinces that use this border crossing; 2) The count of states/provinces that use this border crossing; and 3) The volume of TEU from states/provinces. When a state/province has high WES value, it is the combined output of: 1) This state/province uses many border crossings (geographical scope of bi-national trade is wide); 2) This state/province uses bustling border crossings (border crossings with large magnitudes); and 3) The volume of TEU from border crossings is high. While the meaning of WES for border crossings is more significant, WES for states/provinces is still meaningful.

$$x_v = \frac{1}{\lambda} \sum_{t \in M(v)} x_t = \frac{1}{\lambda} \sum_{t \in G} a_{v,t} x_t \quad (3)$$

where

$G = (V, E)$  is a graph with  $|V|$  which is number of nodes (state or province ODs)

and  $|E|$  which is number of arcs;

$A = (a_{v,t})$  is the adjacency matrix;

$a_{v,t} = 1$  if node  $v$  is linked to node  $t$ , 0 otherwise;

$M(v)$  is a set of nodes connected to node  $v$

$\lambda$  is a constant to make the equation a nonzero solution.

The WES approach generates the centrality of the top five POE on the freight flow network (see

Table 7). Interestingly, this ranking of POE on WES is the same as the rank of POE on total TEU. This denotes that the volume of TEU is a more important factor than the scope of network for border crossings because most border crossings have connections with most states/provinces. Detroit-Ambassador Bridge (NY) and Buffalo-Peace Bridge (NY) are the top two POE due to their proximity to Ontario, which generates two-thirds of total freight flow in Canada. Among regional ODs, Ontario got the maximum value of 1. This means Ontario is the most outstanding center of freight movement between the US and Canada. Considering the fact that the values of imports and exports between the two countries are similar, it is reasonable to understand that many Canadian provinces are ranked above American states because of the higher number of regional ODs in the US than Canada.

Based on the descriptive analysis result of regional origins and destinations, Ontario and Quebec in the East and British Columbia in the West dominate border trade among Canadian provinces, and Michigan, Ohio, Washington, and Illinois are the most important US states. Using WES provides different results. While Michigan is still the most dominant state, it is followed by California, Illinois, Texas, Ohio, and Washington. This indicates that large US states have wider networks than Canadian provinces. Additionally, US states on the Canadian border have a greater total volume of trade than some large US states, but this trade is with a small number of Canadian provinces, minimizing the border states' WES.

**Table 7. Weighted Eigenvector Score of Top 20 POE (left) and US States and Canadian Provinces (right)**

| Rank | POE                         | WES        | Rank | State/<br>Province | WES      |
|------|-----------------------------|------------|------|--------------------|----------|
| 1    | Detroit (MI)*               | 7.69E-01** | 1    | ON<br>(CAN)***     | 1.00E+00 |
| 2    | Buffalo (NY)                | 7.23E-01   | 2    | QC (CAN)           | 9.01E-02 |
| 3    | Port Huron (MI)             | 3.64E-01   | 3    | BC (CAN)           | 3.19E-03 |
| 4    | Blaine-Pacific Highway (WA) | 3.56E-01   | 4    | MB (CAN)           | 1.72E-03 |
| 5    | Champlain (NY)              | 2.65E-01   | 5    | AB (CAN)           | 1.25E-03 |
| 6    | Alexandria Bay (NY)         | 2.84E-02   | 6    | SK (CAN)           | 4.99E-04 |
| 7    | Ogdensburg (NY)             | 1.43E-02   | 7    | NB (CAN)           | 1.08E-05 |
| 8    | Sweetgrass (MT)             | 1.10E-02   | 8    | MI (US)            | 2.61E-16 |
| 9    | Pembina (ND)                | 1.02E-02   | 9    | CA (US)            | 9.78E-17 |
| 10   | Highgate Springs (VT)       | 8.95E-03   | 10   | IL (US)            | 9.78E-17 |
| 11   | Sault Ste. Marie (MI)       | 4.84E-03   | 11   | TX (US)            | 9.78E-17 |
| 12   | Portal (ND)                 | 3.94E-03   | 12   | OH (US)            | 6.52E-17 |
| 13   | Derby Line Rt. 91 (VT)      | 3.03E-03   | 13   | WA (US)            | 6.52E-17 |
| 14   | Sumas (WA)                  | 1.39E-03   | 14   | IN (US)            | 4.35E-17 |
| 15   | Massena (NY)                | 1.00E-03   | 15   | TN (US)            | 3.80E-17 |
| 16   | Calais (ME)                 | 9.20E-04   | 16   | GA (US)            | 2.72E-17 |
| 17   | Eastport (ID)               | 8.10E-04   | 17   | MO (US)            | 2.72E-17 |
| 18   | Jackman (ME)                | 6.32E-04   | 18   | KS (US)            | 2.45E-17 |
| 19   | Norton (VT)                 | 6.11E-04   | 19   | KY (US)            | 2.45E-17 |
| 20   | Grand Portage (MN)          | 5.24E-04   | 20   | OK (US)            | 1.90E-17 |

Notes: \*This refers to the relevant state or province where the border crossing bridge is located. For the abbreviations of US states and Canadian provinces, see Appendix 2.

\*\*7.69E-01, and subsequent numbers in this form, are condensed using scientific notation, and should be understood as  $7.69 \times 10^{-1}$ , or .769.

\*\*\*This refers to the relevant countries. CAN stands for Canada.

Source: Based on WISERTrade (www.WISERTrade.org), authors generated WES using R 3.1.1.

In terms of the geographical scope of the top POE, the US and Canada differ. Table 8 displays regional origins and destinations to and from the top five POE. In terms of exports, all top five POE have origins (US States to Canada or Canadian Provinces to the US) in most of the states and provinces of the US and Canada, respectively. While the top five POE are connected to most Canadian provinces where top exports originate, the proportion of TEU is highly concentrated to a province, especially Ontario. It shows a distinctive contrast to the export proportion of American states that are more evenly distributed. Figure 8 demonstrates that the top five provinces of Canada represent almost 100% of Canadian exports, while the top five American states represent 60 to 80% of total exports to Canada via the top five POE. It could be partly due to the different concentration of economic activities in US states versus Canadian provinces. Regardless of this difference, the proportion of the top five states or provinces for exporting TEU shows the diversity of regional originations for the US, while one province dominates the use of the top four POE in Canada. In terms of imports, Canadian POE are dominated by almost one province, where the POE are located (Figure 9). This denotes that Canadian import goods from the US are mostly consumed within the province of their POE, while American import goods from Canada are distributed and consumed nationwide. This is mainly due to a deepening economic division between the East and the rest, whereas the US has many developed metropolitan regions in diverse geographical locations. This result corresponds to the earlier prediction of McCallum (1995) on the Canada-US regional trade pattern. In his study, using the gravity model, Canadian shipment of goods to other provinces was predicted as only 4% while the predicted shipment to the US was 43%.

**Table 8. Geographical Scopes and Freight Amount of the Top 5 POE**

| Top 5 Ports |              | US States   | CAN Provinces   |
|-------------|--------------|---|---|
| Detroit     | US to CAN*** | 47 States<br>MI* (0.21)**, OH (0.16), IN (0.08), IL (0.07), KY (0.06) | 1 Province<br>ON (1.00)   |
|             | CAN to US    | 48 States<br>MI (0.30), OH (0.11), IL (0.10), IN (0.09), TX (0.05)    | 11 Provinces<br>ON (0.77), QC (0.19), AB (0.01), NS (0.01), NB (0.01) |
| Buffalo     | US to CAN    | 48 States<br>PA (0.23), OH (0.21), NY (0.11), NC (0.06), NJ (0.05)    | 1 Province<br>ON (1.00)   |
|             | CAN to US    | 48 States<br>PA (0.24), OH (0.20), NY (0.09), NC (0.07), NJ (0.05)    | 13 Provinces<br>ON (0.88), QC (0.05), BC (0.04), AB (0.02), MB (0.01) |
| Port Huron  | US to CAN    | 49 States<br>MI (0.19), IL (0.12), IN (0.10), CA (0.09), WI (0.08)    | 1 Province<br>ON (1.00)   |
|             | CAN to US    | 48 States   | 11 Provinces  |

|                        |           |  |   |
|------------------------|-----------|--|---|
|                        |           | MI (0.36), IL (0.15), IN (0.09), WI (0.06), OH (0.06)              | ON (0.77), QC (0.20), NS (0.10), NB (0.10), SK (0.00)                 |
| Blaine-Pacific Highway | US to CAN | 49 States<br>WA (0.48), CA (0.18), OR (0.11), TX (0.02),           | 1 Province<br>BC (1.00)   |
|                        | CAN to US | 48 States<br>WA (0.44), CA (0.22), OR (0.14), TX (0.03), NV (0.01) | 12 Provinces<br>BC (0.87), ON (0.07), AB (0.03), MB (0.01), QC (0.01) |
| Champlain              | US to CAN | 46 States<br>NY (0.21), NJ (0.14), PA (0.13), FL (0.08), NC (0.06) | 1 Province<br>QC (1.00)   |
|                        | CAN to US | 45 States<br>NY (0.23), PA (0.14), NJ (0.13), FL (0.07), NC (0.06) | 11 Provinces<br>QC (0.89), ON (0.08), NB (0.01), AB (0.00), BC (0.00) |

Notes: \* This is the abbreviation of US states and Canadian provinces, which are top 5 TEU origins and destinations, in order. For the abbreviations of US states and Canadian provinces, see Appendix 2.  
 \*\*Numbers inside of parentheses explain proportions of TEU; for example, in the Detroit row, the 0.21 next to MI under exports indicates that exports from Michigan via the Detroit-Ambassador Bridge account for 21% of total exports that cross the bridge from the US.  
 \*\*\*CAN = Canada

Source: WISERTrade (www.WISERTrade.org), tabulated by authors.

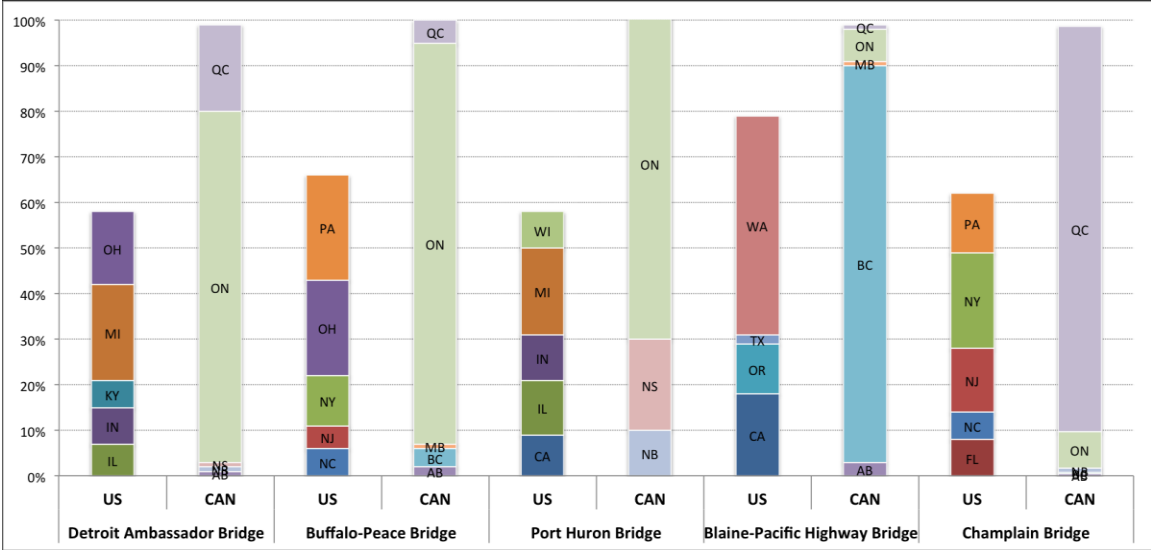
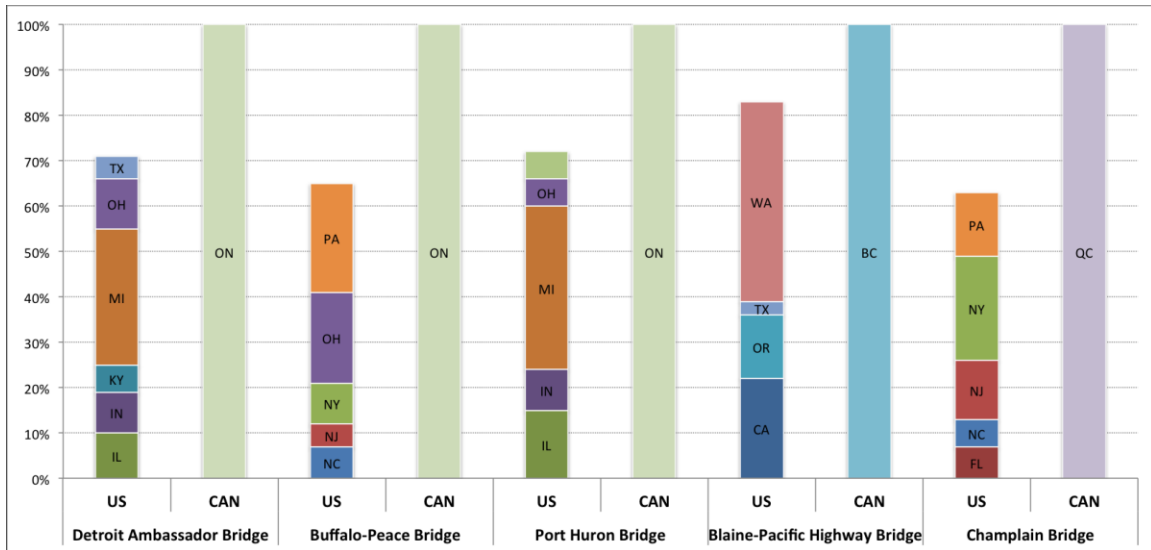


Figure 8. Proportion of Exporting TEU of Top 5 Regional Origins in Top 5 Border Bridges

Note: CAN = Canada  
 Source: WISERTrade (www.WISERTrade.org), generated by authors.



**Figure 9. Proportion of Importing TEU of Top 5 Regional Destinations in Top 5 Border Bridges**

Note: CAN = Canada

Source: WISERTrade (www.WISERTrade.org), tabulated by authors.

## 6. Conclusions and Discussion

As the largest trade partnership in the world, the US and Canada have highly integrated cross-border supply chains with final product exports destined for places across both countries and around the world. Upon building a bi-national trade dataset, we converted dollar value into TEU to measure transportation effects on the border crossings. Based on our border trade descriptive analysis, among many regional origins and destinations, Ontario and Quebec in the East and British Columbia in the West are the dominant provinces in Canada; Michigan, Ohio, Washington, and Illinois are the most important states in the US. It is different from the result of WES, especially in the US, due to the wider network scope of large US states. On the other hand, descriptive analysis and WES confirmed that Detroit-Ambassador Bridge, Buffalo-Peace Bridge, Port Huron, Blaine-Pacific Highway Crossing, and Champlain Crossing are the top five POE connecting the economies of the US and Canada.

While TEUs are more evenly distributed across US states, one single province dominates as the origin of exports to US and, especially, the destination of imports from the US at all the top five border crossings. These crossings primarily provide a route for imports with a destination within the province that they connect with. Therefore, Canadian economic activity occurs in provinces with major border crossings because these provinces have a relatively larger share of trade and larger shares of population and GDP closer to the border compared to neighboring US states; however, those in the US are dispersed, indicating other major cities in the US that are not located near the US-Canadian border crossings consume diverse Canadian – or global – products via Canadian POE. It is worth noting, also, that Blaine-Pacific Highway, Buffalo/Niagara Falls–Peace Bridge, Detroit–Ambassador Bridge, Detroit–Windsor Tunnel, and Sumas registered as the crossings with the most commercial travel delay based on variations in



hour, by day, and by month. It also should be noted that a small number of border crossings play a key role in connecting the US and Canadian economies. An unexpected event, for example, the lake-effect snowstorm that occurred in 2014 and disrupted operations at key border crossings, could result in severe commercial traffic re-routing and delays at crossings heading into both countries.

Disruption in these trade linkages would have tremendous consequences for global trade. This points to the tension between border security, on the one hand, and facilitating legitimate flows of goods across the US-Canadian border on the other hand. Although border policy historically has contended with these two interests, twenty-first century forces of globalization – both the beneficial and the dark – exacerbate this tension and make evident the inherent tradeoffs between the desire to maximize prosperity and minimize risks associated with terrorism and other transnational threats (Friedman, 2008).

In addition to these compelling and obvious threats, a “slow burn” is taking place on the northern border that may have more profound impacts on trade disruption – infrastructure investment at the border. Both the US and Canadian governments have set out a cross-border approach to strengthening the resiliency of border infrastructure. According to the Canada-US Action Plan for Critical Infrastructure (2010), critical infrastructures are the assets, systems, and networks that are essential to the security, public health and safety and economic vitality of the US and Canada. This infrastructure is at risk from a number of threats, with disruptions resulting in catastrophic losses in terms of economic effects, among others. These disruptions have direct impacts on businesses and regional economies on both sides of the border, as well as cascading effects far beyond the border.

However, Congress has not authorized funding for land ports of entry in fiscal years 2011-2013. In 2014, the CBP identified need to recapitalize land port of entry infrastructure is estimated somewhere in the neighborhood of \$6 billion, yet Congress only appropriated \$295 million for improvements at a few ports of entry along the US-Mexico border (US GSA, 2014). CBP and GSA (General Services Administration) are looking to alternative funding models, including public-private partnerships, to fill this gap. The jury is still out as to whether these efforts will succeed, but the point is clear: given that these border crossings play a critical role in the global economy, more attention and funding should be focused on this area.

One positive note is that the contracting process that has begun to construct the Gordie Howe International Bridge across the Detroit River. With an eye toward strengthening security and alleviating congestion, this bridge will serve as a third conduit to facilitate flows between Detroit, Michigan and Windsor, Ontario. Slated for completion in 2020, this much delayed project is considered to be a “transformational” part of Michigan’s infrastructure. Yet, it is important to note that funding for this large-scale border infrastructure comes almost exclusively from the Canadian government, which has committed not only to fund the whopping \$2.1 billion cost of the bridge, but a \$250 million improvement to the customs plaza on the US side of the bridge. Thus, although this is seemingly a positive development in handling cross-border transportation disruptions and delays, the financing of this bridge underscores continued inattention on the US side.

This study provides various specific recommendations that are applied to business practice and the formulation and implementation of public policy. First of all, this study plays a key role in constructing a bi-national TransNIEMO-type model that can support the simulation of these border security and policy issues. The bi-national economic models' extension to transportation networks represents the trade freight flow of trucks to origin and destination locations using the bi-national highway system. This integrated bi-national model, therefore, can contribute to simulating freight traffic flows and the corresponding economic losses resulting from new burdens on or near border crossings. For example, auto and truck accidents may be the most frequently occurring negative events that inhibit the performance of any transportation system, at least for a short term. Accidents involving hazardous materials will result in more severe impacts, and possible cyber or physical terrorist attacks, or extreme events such as earthquakes, could result in even more significant impacts. In addition, this study can be extended to explore whether there are alternative supplies and economic structure changes in the event of a prolonged border crossing closure, considering industrial and spatial resilience (Okuyama *et al.*, 1999; Sohn *et al.* 2004; Park *et al.*, 2011; Park and Richardson, 2014). This extension would provide valuable information on border protection policy for US-Canada trade.

Further, because the disruptions could affect many supply chains in both countries, a spatially decomposed model representing metropolitan areas in each state and province must be developed. This spatial extension could contribute to a better understanding of how security procedures required at key border crossings impact freight flows in metropolitan areas. This is especially true in the Niagara Falls area; the highway network connecting Toronto to Hamilton, ON to Buffalo, NY is congested almost every day by passenger and freight vehicles. It is certainly valuable to measure how congestion cost externalities impact local economies – particularly given that no “one size fits all” policy applies across the border (Sands, 2009). Indeed, measures that provide for more regional autonomy and permit timely responses to local conditions tend to maximize efficiencies and facilitate trade without compromising security (UBRI/BPRI, 2008).

Also, worth investigation is whether increases in border crossing capacity will reduce the congestion that adversely affects neighboring economies. Increased road capacity does not always bring congestion reductions or economic benefits to neighboring areas; instead, increased road capacities can have negative effects on the network system. This theory is known as Braess' paradox (1969); such phenomena have been reported in many cases (Easley and Kleinberg, 2008; Knödel, 1969; Kolata, 1990). This paradox could be examined in regards to the crossing infrastructure along the US-Canada border and how it affects neighboring economies.

It should be also noted that our border wait time analysis has limitations not only in its unit of analysis, but also because of its incomplete data periods. The hourly average data cannot capture wait time variation within an hour, and this data aggregation result is an underestimation of congestion effects. In addition, five-month data is not enough to examine seasonality of border congestion patterns. Demystifying these unknown variations is important to set the baseline border delay time for the Bi-national TransNIEMO and to support staffing management for border agencies. Using a full year hourly average dataset will clarify overall border delay patterns for future research,

though the limited availability of data only at the hour may still result in an underestimation of the effects of congestion.

The Bi-national TransNIEMO has the potential to allow for a stronger understanding of how commodities affect specific border crossings. Trade policies, changes in transshipment mode (from truck to train, air, or vessel), and other structural changes which lead to an increased or diminished volume of goods crossing at a given border point have the potential to either positively or negatively impact border crossing congestion. This could help determine planning or policy solutions with the potential to reduce the transshipment of a given commodity across a specific border crossing, therefore reducing congestion and allowing for the more efficient movement of goods across a border crossing. This also could demonstrate that eschewing a “one size fits all” approach to border policy in Canada and the US is appropriate.

A further study could include forecasting and modeling the impact of the *Agreement on Land, Rail, Marine, and Air Transport Preclearance Between the Government of the United States of America and the Government of Canada*. This agreement was signed in March 2015 and allows for immigration, customs and agriculture inspections required for entry into either country to occur on foreign soil. It is expected that moving pre-clearance will reduce congestion and delays at the border and increase efficiency in cross-border transportation. The model could be modified to forecast and assess the economic impact and enhanced efficiencies associated with this agreement. Results might encourage both the US and Canada to enact legislation necessary in order to effectuate this agreement action which has yet to take place.

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## Appendices

### Appendix 1. Sample of Bi-national Freight Network Dataset

| From-node ID | To-node ID | HS2 Code | Freight Value (\$US) | TEU         | Country | Freight Flow |
|--------------|------------|----------|----------------------|-------------|---------|--------------|
| 103          | ME         | 3        | 3114836.014          | 63.64089826 | US      | Import       |
| 103          | ME         | 5        | 57945.57893          | 1.972222959 | US      | Import       |
| 103          | NH         | 3        | 201158.7053          | 4.10998224  | US      | Import       |
| 103          | NY         | 3        | 90752.66702          | 1.854216794 | US      | Import       |
| 105          | MA         | 68       | 302445.6962          | 6.982860004 | US      | Import       |
| 105          | ME         | 39       | 416176.7507          | 10.1089261  | US      | Import       |
| ...          |            |          |                      |             |         |              |
| AK           | 118        | 88       | 270                  | 0.000109926 | US      | Export       |
| AK           | 3017       | 88       | 531                  | 0.000216188 | US      | Export       |
| AK           | 3017       | 49       | 223                  | 0.001191311 | US      | Export       |
| AK           | 3017       | 73       | 172                  | 0.001951046 | US      | Export       |
| AK           | 3020       | 85       | 72                   | 0.000217    | US      | Export       |
| AK           | 3064       | 85       | 1233                 | 0.003712    | US      | Export       |
| ...          |            |          |                      |             |         |              |
| 205          | NB         | 48       | 10143                | 0.620187644 | CA      | Import       |
| 205          | NB         | 84       | 1050839              | 3.826967931 | CA      | Import       |
| 205          | NB         | 68       | 61427                | 1.418225311 | CA      | Import       |
| 205          | NB         | 95       | 96891                | 0.414618042 | CA      | Import       |
| 205          | NB         | 87       | 238001               | 1.29297978  | CA      | Import       |
| 205          | NB         | 38       | 452                  | 0.006817823 | CA      | Import       |
| ...          |            |          |                      |             |         |              |
| AB           | 218        | 10       | 18008                | 3.176991957 | CA      | Export       |
| AB           | 219        | 10       | 111250               | 19.62685225 | CA      | Export       |
| AB           | 314        | 11       | 686067               | 46.8774171  | CA      | Export       |
| AB           | 314        | 44       | 513879               | 94.75111108 | CA      | Export       |
| AB           | 314        | 10       | 604909               | 106.7187377 | CA      | Export       |
| AB           | 314        | 12       | 361959               | 37.19026    | CA      | Export       |

Source: WISERTrade ([www.WISERTrade.org](http://www.WISERTrade.org)), processed and tabulated by authors

## Appendix 2. Paired POE of the US and Canada

| Canada  |                           |          | United States |                           |       |
|---------|---------------------------|----------|---------------|---------------------------|-------|
| Port ID | Port Name                 | Province | Port ID       | Port Name                 | State |
| 205     | St. Croix                 | NB       | 105           | Vanceboro                 | ME    |
| 211     | St. Stephen               | NB       | 115           | Calais                    | ME    |
| 212     | Woodstock, New Brunswick  | NB       | 106           | Houlton                   | ME    |
| 213     | Edmundston                | NB       | 109           | Madawaska                 | ME    |
| 214     | Andover                   | NB       | 107           | Fort Fairfield            | ME    |
| 215     | Centreville               | NB       | 127           | Bridgewater               | ME    |
| 216     | Clair                     | NB       | 110           | Fort Kent                 | ME    |
| 218     | St. Leonard               | QC       | 108           | Van Buren                 | ME    |
| 219     | Gillespie Portage         | NB       | 118           | Limestone                 | ME    |
| 225     | Campobello                | NB       | 103           | Lubec                     | ME    |
| 307     | Trout River               | QC       | 715           | Trout River               | NY    |
| 314     | Stanstead Highway 55      | QC       | 209           | Derby Line Rt. 91         | VT    |
| 318     | Abercorn                  | QC       | 203           | Richford                  | VT    |
| 328     | StArmand/Philipsburg      | QC       | 212           | Highgate Springs          | VT    |
| 329     | Armstrong                 | QC       | 104           | Jackman                   | ME    |
| 351     | Lacolle                   | QC       | 712           | Champlain                 | NY    |
| 354     | Stanhope                  | QC       | 211           | Norton                    | VT    |
| 409     | Cornwall                  | ON       | 704           | Massena                   | NY    |
| 410     | Fort Erie                 | ON       | 901           | Buffalo-Peace Bridge      | NY    |
| 439     | Prescott                  | ON       | 701           | Ogdensburg                | NY    |
| 440     | Sarnia                    | ON       | 3802          | Port Huron                | MI    |
| 441     | Sault Ste. Marie          | ON       | 3803          | Sault Ste. Marie          | MI    |
| 453     | Windsor Ambassador Bridge | ON       | 3801          | Detroit-Ambassador Bridge | MI    |
| 456     | Lansdowne                 | ON       | 708           | Alexandria Bay            | NY    |
| 475     | Pigeon River              | ON       | 3613          | Grand Portage             | MN    |
| 478     | Fort Frances              | ON       | 3604          | International Falls       | MN    |
| 488     | Rainy River               | ON       | 3424          | Baudette                  | MN    |
| 502     | Emerson                   | MB       | 3401          | Pembina                   | ND    |
| 503     | Gretna                    | MB       | 3404          | Neche                     | ND    |
| 505     | Sprague                   | MB       | 3423          | Warroad                   | MN    |
| 506     | South Junction            | MB       | 3426          | Roseau                    | MN    |
| 507     | Boissevain                | MB       | 3422          | Dunseith                  | ND    |
| 508     | Goodlands                 | MB       | 3421          | Carbury                   | ND    |
| 509     | Snowflake                 | MB       | 3408          | Hannah                    | ND    |
| 518     | Winkler                   | MB       | 3407          | Walhalla                  | ND    |
| 519     | Windygates                | MB       | 3416          | Maida                     | ND    |
| 520     | Crystal City              | MB       | 3409          | Sarles                    | ND    |
| 521     | Cartwright                | MB       | 3415          | Hansboro                  | ND    |
| 522     | Lena                      | MB       | 3405          | St. John                  | ND    |
| 523     | Lyleton                   | MB       | 3413          | Antler                    | ND    |
| 524     | Coulter                   | MB       | 3419          | Westhope                  | ND    |

|     |                   |    |      |                        |    |
|-----|-------------------|----|------|------------------------|----|
| 602 | North Portal      | SK | 3403 | Portal                 | ND |
| 607 | Regway            | SK | 3301 | Raymond                | MT |
| 612 | Carievale         | SK | 3414 | Sherwood               | ND |
| 613 | Northgate         | SK | 3406 | Northgate              | ND |
| 615 | Coronach          | SK | 3309 | Scobey                 | MT |
| 616 | Oungre            | SK | 3417 | Fortuna                | ND |
| 618 | West Poplar River | SK | 3317 | Opheim                 | MT |
| 619 | Climax            | SK | 3306 | Turner                 | MT |
| 620 | Monchy            | SK | 3319 | Morgan                 | MT |
| 705 | Coutts            | AB | 3310 | Sweetgrass             | MT |
| 706 | Aden              | AB | 3321 | Whitlash               | MT |
| 707 | Carway            | AB | 3316 | Piegan                 | MT |
| 708 | Del Bonita        | AB | 3322 | Del Bonita             | MT |
| 813 | Pacific Highway   | BC | 3004 | Blaine-Pacific Highway | WA |
| 815 | Boundary Bay      | BC | 3017 | Point Roberts          | WA |
| 816 | Cascade           | BC | 3016 | Laurier                | WA |
| 817 | Huntington        | BC | 3009 | Sumas                  | WA |
| 818 | Kingsgate         | BC | 3302 | Eastport               | ID |
| 819 | Osoyoos           | BC | 3019 | Oroville               | WA |
| 822 | Rykerts           | BC | 3308 | Porthill               | ID |
| 824 | Roosville         | BC | 3318 | Roosville              | MT |
| 828 | Nelway            | BC | 3025 | Metaline Falls         | WA |
| 832 | Paterson          | BC | 3020 | Frontier               | WA |
| 834 | Carson            | BC | 3012 | Danville               | WA |
| 835 | Midway            | BC | 3013 | Ferry                  | WA |
| 841 | Aldergrove        | BC | 3023 | Lynden                 | WA |
| 891 | Pleasant Camp     | BC | 3106 | Dalton Cache           | AK |
| 893 | Fraser            | BC | 3103 | Skagway                | AK |

Source: WISERTrade (www.WISERTrade.org), processed and tabulated by authors



### Appendix 3. Letter Abbreviation for US and Canadian States and Provinces

| Abbreviation | Province Name             | Abbreviation | Province Name        |
|--------------|---------------------------|--------------|----------------------|
| AB           | Alberta                   | NU           | Nunavut              |
| BC           | British Columbia          | ON           | Ontario              |
| MB           | Manitoba                  | PE           | Prince Edward Island |
| NB           | New Brunswick             | QC           | Quebec               |
| NL           | Newfoundland and Labrador | SK           | Saskatchewan         |
| NS           | Nova Scotia               | YT           | Yukon                |
| NT           | Northwest Territories     |              |                      |
| Abbreviation | State Name                | Abbreviation | State Name           |
| AL           | Alabama                   | MT           | Montana              |
| AK           | Alaska                    | NE           | Nebraska             |
| AZ           | Arizona                   | NV           | Nevada               |
| AR           | Arkansas                  | NH           | New Hampshire        |
| CA           | California                | NJ           | New Jersey           |
| CO           | Colorado                  | NM           | New Mexico           |
| CT           | Connecticut               | NY           | New York             |
| DE           | Delaware                  | NC           | North Carolina       |
| FL           | Florida                   | ND           | North Dakota         |
| GA           | Georgia                   | OH           | Ohio                 |
| HI           | Hawaii                    | OK           | Oklahoma             |
| ID           | Idaho                     | OR           | Oregon               |
| IL           | Illinois                  | PA           | Pennsylvania         |
| IN           | Indiana                   | RI           | Rhode Island         |
| IA           | Iowa                      | SC           | South Carolina       |
| KS           | Kansas                    | SD           | South Dakota         |
| KY           | Kentucky                  | TN           | Tennessee            |
| LA           | Louisiana                 | TX           | Texas                |
| ME           | Maine                     | UT           | Utah                 |
| MD           | Maryland                  | VT           | Vermont              |
| MA           | Massachusetts             | VA           | Virginia             |
| MI           | Michigan                  | WA           | Washington           |
| MN           | Minnesota                 | WV           | West Virginia        |
| MS           | Mississippi               | WI           | Wisconsin            |
| MO           | Missouri                  | WY           | Wyoming              |

Source: WISERTrade (www.WISERTrade.org), processed and tabulated by authors

## Appendix 4. Definition of 2-digit HS Codes

| Description  | Code |
|--|------|
| Live Animals                                       | 1    |
| Meat And Edible Meat Offal                         | 2    |
| Fish, Crustaceans & Aquatic Invertebrates          | 3    |
| Dairy Prods; Birds Eggs; Honey; Ed Animal Pr Nesoi | 4    |
| Products Of Animal Origin, Nesoi                   | 5    |
| Live Trees, Plants, Bulbs Etc.; Cut Flowers Etc.   | 6    |
| Edible Vegetables & Certain Roots & Tubers         | 7    |
| Edible Fruit & Nuts; Citrus Fruit Or Melon Peel    | 8    |
| Coffee, Tea, Mate & Spices                         | 9    |
| Cereals  | 10   |
| Milling Products; Malt; Starch; Inulin; Wht Gluten | 11   |
| Oil Seeds Etc.; Misc Grain, Seed, Fruit, Plant Etc | 12   |
| Lac; Gums, Resins & Other Vegetable Sap & Extract  | 13   |
| Vegetable Plaiting Materials & Products Nesoi      | 14   |
| Animal Or Vegetable Fats, Oils Etc. & Waxes        | 15   |
| Edible Preparations Of Meat, Fish, Crustaceans Etc | 16   |
| Sugars And Sugar Confectionary                     | 17   |
| Cocoa And Cocoa Preparations                       | 18   |
| Prep Cereal, Flour, Starch Or Milk; Bakers Wares   | 19   |
| Prep Vegetables, Fruit, Nuts Or Other Plant Parts  | 20   |
| Miscellaneous Edible Preparations                  | 21   |
| Beverages, Spirits And Vinegar                     | 22   |
| Food Industry Residues & Waste; Prep Animal Feed   | 23   |
| Tobacco And Manufactured Tobacco Substitutes       | 24   |
| Salt; Sulfur; Earth & Stone; Lime & Cement Plaster | 25   |
| Ores, Slag And Ash                                 | 26   |
| Mineral Fuel, Oil Etc.; Bitumin Subst; Mineral Wax | 27   |
| Inorg Chem; Prec & Rare-Earth Met & Radioact Compd | 28   |
| Organic Chemicals                                  | 29   |
| Pharmaceutical Products                            | 30   |
| Fertilizers  | 31   |
| Tanning & Dye Ext Etc; Dye, Paint, Putty Etc; Inks | 32   |
| Essential Oils Etc; Perfumery, Cosmetic Etc Preps  | 33   |
| Soap Etc; Waxes, Polish Etc; Candles; Dental Preps | 34   |
| Albuminoidal Subst; Modified Starch; Glue; Enzymes | 35   |
| Explosives; Pyrotechnics; Matches; Pyro Alloys Etc | 36   |
| Photographic Or Cinematographic Goods              | 37   |
| Miscellaneous Chemical Products                    | 38   |
| Plastics And Articles Thereof                      | 39   |
| Rubber And Articles Thereof                        | 40   |
| Raw Hides And Skins (No Furskins) And Leather      | 41   |
| Leather Art; Saddlery Etc; Handbags Etc; Gut Art   | 42   |
| Furskins And Artificial Fur; Manufactures Thereof  | 43   |
| Wood And Articles Of Wood; Wood Charcoal           | 44   |
| Cork And Articles Of Cork                          | 45   |
| Mfr Of Straw, Esparto Etc.; Basketware & Wickerwrk | 46   |
| Wood Pulp Etc; Recovd (Waste & Scrap) Ppr & Pprbd  | 47   |
| Paper & Paperboard & Articles (Inc Papr Pulp Artl) | 48   |
| Printed Books, Newspapers Etc; Manuscripts Etc     | 49   |
| Silk, Including Yarns And Woven Fabric Thereof     | 50   |
| Wool & Animal Hair, Including Yarn & Woven Fabric  | 51   |
| Cotton, Including Yarn And Woven Fabric Thereof    | 52   |
| Veg Text Fib Nesoi; Veg Fib & Paper Yns & Wov Fab  | 53   |
| Manmade Filaments, Including Yarns & Woven Fabrics | 54   |
| Manmade Staple Fibers, Incl Yarns & Woven Fabrics  | 55   |
| Wadding, Felt Etc; Sp Yarn, Twine, Ropes Etc.      | 56   |
| Carpets And Other Textile Floor Coverings          | 57   |

|  |    |
|--|----|
| Spec Wov Fabrics; Tufted Fab; Lace; Tapestries Etc | 58 |
| Impregnated Etc Text Fabrics; Tex Art For Industry | 59 |
| Knitted Or Crocheted Fabrics                       | 60 |
| Apparel Articles And Accessories, Knit Or Crochet  | 61 |
| Apparel Articles And Accessories, Not Knit Etc.    | 62 |
| Textile Art Nesoi; Needlecraft Sets; Worn Text Art | 63 |
| Footwear, Gaiters Etc. And Parts Thereof           | 64 |
| Headgear And Parts Thereof                         | 65 |
| Umbrellas, Walking-Sticks, Riding-Crops Etc, Parts | 66 |
| Prep Feathers, Down Etc; Artif Flowers; H Hair Art | 67 |
| Art Of Stone, Plaster, Cement, Asbestos, Mica Etc. | 68 |
| Ceramic Products                                   | 69 |
| Glass And Glassware                                | 70 |
| Nat Etc Pearls, Prec Etc Stones, Pr Met Etc; Coin  | 71 |
| Iron And Steel                                     | 72 |
| Articles Of Iron Or Steel                          | 73 |
| Copper And Articles Thereof                        | 74 |
| Nickel And Articles Thereof                        | 75 |
| Aluminum And Articles Thereof                      | 76 |
| Lead And Articles Thereof                          | 78 |
| Zinc And Articles Thereof                          | 79 |
| Tin And Articles Thereof                           | 80 |
| Base Metals Nesoi; Cermets; Articles Thereof       | 81 |
| Tools, Cutlery Etc. Of Base Metal & Parts Thereof  | 82 |
| Miscellaneous Articles Of Base Metal               | 83 |
| Industrial Machinery, Including Computers          | 84 |
| Electric Machinery Etc; Sound Equip; Tv Equip; Pts | 85 |
| Railway Or Tramway Stock Etc; Traffic Signal Equip | 86 |
| Vehicles, Except Railway Or Tramway, And Parts Etc | 87 |
| Aircraft, Spacecraft, And Parts Thereof            | 88 |
| Ships, Boats And Floating Structures               | 89 |
| Optic, Photo Etc, Medic Or Surgical Instrments Etc | 90 |
| Clocks And Watches And Parts Thereof               | 91 |
| Musical Instruments; Parts And Accessories Thereof | 92 |
| Arms And Ammunition; Parts And Accessories Thereof | 93 |
| Furniture; Bedding Etc; Lamps Nesoi Etc; Prefab Bd | 94 |
| Toys, Games & Sport Equipment; Parts & Accessories | 95 |
| Miscellaneous Manufactured Articles                | 96 |
| Works Of Art, Collectors Pieces And Antiques       | 97 |
| Special Classification Provisions                  | 98 |
| Special Classification Transactions                | 99 |

Source: Foreign Trade (<http://www.foreign-trade.com/reference/hscod.htm>) Harmonized System Codes (HS Code), tabulated by authors

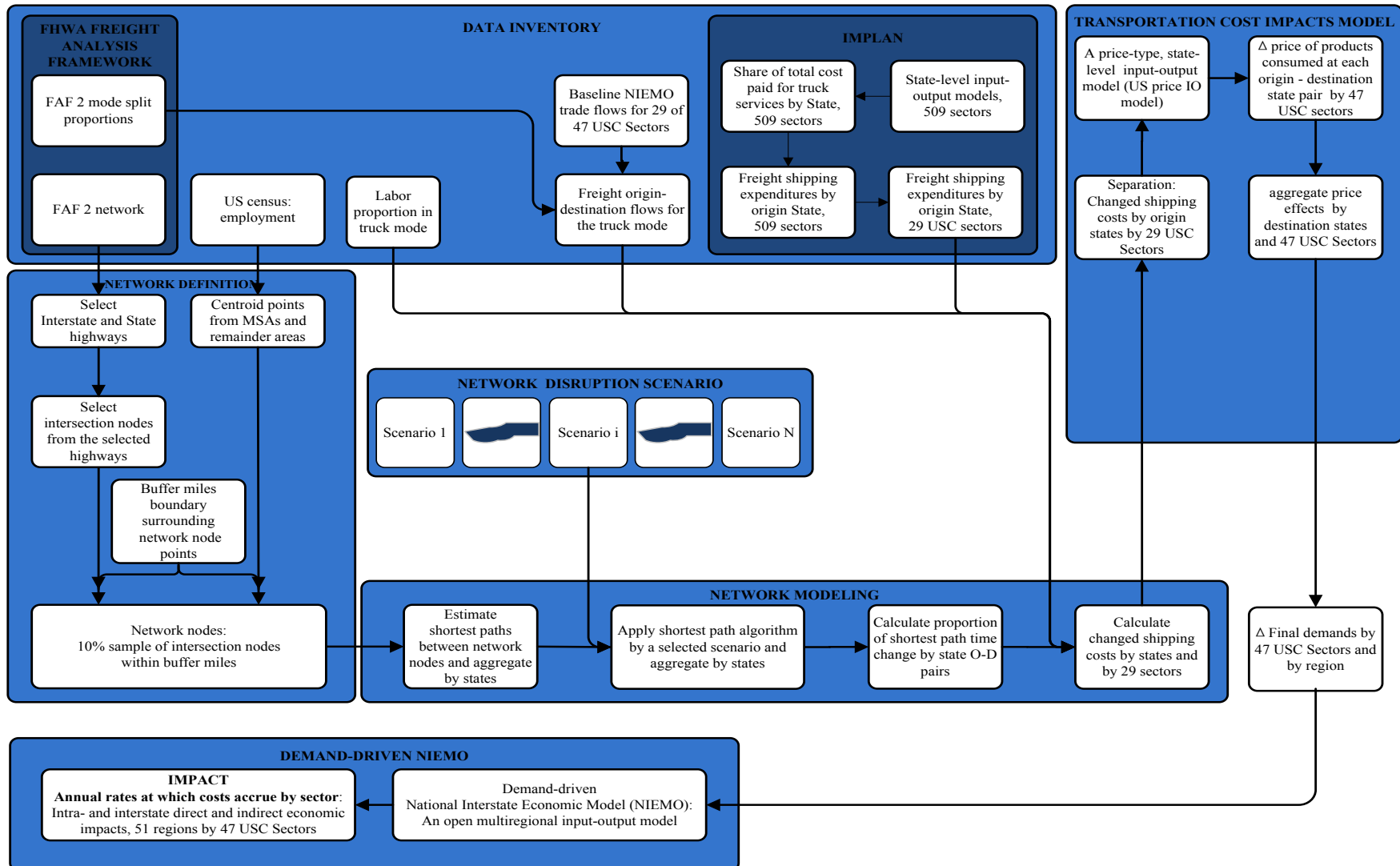
## Appendix 5. The Ratio of TEU to Dollar Value by 2-digit HS Code

| HS Code (2-digit) | Ton by Vessels | Value by Vessels | TEU/Dollar   |
|-------------------|----------------|------------------|--------------|
| 1                 | 37,628         | 206,472,965      | 0.0000101244 |
| 2                 | 5,051,077      | 11,130,655,936   | 0.0000252110 |
| 3                 | 1,275,052      | 3,467,003,355    | 0.0000204315 |
| 4                 | 1,267,425      | 3,749,785,364    | 0.0000187777 |
| 5                 | 354,706        | 578,975,258      | 0.0000340358 |
| 6                 | 39,355         | 81,866,501       | 0.0000267067 |
| 7                 | 1,510,841      | 1,209,630,560    | 0.0000693895 |
| 8                 | 3,067,592      | 9,537,777,818    | 0.0000178681 |
| 9                 | 56,002         | 315,414,491      | 0.0000098640 |
| 10                | 56,619,431     | 17,829,631,198   | 0.0001764211 |
| 11                | 345,013        | 280,521,439      | 0.0000683278 |
| 12                | 44,470,866     | 24,045,470,598   | 0.0001027472 |
| 13                | 35,023         | 389,747,169      | 0.0000049922 |
| 14                | 88,975         | 47,142,723       | 0.0001048526 |
| 15                | 1,929,640      | 2,266,041,558    | 0.0000473081 |
| 16                | 311,521        | 842,845,117      | 0.0000205337 |
| 17                | 1,128,283      | 1,116,401,184    | 0.0000561468 |
| 18                | 154,065        | 715,284,055      | 0.0000119661 |
| 19                | 645,516        | 1,382,198,706    | 0.0000259456 |
| 20                | 2,082,561      | 2,755,676,868    | 0.0000419853 |
| 21                | 1,033,614      | 4,168,667,159    | 0.0000137749 |
| 22                | 2,710,036      | 4,060,577,227    | 0.0000370779 |
| 23                | 18,444,571     | 8,816,789,772    | 0.0001162213 |
| 24                | 211,311        | 1,543,892,120    | 0.0000076039 |
| 25                | 6,655,964      | 1,560,769,574    | 0.0002369189 |
| 26                | 10,456,941     | 4,730,841,290    | 0.0001227987 |
| 27                | 266,656,642    | 128,058,025,455  | 0.0001156839 |
| 28                | 15,152,848     | 8,591,823,622    | 0.0000979798 |
| 29                | 19,007,731     | 30,581,710,149   | 0.0000345300 |
| 30                | 138,194        | 6,534,832,920    | 0.0000011748 |
| 31                | 9,788,917      | 3,906,702,880    | 0.0001392040 |
| 32                | 992,956        | 3,588,624,733    | 0.0000153720 |
| 33                | 487,852        | 5,533,669,406    | 0.0000048978 |
| 34                | 1,170,078      | 3,882,540,885    | 0.0000167427 |
| 35                | 471,211        | 1,426,132,354    | 0.0000183562 |
| 36                | 13,992         | 234,190,305      | 0.0000033193 |
| 37                | 112,782        | 1,455,075,946    | 0.0000043061 |
| 38                | 3,426,344      | 12,619,762,306   | 0.0000150837 |
| 39                | 12,056,416     | 27,575,190,296   | 0.0000242900 |
| 40                | 1,542,925      | 6,172,781,526    | 0.0000138865 |
| 41                | 882,038        | 3,118,959,012    | 0.0000157110 |
| 42                | 22,774         | 333,172,127      | 0.0000037975 |
| 43                | 702            | 9,292,479        | 0.0000041972 |
| 44                | 19,261,493     | 5,803,553,564    | 0.0001843841 |
| 45                | 1,530          | 10,773,373       | 0.0000078923 |
| 46                | 1,010          | 4,717,313        | 0.0000118903 |
| 47                | 23,932,668     | 7,878,798,800    | 0.0001687558 |
| 48                | 7,760,757      | 7,051,393,019    | 0.0000611444 |
| 49                | 93,806         | 975,528,620      | 0.0000053422 |
| 50                | 971            | 2,261,537        | 0.0000238647 |

|    |            |                |              |
|----|------------|----------------|--------------|
| 51 | 8,419      | 31,609,930     | 0.0000147975 |
| 52 | 3,053,903  | 6,659,944,552  | 0.0000254749 |
| 53 | 1,674      | 5,535,647      | 0.0000168023 |
| 54 | 158,341    | 900,029,471    | 0.0000097738 |
| 55 | 443,846    | 1,984,190,131  | 0.0000124273 |
| 56 | 188,210    | 1,212,887,792  | 0.0000086209 |
| 57 | 54,468     | 270,702,766    | 0.0000111783 |
| 58 | 24,709     | 168,772,284    | 0.0000081337 |
| 59 | 47,937     | 504,043,067    | 0.0000052836 |
| 60 | 76,775     | 631,930,934    | 0.0000067496 |
| 61 | 39,170     | 563,209,943    | 0.0000038638 |
| 62 | 22,694     | 419,522,260    | 0.0000030053 |
| 63 | 697,805    | 1,024,984,033  | 0.0000378220 |
| 64 | 40,237     | 444,963,674    | 0.0000050238 |
| 65 | 2,813      | 58,742,075     | 0.0000026600 |
| 66 | 1,439      | 9,731,009      | 0.0000082180 |
| 67 | 3,544      | 42,008,479     | 0.0000046864 |
| 68 | 493,876    | 1,188,391,518  | 0.0000230880 |
| 69 | 165,519    | 622,954,969    | 0.0000147611 |
| 70 | 574,986    | 1,849,116,752  | 0.0000172751 |
| 71 | 16,446     | 2,307,689,282  | 0.0000003959 |
| 72 | 18,476,645 | 9,635,458,424  | 0.0001065315 |
| 73 | 1,334,323  | 6,535,056,884  | 0.0000113433 |
| 74 | 1,283,938  | 5,232,448,109  | 0.0000136322 |
| 75 | 41,132     | 1,043,358,740  | 0.0000021901 |
| 76 | 2,142,938  | 5,695,324,009  | 0.0000209035 |
| 78 | 61,234     | 104,895,265    | 0.0000324312 |
| 79 | 116,073    | 173,231,166    | 0.0000372249 |
| 80 | 9,249      | 42,867,917     | 0.0000119864 |
| 81 | 47,764     | 1,161,909,822  | 0.0000022838 |
| 82 | 66,889     | 1,162,765,275  | 0.0000031959 |
| 83 | 157,362    | 937,412,783    | 0.0000093260 |
| 84 | 4,401,359  | 67,142,215,244 | 0.0000036418 |
| 85 | 1,123,188  | 20,726,861,239 | 0.0000030106 |
| 86 | 186,303    | 1,877,574,209  | 0.0000055125 |
| 87 | 5,513,620  | 56,383,413,010 | 0.0000054327 |
| 88 | 36,756     | 5,015,607,509  | 0.0000004071 |
| 89 | 197,145    | 1,782,341,283  | 0.0000061450 |
| 90 | 262,901    | 9,851,904,501  | 0.0000014825 |
| 91 | 1,439      | 70,615,858     | 0.0000011320 |
| 92 | 9,303      | 326,634,175    | 0.0000015823 |
| 93 | 25,621     | 2,240,812,764  | 0.0000006352 |
| 94 | 367,807    | 2,947,854,052  | 0.0000069317 |
| 95 | 167,010    | 2,168,231,058  | 0.0000042792 |
| 96 | 90,170     | 662,518,163    | 0.0000075612 |
| 97 | 3,022      | 290,013,918    | 0.0000005789 |
| 98 | 127,641    | 2,070,861,100  | 0.0000034243 |

Source: WISERTrade (www.WISERTrade.org), processed and tabulated by authors

## Appendix 6. Framework of the US TransNIEMO



Source: Cho et al. (2015) TransNIEMO: Economic Impact Analysis Using a Model of Consistent Interregional Economic and Highway Network Equilibria, *Transportation Planning and Technology*, 38(5): 483-502