

Discussion Responses

WisDOT Freight Advisory Committee Meeting

October 29, 2024

Canada-Wisconsin Trade Questions

1. What did you hear from the presentations that surprised you the most?

Table 1:

- New Canada border services website (CARM)
- Issues with Buy America requirements – Canadian concerns; can understand why Canada would not be thrilled
- Asphalt was included in Buy America, eventually exempted, really impacts road construction
 - MAASTO – hearing about rail construction and issues with buy America
 - Both seaway corporations handling greening of the St. Lawrence Seaway, what is the fuel going to be? Questions about how exactly you measure emissions, other data? The UK is interested, so they can take advantage of using the system.
 - Retrofit costs for ships would be a massive undertaking.

Table 2:

- I didn't realize how much of the critical minerals as they do. Particularly EVs, computers, data centers. With the challenges in the United States at state and federal levels, we really need to be leveraging that opportunity in Wisconsin and U.S. as we bring over that chip manufacturing from China.
- I'm interested to hear about the new CARM system. It doesn't affect me, but it sounds interesting.
- What was that stat you quoted about the Great Lakes-St. Lawrence Seaway?
 - If the GLS was its own country, it would have the third-largest economy behind the U.S. and China – encompassing 2 provinces and 8 U.S. states
- I never thought of the buy America affecting Canadian businesses / producers
 - It affects all aspects of the economy.
 - I dealt with a contractor who didn't have a drone, and they were struggling because it had to be made in America.
 - ... and a company in China has cornered the market on drones.
- Where is this next wave in technology going to be? We've outsourced our technology overseas, but now we have Buy America. Where are we going to get our tech?
- We need a carveout for Canada and Mexico for certain things.
- That was the pretense of USMCA, look at it as a way to get stronger as a North American region – similar to the EU.

Table 3:

- I'm very familiar with the seaway and work with CPKC. So, the numbers including the trade number data was surprising to me.
- That 5 million trucks cross the border is incredible.
- What are the infrastructure effects from all that?
- Do upgrades to the system.
- Was most surprised at no cheese in the burger! The rail system is actually pretty connected. Trucks have good highways but rail is efficient. Also, the documentation: there are so many types and codes.
- That's old-school and many are looking to standardize. Many people are not familiar with the terms.
- Why is there not more freight moving by rail? Not seeing quite the diversity in modes.

Table 4:

- Nothing very surprising, had awareness of the trade but interesting to hear about the size of trade specifically in WI
- Interesting to see the bridge of that magnitude and that it is almost finished and the traffic levels that that will support – awareness but good to see
- Interested to see Cleveland and other Midwest states on board and that the Great Lakes economy – WI not on list with getting containers

Table 5:

- Ship length
- \$ affected
- Mining
- Manufactured components

Table 6:

- The minerals in Canada that can be used to make Lithium-ion batteries, and how much comes through Detroit.
- More imports from Canada → WI; import numbers have surpassed China.
- St. Lawrence Seaway being open until January.
- Before 2022, Port of Cleveland started containers and is now self-sufficient and is making more money. In 2026, there will be 4 ports with containers on GSL Seaway.
- Canada sending down calves to be raised and slaughtered in the U.S.

Table 7:

- No containers on Great Lakes yet. [ed. note: limited container service exists from Europe to Cleveland and Duluth; additional service is approved for 2025 (near Detroit) and 2026 (near Chicago).
- Surprised how much business we actually do with Canada. U.S. and Canada both have a whole lot of grain.
- Canada has the mineral supplies for lithium-ion batteries.

- Interesting that Canada has the safest, most-sustainable, and most reliable mineral supplies.
 - Wonder how their supply compares to China's and how their environmental standards compare.
 - Yes, good point because environmental responsibility.
 - Agree.
- Need some give and take in balance of mineral access and environmental (something?)
- Side note about taconite pellets falling off and spilling on ground up north.
- Good to know where our mineral supplies are in case of international unrest. Canadian resource is important.

Table 8:

- Buy America comments...Issue for Canada
- Pinch point continues to be railroads as main issue
- The funding from government sources.
- The lack of container access to the Great Lakes.
- Timely delivery of the containers.

Table 9:

- Metric vs. U.S. – pipes – disparity in sizes / quantity
- Not mentioned – petroleum imports – largest \$\$ coming into Wisconsin
- Military presence at the Soo Locks
- Buy American provisions and tension over Canadian inclusions
- Manufacturing assembly in Mexico – moved back – component parts vs. shipping whole item

Table 10:

- Cost of moving freight from Chicago to Madison being more than shipping to China
- Canada being a major critical mineral source (agreement)
- Discussed a way to have a location in Wisconsin instead of moving things around by truck and then move through rails. Discussion to previous areas that they create a new facility however, it did not work for this area. Union Pacific.

**2. Which products have the greatest potential for sales into Canadian markets, and why?
Which Canadian products are likely to have the strongest sales into Wisconsin?**

Table 1:

- Mineral deposit and new mining projects in Canada are a good prospect.
 - Canada's regulations allow a faster approval process for mining projects than in the U.S.
 - Packaged food and beverage, lots of demand in Canada, including from Wisconsin.
- Potash coming into Wisconsin is a major need for agriculture, fertilizer. Very important to WI agriculture.
 - Continuing to move ethanol into Canada.
 - Ethanol has become incentivized, Canada has a national clean fuels standard
 - Canada isn't producing enough ethanol / biofuels to meet their demand.

- Opportunity to increase dairy exports to Canada.
- Seems to be a disconnect between lumber imports and exports. Are we importing what we need to export?

Table 2:

- What is the dairy issue everyone was talking about?
- It's part of the USMCA.
- There are specific grades of milk in Canada, some of those things are excluding Wisconsin. There were challenges brought to the commission that oversees USMCA. One thing was the challenge of that grading system. The U.S. made some changes. The commission said changes weren't enough. The U.S. said it was. The commission ruled in Canada's favor in the most recent case.
- The iron ore from Duluth to Canada, ethanol in liquid bulk to Canada. And from Canada to Wisconsin, there's salt, potash, and steel coils.
- Depending on how things work out with the war in Ukraine, it could have an effect on potash demand from Canada. That's to be determined.

Table 3:

- We move everything. There is a lot in the aerospace and automotive industries. I actually see lots and lots of Chia pets!
- Wind towers?
- Canada has a high supply of energy products. It's a biotech hub, as well as for agricultural products. There are potentially new innovations on those. It's also a manufacturing industrial hub.
- Cranberries, genetics. Auto parts, washer/dryer, milking cow machines. In the future, medicine technologies for specific genetic makeups.

Table 4:

- Components for manufactured products (automotive, electrical, machinery), opportunity with agricultural products – both as ingredients and final products. Dairy quotas create challenges
- No newer emerging products but maintaining the current products
 - Wind energy and green energy component manufacturers as a possible option in WI exports
- Interesting to look at minerals and contribution to EV battery production in Canada
 - BABA (Build America, Buy America) requirements coming into play, processing vs acquisition of the minerals
 - Opportunities for WI with inputs in the facilities
 - Question about transporting the resources because of the extensive reach of the mineral deposits into rural areas and the contribution of fracking
 - Even if the infrastructure is there, quality might not be great
 - More surprising that this is a main industry in addition to oil and fracking

Table 5:

- Special "hardwood"
- All commodities
- Refrigerated food
- Mining equipment

- OSOW
- Heavy equipment

Table 6:

- Grains, dairy, and beef, both to and from Canada.
- We could import minerals to make batteries.
- More lumber and hardwood up to Canada to build more housing.
- Medical devices and the plastics for them. We could import fertilizer from Canada.

Table 7:

- Biggest shocker was learning that the St. Lawrence Seaway region would be the 3rd biggest economy in the world.
- Railroads from Mexico might grow in conjunction with improved railroad connections from U.S. to Canada.
- Tough to build new railroads because it's privately funded mostly.

Table 8:

- Finished goods, other manufactured items going to Canada.
- Raw materials from Canada and finished products get sent back.
- Industries of the future... specialty goods of Wisconsin.
- Two-way supplies for full containers.

Table 9:

- Potash – import from Canada
- Raw materials – Lithium for batteries (Canada vs. China for source)
- Are we utilizing Canadian minerals?
- Can U.S. increase dairy exports?
- Electrical transformers – Canada to the U.S.
- Are we utilizing missing [nothing else written]

Table 10:

- Foods, commodities, Dairy to Mexico. Short line rails are not able to work with the class 1 rails that well.
- Integrated supply chain for components in the area. Importing minerals

3. Do you / your association members have trade into Canada? Why or why not? Do you / they have any comments based on experience?

Table 1:

- Port of Duluth is key port for moving product out, potential for Port Milwaukee to increase exports (DeLong terminal). Real potential for growth of agriculture commodities
 - Soybean meal, corn, DDGs, exports, then bringing oats, canola oil back.
- Question – what is the future of the need for food to feed Canadian population, will you need to import more food?
 - Increasing population and diversity has increased demand for imported products.

- As Canada's population grows, their consumers will need more imports in general.
- In Canada there's 5 supermarkets that are in control
 - Some Canadians do not like the limited places they can shop for food.

Table 2:

- It's not hard, just do your homework ahead of time. For me, it's the phone calls I get at midnight from a trucker at the border who didn't notify us ahead of time. You have to get the paper in the hands ahead of time for pre-clearance. Advance communication and documentation are biggest issues. And for these truck drivers in question, English is often a second language – that can complicate matters. So it helps to get things squared away ahead of time. With the adoption of automation, it's easier than it ever was. We can clear things in either direction remotely.
- I haven't heard anything specifically at WMC. At the macro level, making sure things are as seamless as possible. Nothing you can do to prevent one-off issues. The size of the business is going to affect things. Large companies can outsource the expertise needed to arrange export trade. If you're a small- or medium-sized business, you're not doing as much international trade and would likely run into more challenging issues, especially when you're breaking into the business. Once you've done it once, you get over that hump and have a better idea of what you're doing.
- Is what is there working well?
- I don't want to say so as a blanket statement. Nothing has risen to a level that I've heard of it. USMCA probably helped.
- In dealing with Canada, they're an easy trade partner. We are so close; we have customers that drop ship. They might buy something online. If that business doesn't understand all the policies in Canada, it can be an issue.
- On the negative side, regarding workforce issues, every couple of years, there seems to be a potential disruption – ports, labor, trucking. There were natural disasters as well – fires and floods. In 2022, everyone was pulling everything forward. Last few years, they've worked through that inventory and are to the just-in-time level.
- That goes toward something mentioned about resiliency.

Table 3:

- If you are new to exporting, Canada is usually the go-to.
 - We get that a lot. But it actually isn't the easiest.
- Sales, language, and trade agreements are same.
- WEDC has done trade missions with Canada. We'll schedule meetings a few times a day, and also provide support when a business is trying to grow in Canada or Mexico.
- Interesting to hear about the \$20 million to upgrade Cleveland ports.
- That money is for Customs and border staff. The state possibly subsidizes it.

Table 4:

- Madison International Trade Association, U.S. Dairy Export Council contributions, continue to work on tariff quotas with USMCA – need to sell to someone who can obtain a certain volume, Canada allowing more for processors. Has stayed flat so U.S. has been arguing that opening hasn't given more opportunities (which was the purpose) – open up to retailers and producers
 - Specifically regarding dairy (cheese)
 - Bigger industry in eastern Canada – provides economy for rural areas in WI

Table 5:

- Lumber – yes – not softwood.
- Trucking to Canada is expensive.

Table 6:

- Doesn't apply to the group (no one in the private sector).

Table 7:

- Lumber/wood could expand since Western Canada was hit with pine beetle, no supplies there anymore. Largest producer lost \$350M last quarter. Looking at Texas, Louisiana. Need to build short-line to figure out last mile service options.

Table 8:

- Bureaucracy is inhibiting
- None have traded with Canada.
- Hearsay... container shipping on the Great Lakes.
- Sharing ideas on how to grow.
- Simplify the cross-border paperwork.
- Truck routes to Canada... avoid Detroit bridge (congestion)... North Dakota... multiple border crossings.

Table 9:

- Not applicable.

Table 10:

- Biggest exports of electrical equipment. Two huge members in WI Rockwell and Johnson control that do large trade in Canada.

4. What do you recommend WisDOT do to help facilitate trade between Wisconsin and Canada? How can the partner agencies (DATCP, WEDC) help?

Table 1:

- There's a lot of myth busting that needs to be done to say why it isn't so complicated to export to Canada.
 - Is this "myth" preventing opportunity? Educating shippers.
- WI shippers don't have greatest relationships with CN and CP – Can WisDOT play a role?
 - Help build relationships and both sides do want to work together
 - Need to realize that it is mutually beneficial

- Is there a way to survey on what's being shipped, the intermodal report did this with the shipping containers?
 - Private firms not readily willing to share data, even anonymously
- Top destination is Ontario? How are the products getting there – what mode?
- WI and Quebec updated their MOU, but not much seems to be happening. How can we make it an active document?

Table 2:

- Same song, different verse. INTERMODAL. Everybody talked about CPKC, but we can't load it out of Wisconsin. We have to use a truck to get it to Chicago. We don't have direct access to the CPKC service. While you're working on it, work on the container issue.
- The potential maritime loop service is something to explore as well to address the container imbalance. Duluth is working with Spliethoff with scheduled service and Duluth Cargo Connect and Lake Superior Warehousing.
- Economies of scale matter – volume is needed.
- How much of intermodal stuff is public vs. private?
- There's a lot of stuff operated by the smaller class railroads. A lot of railroads don't want to be operators. Looking for third-party help.
- The WEDC has a lot to do with this. They have their ExportTech and trade missions

Table 3:

- WEDA helps. U.S. Commercial Services help to grow trade. Trade missions help too as well as grants. There are 10-12 countries we take missions to. Our educational program called Export Tech instructs on new ideas to consider.
- I can vouch that it's a great program.
- Can help by investing in infrastructure. Leverage HAP a lot. Intermodal study providing analytics and data can support investments in rail, roads, and port access. WEDA and service providers are good.
- WisDOT is working on issues with truck parking. For intermodal, could the money from BIL possibly be used for that?
- Maintain routes for OSOW cargo. Put roundabouts in, and higher street lights.
- There were 76,000 OSOW permits issued last year. Infrastructure improvements such as roundabouts help.
- There definitely are lots of roundabouts.
- Safety is the #1 issue. Know of an area with 3 successive roundabouts, and that may be a bit excessive.

Table 4:

- Working with companies to grow business, collaborating with WEDC for cultural exports and grants to organizations to agribusiness organizations (MRR)
 - Not as much with trade commissions, working specifically with newer companies, Canada and Mexico as first two destinations for these companies to look at while getting started
 - Exports tend to be about the plan rather than location-wise. There are grants around dairy and meat processing to grow production capacity rather than job growth

Table 5:

- Education with data
- Referral page for sources
- Forum for discussion
- Facilitate infrastructure improvements
- B-Train used in Michigan and Canada – not in Wisconsin – weight limit issue [ed. note: such vehicles are allowed in Wisconsin as long as they obtain the appropriate permit and follow the legal requirements found in Wis. Stat. s. 348.27(9).]
- Education for shipping options
- DATCP / WEDC
 - New trade missions
 - Importance of driver industries

Table 6:

- Make port of entries easier to access. We don't want goods to be stopped, so that it doesn't get backed up. Could be accomplished through technology and updating facilities. This could also be helped by more cost-effective improvements to customs facilities.
- Investment in intermodal facilities, such as roads, rails, and ports.

Table 7:

- Need someone at WisDOT whose main role is identifying imports/exports opportunities so that railroads can be incentivized to invest more.
 - Maybe commerce or exports could take care of that instead of WisDOT?
 - Maybe WisDOT can take existing positions and push those to work on this more.
- Also thinking about trucking 1-trip and 2-trip daily reach areas, building trucking patterns, helping truckers sleep at home more.
- Industrial hubs; encourage transload. More assistance to local gov for creating facilities.
- Maybe just even getting the land.
- NIMBY challenges are significant though.
- Chicagoland is a prime example of why NIMBY concerns can be legitimate. Maybe thinking about putting new facilities near highways, not in cities, can be useful.
- There are grants for manufacturing infrastructure but no one willing to utilize them because there's not enough going on in those areas already yet, not enough road access, etc. It's about getting the land, highway access, and rail access.
- In Milton, TEA (WisDOT's Transportation Economic Assistance) has helped create jobs and now the population is growing. They planned well with road/rail access and land availability.
- Another thing is how much deforestation we can put up with and how much land we can afford to use on growing industrial parks.
- Like the presenters pointed out, Class I railroads are making profits from being the 'interstate' and they don't want to waste time and money on first/last mile work. It's up to local/regional to build up capacity and business before Class I's will expand service.
- Frustrated with that. At least things like UP planning to grow double capacity in Milwaukee give us hope.
- Another issue is grade separation. It makes rail safer and limits delays from accidents or near misses. Crossing elimination is highly encouraged by FRA.

Table 8:

- GREAT agenda with both Canada and Mexico present!
- Only so much WisDOT can do on its own
- Containers... shipping logistics... truck, train, and ship.
- One for one... full container in and full container out.
- Canadian National... the options are different.
- Who owns the containers? They have the say.
- In partnership... how do you improve routes?
- Should we be looking at issue regionally instead of just Wisconsin?
- Try to develop our shipping partners more. Who takes the reins on establishing trade balances for loads?
- Lack of an Interstate up through Minnesota
- WEDC... focus on North American trade? Or look at more global picture?

Table 9:

- Formalize more relationships between Canada and the U.S.
- Supply chain reciprocation of loads / containers
- Trucks / empty containers (cabotage)

Table 10:

- Government should have less involvement; however, should provide more money to make it better for everybody. Assist starting up businesses and gaining efficiencies. (Mississippi River to make the locks bigger). Grant money.
- Mentioned private companies that reached out to government to promote certain projects. Asked about industry partners?
- USMCA is a focus for their partners and his company.
- How the election would change the next sets of trade.

5. Do you / your association members expect changes in trade between Wisconsin and Canada? What would those changes be, and how would they affect freight transportation and the state economy?

Table 1:

- '21-'22 were significant years for WI trade, last year there was a little leveling off
 - Across the state there is a high-level knowledge / awareness of trade relationships with Canada
 - Consulate plays a role in putting together combination of stakeholders that can provide a full ABCs explanation of what you need to know to export to Canada
- Crossing the border can be very complicated, especially into Mexico. He has experience exporting grain
- Chippewa Co. volumes – coming via Vancouver and Prince Rupert. How much traffic does Canada take from the U.S. West Coast ports? Even a small percentage shift north would be felt.
- Is there still container movement from Ashley yard?? Not sure
 - Soybeans were being loaded back out

Table 2:

- Depends on the election. I think long-term the trend is increase generally in volumes across North America. Probably going to be an impetus to bring more to the Americas.
- Minerals for batteries. Canada has a lot of natural resources. With the advent of EVs, trying to be more green/sustainable. I see that being a more strategic partnership.
- Grains.
- I think Canada has some uranium, not sure about U.S. I see nuclear energy popping up soon.
- One thing driving that is the data in AI. I heard a stat that it takes 8-10x the amount of energy to do an AI search than to do a Google search.
- I heard that to generate one AI image, it takes about a pint of water.

Table 3:

- A change of government means uncertainty on what will happen. If there are tariffs on lots of cars from Mexico, does that mean more cars will be produced in the U.S. then? There is uncertainty but we expect changes and adjust.
- We hope any change is for the better.
- Unclear on dispute resolution. How often does that happen?
- It does happen quite a lot.
- When there is a change of government, valuation of currency changes. It can happen. It changes how you do business in other countries. It happens all over the world.
- The key is adapting to the change. Hope that it's for the better.
- How about economic forecasting? Difficult to do?
- It depends on the business.
- Hard to predict.

Table 4:

- Improving ability for producers to go over the roads and use infrastructure which is critical to the economy
- Intermodal capacity still bumpy, a few vested interests for not adding a facility but there is great interest surrounding access to the Great Lakes
 - Incentives needed to bring the business here – what model would be the best without disrupting the industry
- Trade will continue to grow with exception of major shocks (pandemic, tariffs) – not exponential
 - More notable growth over time, looking at the historical drivers of growth
 - Population from immigration in Canada and the contribution of that to the industry and the global economy
 - Contribution to increasing capacity (increased labor, growth to Canada's economy) and which industries it will impact

Table 5:

- None on the horizon
- Pine tariffs (in court now)
- Side note: Take advantage of waste products – make new products here

Table 6:

- Bad weather causing fluctuations in imports and exports to and from Canada.
- Overall, hard to predict.

Table 7:

- Need continental agreement with no tariffs all across. North America No Tariff. Helps businesses plan for unstable political futures and helps encourage more long-term investments.
- WisDOT can assemble trade info. Even just sharing what we learned today about how important Canada is for WI and U.S. trade is a good start. It will help us better understand politics and trade associations can use it in publications to counter arguments that 'we need to put a tariff on all this Canadian lumber coming in' since that only tells half the story (our balance is fairly even).
- So WisDOT can work closer with DATCP and other state agencies to provide more info on existing WI/U.S.-Canada trade data and importance to the public?
 - Yes.
- North America could be like the EU, no tariffs, highly integrated economies.

Table 8:

- Depends on the election; possible tariffs.
- If tariffs are implemented it makes trading more difficult.
- Affect both imports and exports.
- Maybe good or bad, depending on how handled and how countries respond

Table 9:

- Depending on election – could swing
- Fertilizer given less of potash supply
- Potential drop in energy trade – less need
- Environmental regulations may change (road salt, for example)
- Energy changes – lower coal use, higher natural gas use.

Table 10:

- Depends on the following election coming up. Tariffs would have challenges with positively and negatively. Discussion of the merger of CPKC and the unification of the rails.
- Creating a study for the supply for grid flexibility.

Mexico-Wisconsin Trade Questions

1. What did you hear from the presentations that surprised you the most?

Table 1:

- Recognition of the distinctions between cultures is a good consideration, which entity is making decisions U.S. or Mexico, is it a U.S. company or a U.S. company with a Mexico arm?
- Interesting about raw products sent to Mexico to assembly, the daily wage is about \$10 a day. Emphasis on low-cost labor.

Table 2:

- The 20-percent growth between Wisconsin and Mexico, that's a lot!
 - It's actually 28 percent over three years. Just in automotive coming from Wisconsin, the numbers are already tripled since this time last year.
- With the China thing, there's a big shift to Mexico.
- Trying to increase the amount of components that can be sent down to Mexico and eventually come back here. You don't think about all that, but there's so many intermediate processes in manufacturing. Opportunities are there.
- How many entry points are there?
- Someone referenced 56 points of entry.
- Laredo is the big dog. Eagle Pass had lots of issues. El Paso, Nogales and San Diego are other big ones. The most direct link from Mexican population centers is along that CPKC corridor.
- I think that passenger rail would be helpful internally for the workforce. How much is sharing those lines going to affect freight?
- Needs more capacity too. And the question of who pays? You're already having 8-10 percent freight growth in the Monterrey market. Adding in the passenger rail just exacerbates that.

Table 3:

- The hydro locomotives are impressive.
- Quite a difference between morning and afternoon [ed. note: referencing the Canada and Mexico panels].
- Culture and history between the two countries is quite different.
- There are border security issues with Mexico that don't exist as much with Canada.
- The Ambassador was open about what their goals are and the push to focus on funding. Less focus on China. Culturally, they are looking to raise people from poverty. Impressive conversation.
- What surprised me was the 2nd bridge in Laredo. Also, was surprised by the statistic that 42% of imported goods from Mexico contain parts that originated in the U.S.
- I was surprised by how young the Mexican median age of 29 is. That can change the import/export dynamic.
- Surprised by how fast Mexico is maturing. Less reliance on China, but more and more companies are from China and South Korea.

Table 4:

- Mexico surpassed China in terms of trade in 2015; 2023 it surpassed Canada

- Trading partners order of highest amount of trade – surprise with Japan being in the top 5
 - Canada, China, Germany, Japan [ranked] as 2-5 doesn't align with the food industry, only alignment with Mexico as #1
 - Grew 20 over 20% imports to Mexico
 - Passenger rail infrastructure and interior ports and use of rail for international freight shipments for company – mostly over road and if perishables makes sense to move over rail
- Minimum wage being around \$10 a day (in Mexico)
 - ¼ of daily wage for the plant workers while administrative roles are on par
 - Need to more closely equalize wage between Mexico and U.S. – discuss at USMCA
- Nearshoring and how China has been adapting
- Components that get exported then reimported with intermediate goods, makes things confusing about which goods are good opportunities for international trade (electrical components, semiconductors)
 - Frozen burritos and jalapeno poppers popular with this
 - U.S. has more real dairy, with less income per capita in Mexico they have more substitutes so production was sent to Mexico – now import to the U.S.
 - Imports of processed cheese and cream cheese
 - Make it in smaller quantities in Mexico but no machinery in U.S.

Table 5:

- Opportunity to ship into Mexico via CPKC
- Export / import / export path

Table 6:

- Median age in Mexico is 29 years old. Helps us think about growth and future markets.
- All the different inputs from different regions that move back and forth while making a product.

Table 7:

- 'Respect the culture' when trading internationally is important.
- And diversity within the U.S. is our strength. The people of Mexican descent living in WI and rest of U.S. only help us in understanding and facilitating trade with our Mexican neighbors, growing it into the future. I don't want to get political but we can help each other via trade. Just as I said during the Canada portion that North America should be tariff free, again I say this here. Especially after we learned how many times products go back and forth to and from Mexico and the U.S. up to final product.
- Surprised that 40% of the contents of final products imported to the U.S. from Mexico are U.S. contents. It's different than the relationship with trade with Canada.
- Do we have an advertising budget in Mexico? Building relations to grow trade WI-Mexico. Also, look how open the western U.S. is. Rail North-South in Western U.S. would open another whole set of opportunities. Rail is great since you can get that 'pre-check' and not stop at the border. This would build cost-effectiveness.

Table 8:

- The daily minimum wage in Mexico is so low.
- The lack of an existing passenger rail system.
- Intricacies of the cross-border process.
- Informative... 'TSA' lanes or 9-miles into USA to check rail cars... dedicated lanes.

Table 9:

- Surprised by poverty reduction
- Minimum wage for Mexico is actually \$14.50 / day
- 95 hours transport time Mexico – U.S. to Canada
- Amount of investment in rail system

Table 10:

- Working wage in 95 was \$5 a day and now it's only \$10 after ten years.
- Large exporter to Mexico, and the labor

**2. Which products have the greatest potential for sales into Mexican markets, and why?
Which Mexican products are likely to have the strongest sales into Wisconsin?**

Table 1:

- On the agriculture side, U.S. and Mexico have a major difference in opinion about GMOs
 - They aren't willing to accept GMO product or the seeds to used to grow products.
 - In that way, Mexico is more like Europe.
- Electronic components, electrical machinery, appliance components, automotive components are things that will maintain. Plastics and packaging to increase.
- Significant Chinese investment into Mexico to avoid U.S. tariffs
 - Furniture and appliance manufacturing facilities

Table 2:

- We touched on one – the auto parts sector – traffic goes both directions. Another is food products. Movement goes both ways there; we're getting fresh fruit and vegetables from them.
- Ag is probably the one main market. If the trends continue with USMCA and nearshoring, how much is the horizon for the Mexican economy transitioning to a more "Western" economy. What types of goods do we have in Wisconsin might see more demand in 10-15 years?
- With food products, there's the importance of temperature control and monitoring.
- If Schreiber can just get their products cleared by customs at their plant rather than at the port, it'd just help keep their products fresher longer.
- What's the balance of which is faster – truck or train.
- At a certain point, maybe a train is faster.
- Automation and electronic controls will be a major growth area.

Table 3:

See below for combined responses to Questions 2-5.

Table 4:

- Dairy products a good option with a stronger economy
 - Food preparation, food ingredients (lactose, whey), hardwoods – components that get value added
 - Item price vs container price and the difference between the two especially with machinery

Table 5:

- Food, wood
- Raw material components → Mexican assembly
- Water purification products
- Equipment for energy sector in Mexico

Table 6:

- Grains, sending young animals to Mexico to be raised.
- Renewable energy technologies.
- Any products that can be marketed to younger people and families.

Table 7:

- We jumped around during the Mexico portion. No direct answer to this question.

Table 8:

- Cheese!
- Biotech and freshwater technology going to Mexico.
- Automotive and different ag products coming from Mexico
- Mexico has more food diversity to offer Wisconsin.

Table 9:

- CPKC – increased appliances, other electric manufactured products
- Wisconsin → Mexico: Lumber
- Request: Foreign direct investment statistics

Table 10:

- The single long corridor for the rail station, Cheaper labor to product in Mexico and then send finished products back in.
- Sand from for sand blasting; beer is being imported.

3. Do you / your association members have trade into Mexico? Why or why not? Do you / they have any comments based on experience?

Table 1:

- Very minimal agri-business exports; feed stock to livestock areas, maybe DDGs?
- Nebraska and Iowa are likely bigger exporters – better access to CPKC network.

Table 2:

- We do some automotive trade. We have some customers that have a facility there and components go back and forth.
- Have there been any complications there that you don't see in the States?
 - Everything we said about communicating in advance is so much more relevant in Mexico. They have to transition between several truck drivers to cross the border and get inland. ... There needs to be more visibility about the third-party companies.
- I haven't heard anything specifically at WMC. At the macro level, making sure things are seamless as possible. Nothing you can do to prevent one-off issues. The size of the business is going to affect things. If you're a small- or medium-sized business, you're not doing as much international trade and would likely run into more issues. Especially when you're breaking into the business. Once you've done it, you break over that hump. [Noted that responses for Mexican trade echo those for Canadian trade.]

Table 3:

- See below for combined responses to Questions 2-5.

Table 4:

- Question about local production for Schreiber – farmers coming to central distribution centers

Table 5:

- Wood – Export was high pre-CPKC – will review

Table 6:

- Doesn't apply to the group (no one in the private sector).

Table 7:

- What's flowing into Mexico?
- A lot of Class I's pass through WI but don't stop or hardly stop here. To get them to do so, why don't we fund UP double stack capacity in Milwaukee in exchange for them stopping and picking goods up here?
- Yes, we should leverage our facilities and options more to get more WI product marketing outside of WI.
- If we can transport cheaper, we can sell cheaper and create a bigger market.
- Driving the cost down makes it more affordable for everyone. We should make this point when talking with Class I's – they will help us in a symbiotic relationship in which we share profits from expanding our market.

Table 8:

- No... safety concerns.
- No... Regional economy concerns; lack of comparable data.

Table 9:

- No response.

Table 10:

- All rails can be done and sent down through rail. [ed. note: comment unclear.]

4. What do you recommend WisDOT do to help facilitate trade between Wisconsin and Mexico? How can the partner agencies (DATCP, WEDC) help?

Table 1:

- WI is far from the Mexico border; we aren't logistically advantaged.
- Demystifying the complexities (or lack thereof), could there be logistic advantages that aren't being utilized?
 - Tips for doing business in Mexico? Help understand the culture and "here's how to sell into Mexico."
 - Continued upkeep and growth on infrastructure, especially major corridors / roads
 - Intermodal is designed to run empty, but there's social and economic considerations
 - What is a good resource to be able to communicate with the ambassadors? WEDC? To help each country understand what is available to export and import, specialty markets. Also, to identify competitive advantages.

Table 2:

- The programs WEDC does for small businesses are amazing.
- Increase messaging to let businesses know what is available from WEDC.
- There are so many great resources for Wisconsin exporters that I'm always so amazed. So many grants.
- There is no one central point. You have to know what all the different agencies provide.

Table 3:

- See below for combined responses to Questions 2-5.

Table 4:

- Intermodal in WI as a beneficiary for trade? Where are current stops?
 - Most shipments on (refrigerator) trucks so might not help as much
 - Opportunity with trailers onto a flat car and taking it to Mexico
- Limitations with NAFTA and USMCA with Mexican equipment and drivers coming short distances into the U.S. and how that impacts safety
- Help certification of truck drivers.
- Identify infrastructure needs (these may be outside of Wisconsin)
- Create a "Trade Resources Hub" – best housed at WEDC – for data sharing and research

Table 5:

- Intermodal yard in Wisconsin
- Bring importers / exporters – talk to CPKC – willing to meet

Table 6:

- Are there infrastructure needs to have a better connection to Mexico?
- Do they the infrastructure in place for trucking going into Mexico? Could we be helping with certification for drivers?
- Identify infrastructure needs for trucking and rail.
- Identify trade resources, establish an online resource hub for data-sharing and research.

Table 7:

- Should the state buy its own train equipment and work w/ railroads?
- It's a political issue, tough to get cooperation right now. We can start with cooperating with short-lines first instead. Expanding markets should be a win-win; it's about having the front-runners who are fully invested in the new market and process, and convincing the rest to get on board.

Table 8:

- More efforts / inputs, like what we heard from WEDC.
- Communications... language barrier... sharing information between the two entities to assist in the trade process...
- Look at means of combining less-than-truckload loads into economies of scale to make it worthwhile.
- Work at bridging language differences - fluency

Table 9:

- Improve / formalize relationships
- Address Chicago bottleneck with solution which utilizes other modes or rail
- Evaluate maritime cost versus rail – consider mode shift or mode options (redundancy)
- Freight and passenger rail integration increasing in Mexico – will it impact service? Potential trade mission topic.

Table 10:

- Continue to export the commodities through the world.
- Facilitating the interactions between businesses.

5. Do you / your association members expect changes in trade between Wisconsin and Mexico? What would those changes be, and how would they affect freight transportation and the state economy?

Table 1:

No responses.

Table 2:

- I anticipate growth. As a country, we'll continue to shift away from China and utilize that nearshoring.
- Proximity to the border and nearshoring will help things. Mexico is designating more industrial sites.
- Anticipate a momentum of growth. And as freight rates rise, reliability will be even more important.

Table 3:

- See below for combined responses to Questions 2-5.

Table 4:

- Continued work on the road, in the rural areas – connecting to ARIP, oversized/overweight

- Facilitating that investment, incentivizing investment in the railways
 - Potential increased traffic volume, economies of scale
 - Hub needed for rail in order to get that increased volume and needs to be efficient – issues in Chicago with chassis and brings issues with perishable products
- Putting more into agricultural roads would support businesses like Schreiber that take local input products and expand outreach to international trade regions
- Locomotives and pollution control

Table 5:

- Increasing volumes: anti-China sentiment – expanded nearshoring
- Increasing volumes – better coordination
- Reduced volumes: higher crime – contract (inhibit)

Table 6:

- Mexico is going to be a more reliable shipping partner (than China), given the current geopolitics.

Table 7:

- WI has great infrastructure, well-managed forests, family-run farms, good ethics, etc. but we aren't marketing ourselves as 'sustainably managed American goods'/'insert buzz word' well enough. We should share more about our story. "Story branding". Most marketing is emotional.

Table 8:

- Politics... election... TBD
- Tariffs

Table 9:

- No Response.

Table 10:

- Logistics showing that is a natural trade partner. The cost alone makes more sense to trade between the neighbors. Streamlining the border process to move products across.
- Mexico is part of the largest sections for trade.

Combined Responses from Table 3

Answers for questions 2-5

- The 42% statistic shows how it's not easy to simply categorize import vs. export. Enough source products are being shared that the definition of import or export is more difficult.
- I think Mexico wants to get into the U.S. market. China has tariffs, but in Mexico they bypass that. I'm also impressed by the number of brands of electric vehicles in Mexico.
- The term "Nearshoring" is pretty recent.
- The companies on our trade missions are selling parts for all kinds of industries. Most sell pretty soon after the trade mission trip.
- Many things to watch for in the future. The Mexico pace is fast.

NOTE from Table 10:

Comment on the negatives of freight theft during the Voices of Wisconsin freight related industries. The person who spoke would like to see these types of topics in the next meeting.