

Economic Value of U.S. Preclearance: Benefits for U.S. Communities

PREPARED FOR CANADIAN AIRPORTS COUNCIL / ACI - NORTH AMERICA
January 18 2022





Overview

U.S. Preclearance (Preclearance) is a process, wherein customs, immigration and other border functions of the U.S. Customs and Border Protection (CBP) are undertaken at foreign airports, such as Canada. Travelers bound for the U.S. are inspected at designated foreign airports by CBP personnel prior to boarding their flight, bypassing inspection upon arrival, and proceeding directly to their destination or connecting flight. U.S. Preclearance at eight airports in Canada provides transborder routes with market access to U.S. airports limited in or lacking CBP presence, as well as connectivity to U.S. hubs. In 2019, the eight U.S. Preclearance airports in Canada served 66 airports in the United States, processing just under 180,000 flights. During the pandemic recovery, there are serious issues with staffing resources that will limit the ability for communities in the U.S. to enjoy the advantages of connectivity with Canadian centers – specifically for tourism recovery, leisure travel, and business/economic interests. This document presents the overall value of U.S. Preclearance in terms of economic benefits derived from connectivity to U.S. airports from Canada.

INTRODUCTION

This report is intended to highlight the benefits of Preclearance for passengers, airlines, and airports. Further, the report focuses on how Preclearance can generate positive economic benefits by increasing travel and tourist dollars to a particular destination, supporting the creation of new jobs and businesses, increased trade opportunities, and encouraging investment in the area. Of note, the new trade agreement, the United States-Mexico-Canada Agreement (USMCA) with its business and e-commerce provisions is expected to create further economic opportunities along with the pre-existing large volume tourism city-pairs. Information contained herein may support and bolster requests to land at specific U.S. airports where the approval of CBP is required.

VALUE OF U.S. PRECLEARANCE

By facilitating the movement of travelers across the U.S.-Canada border, Preclearance benefits passengers, airports, and airlines. Benefits to passengers include reduced wait times for inspection and clearance, arrival in less congested arrival halls, facilitated passenger experience, elimination of the need to clear customs upon arrival resulting in the ability to proceed directly to domestic connecting flights (with tighter connection windows). Benefits for airports include new direct routes with competitive advantages for other U.S. bound travelers and greater gate availability with lower costs. With respect to airlines, benefits include improved threat detection, access to less expensive U.S. domestic gates, more flexible arrival times, reduced penalties and costs associated with repatriation of inadmissible passengers, minimum connection times, predictability and potential reduction in journey time, ability to establish new routes to desirable destinations, decreased overhead and labor costs for domestic passenger and baggage handling. Other benefits include increased overall capacity by adding new routes to U.S. destinations, especially by Canadian low cost carriers to leisure markets which include smaller and secondary airports, and opportunities to test new technologies.



Overview

While Preclearance historically was regarded by CBP's predecessor agency, the former U.S. Customs Service, as a passenger facilitation program that in turn reduced congestion at busy U.S. hubs, CBP now recognizes the benefits of Preclearance in a proactive approach to preventing threat to U.S. safety and security and increasing collaboration and coordination between the U.S. and host governments through daily interaction with local law enforcement partners and other government authorities.

In addition to recognized benefits to passengers, airports, airlines and CBP, Preclearance generates economic impacts in the region from the air services arriving from Canada. Once-daily year-round services from Canada on a 737 MAX generates 30-50 full-time equivalent jobs on site at the U.S. airport, on average, needed to service the aircraft, as well as the passengers and cargo onboard. The air service also facilitates approximately \$10-15 million in visitor spending in the local region annually. Multiplier impacts vary state by state but could be upwards of 1.5-2 times the benefits in the surrounding community and economy.

Furthermore, Preclearance enables wider economic benefits derived from connectivity to U.S. airports. The connectivity provided by Preclearance facilitates employment and economic development in the national and regional economy through increased trade, attracting new businesses to the region, and encouraging investment. It supports long-term economic growth by providing linkages between a region and the national economy through greater connections to business markets and greater access to resources. Industries and activities that would otherwise not exist in a region can be attracted by improved air transport connectivity. Thus, Preclearance yields additional benefits to direct users and generates further positive impact on the performance and economic activity of a region. Importantly, Preclearance can facilitate post-pandemic recovery by supporting the resumption of tourist travel and spurring business travel to U.S. commercial centers.

CBP CRITERIA

CBP has set criteria to govern flights from an international origin to the United States, whether clearance occurs within the United States, or outside. The criteria are very much governed by U.S. law in the different kind of CBP facilities available at international, landing rights, user fee airports, as set forth in CBP law and regulations.

Even if a flight is precleared in Canada, authorities remain to deny flights for landing at a U.S. airport, as has been exercised at several airports in California.

In accordance with U.S. law, all aircraft coming from a foreign country must land at an international airport unless they have permission from the CBP Port Director to land at a landing rights or user fee airport.¹ International airports are

¹ See, e.g., 19 CFR part 122.



Overview

defined as any airport designated by the Secretary of Treasury or the Commissioner of Customs as a port of entry for aircraft arriving in the U.S. from any place outside thereof and for the merchandise carried on such aircraft; by the Attorney General as a port of entry for aliens arriving on such aircraft; and by the Secretary of Health and Human Services as a place for quarantine inspection.²

Landing rights airports are defined as airports (other than international or user fee airports) where approval to land is required by CBP.³ Alternatively, aircraft may land at a designated user fee airport with CBP approval.⁴ These designations generally may have cost implications for airlines, although for precleared flights not requiring CBP services any cost implications would be minimal at most. CBP does not levy charges for landing at an international airport.

With respect to a landing rights airport ***located outside the limits of the port of entry***, CBP may condition permission to land upon payment for CBP services related to the inspection of the aircraft, passengers, employees, and baggage (a situation not generally applicable to precleared flights and particularly at the airports discussed in the case studies, all of which are within port of entry limits).⁵

Regarding user fee airports designated under 19 U.S.C. 58b and 19 CFR 122.15, CBP services, if required (e.g., post-clearance) are *fully reimbursable* by the airport in accordance with a Memorandum of Agreement executed between CBP and the airport.⁶

CBP regulations lay out an application process for airlines seeking permission to land at landing rights or user fee airports. The carrier must receive landing rights from the airport of departure and from the point of arrival. This process traditionally takes place bi-annually (summer season/winter season) for most reoccurring flights between the airports.

Permission to land at a landing rights airport may be denied or withdrawn for any of the following reasons:

1. Appropriate and/or sufficient Federal Government personnel are not available;
2. Proper inspectional facilities or equipment are not available at, or maintained by, the requested airport;
3. The entity requesting services has failed to abide by appropriate instructions of a Customs officer;
4. Advance cargo information has not been received (as provided in § 122.48a);
5. Other reasonable grounds exist to believe that Federal rules and regulations pertaining to safety, including cargo safety and security, and Customs, or other inspectional activities have not been followed; or
6. The granting of the requested landing rights would not be in the best interests of the Government.

² 19 CFR 122.1(e).

³ 19 CFR 122.1(f).

⁴ 19 CFR 122.1(m).

⁵ 19 CFR 122.12, 122.14, and 122.15.

⁶ See also, 19 CFR 24.17 and 24.22 for additional information about applicable charges.



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Generally, in the case of an application involving precleared flights, as confirmed by CBP officials, the most relevant criteria are hours of operation and sufficiency of personnel. Even though precleared flights usually do not require inspection and clearance upon arrival, on the rare occasion, CBP may need to reinspect an arriving passenger or respond for some specific enforcement reason. If the user fee or landing rights airport has CBP facilities, the application for approval for precleared flights is less likely to be denied as opposed to an airport lacking CBP facilities and located some distance from a responding CBP facility. Relatedly, at a user fee or a landing rights airport, there are potential issues with applications for flights scheduled outside the hours of operations. Adverse decisions can be appealed.

CASE STUDIES

To illustrate the potential benefits Preclearance may offer, case studies for a representative group of 10 cities were developed focusing on the wider economic benefits of Preclearance, including factors such as tourism, business connectivity, foreign direct investment, and trade. These one-page "snap shots" are designed to be one-pagers that can be detached from this report, and shared with an individual city representative, an economic development authority, a tourism authority, or an airport operator to support the case for CBP approval of precleared flights.

Specific cases of market access were included, with a selection of destination airports:

1. lacking a CBP presence;
2. those without appropriate hours of operation or having challenges to tow aircraft between international and domestic terminals; and
3. those with international capacity constraints.

The 10 cities are listed below (in alphabetical order):

1. Dallas-Fort Worth, TX
2. Hartford, CT
3. Maui, HI
4. Miami, FL
5. Minneapolis, MN
6. Nashville, TN
7. New York, NY
8. Orange County, CA
9. Raleigh-Durham, NC
10. San Jose, CA

CASE STUDY

Dallas-Fort Worth, TX



INTRODUCTION

Dallas-Fort Worth has a diverse economy and is home to the headquarters of major global companies in energy, transportation, information technology, manufacturing, and financial services. Nonstop air services from Dallas/Fort Worth International Airport (DFW) link the region to Canada's key energy, financial, and technology districts in Vancouver (YVR), Calgary (YYC), Toronto (YYZ), and Montreal (YUL). American Airlines and Air Canada collectively offered an average of 13 daily flights between DFW and Canada in 2019. In total, these flights carried more than 420,000 passengers, half of which were Canadian visitors.



CBP DESIGNATION

DFW is regarded by CBP as a landing rights airport, which means approval to land is required by CBP. CBP facilities at DFW are open seven days a week from 5:00am to 10:00pm. DFW has supplemented these limited hours of operations with a reimbursable services agreement to pay for additional CBP resources.



VALUE OF U.S. PRECLEARANCE

While DFW has used reimbursable services agreements to help with additional CBP services, Preclearance is valuable in Canada by removing the pressure on DFW to conduct processing. By allowing passengers to be inspected and cleared by CBP in Canada, Preclearance generates time savings for time-sensitive business travelers. With DFW being the largest hub for American Airlines, Preclearance enables Canadian travelers to connect easily to other parts of the U.S. or to another flight to South America with minimum connecting times and without requiring additional CBP officers or servicing at the airport.

The benefits of Preclearance also extend beyond the airport, accelerating economic development in the region. Through increased air connectivity, Preclearance enables the global companies based in Dallas-Fort Worth to maintain economic competitiveness and sustain economic growth:

- **Strengthening business ties & trade by providing air access:⁷**
 - Two-way trade between Dallas-Fort Worth and Canada exceeds \$9.4 billion annually.
 - 59 Canadian-owned companies with operations in Dallas-Fort Worth, including the U.S. headquarters of Mitel Networks and Saputo Dairy Foods.
 - Direct foreign investment from Canada totaled \$1.3 billion between 2010 and 2019, supporting 42 projects in the area.
- **Supporting international tourism by facilitating arrival of Canadians:⁸**
 - Canada ranked as the second largest source market for international visitors in 2019.
 - Direct spending by Canadian visitors in the Dallas-Fort Worth area exceeded \$114 million in 2016.

⁷ Canada-Texas Chamber of Commerce; 2020 Dallas Regional Economic Development Guide; Government of Canada Trade Commissioner Service

⁸ Visit Dallas: 2019 Annual Report; Visit Dallas: 2016 International Visitors to DFW

CASE STUDY

Hartford, CT



INTRODUCTION

Located just outside of Hartford, Connecticut (CT), Bradley International Airport (BDL) is a key player in providing connectivity to the “Insurance Capital of the World.” With several insurance companies headquartered in Hartford, Air Canada operated 25 weekly flights from Canada’s key financial and insurance districts, Toronto (YYZ) (19 weekly flights) and Montréal (YUL) (6 weekly flights) in 2019. A total of 36,200 passengers flew in from these airports that year, half of which were Canadian visitors. In 2019, 28,920 passengers arrived from YYZ, and 7,290 passengers arrived from YUL.



CBP DESIGNATION

BDL is considered by CBP as a landing rights airport, requiring landing approval by CBP. With CBP facilities at the airport only operating until 8:00pm from Monday-Friday, Preclearance provides more opportunities to meet demand, especially for Canadian low cost carriers to increase services. As such, precleared flights are a key part of BDL's international air network.



VALUE OF U.S. PRECLEARANCE

Direct precleared flights from Canada yield travel time benefits to travelers from the alternative of driving across the border or from international airports in Boston or New York City. The travel time savings and connectivity are critical especially for business travelers and firms that rely on strong cross-border supply chains and are dependent on air services. As a result, Preclearance supports economic growth and development in the region:

- **Flying directly into BDL increases connectivity & reduces drive times:⁹**
 - **from Toronto and Montréal:** Drive time savings of approximately 6-8 hours each way, equivalent to \$106-\$140 in travel time savings per person; time savings from completing customs prior to arriving in the U.S. instead of driving from Canada.
 - **from Boston and New York City:** Drive time savings of approximately 2-3 hours each way instead of flying into Boston or New York City, equivalent to \$35-\$53 in travel time savings per person.
 - Fuel cost savings and decreased greenhouse gas (GHG) emissions.
- **Air access enables critical business connections & international trade:¹⁰**
 - 6,690 workers employed by 109 Canadian-owned businesses in Connecticut.
 - Estimated 91,300 jobs in Connecticut are dependent on trade with Canada.
 - Canada ranked as the 2nd largest destination for Connecticut’s international merchandise exports in 2017.
 - Lydall, a global manufacturer of specialty engineered products based in Hartford County, CT, worked with its Québec division across the border to provide critical personal protective equipment (PPE) during the shortage in New York City in Spring 2020.

⁹ U.S. Department of Transportation’s 2021 Benefit Cost Analysis Guidance

¹⁰ Government of Canada Trade Commissioner Service and Canada Library of Parliament

CASE STUDY

Maui, HI



INTRODUCTION

Maui is a world-renowned tourism destination, attracting visitors with its natural scenery, tropical climate, and warm hospitality. The island draws thousands of tourists from Canada each year and is served by its main airport – Kahului Airport (OGG). In 2019, nonstop air services were available from three airports in Canada: Vancouver (YVR), Calgary (YYC), and Edmonton (YEG). Nonstop flights carried 190,170 passengers from Canada in 2019. A total of 1,140 flights were operated by WestJet and Air Canada to OGG.



CBP DESIGNATION

CBP regards OGG as a landing rights airport and requires landing approval. CBP facilities at the airport are open from 7:00am-3:00pm on weekdays. As travel restrictions are eased, pent-up demand by Canadians for a Hawaiian getaway has led to increased air service for the upcoming winter. Nonstop seat capacity from Canada at OGG is expected to exceed pre-COVID levels by December 2021.¹¹ As OGG plans for forecasted growth, Preclearance will help to alleviate congestion and facilitate a smoother travel experience. It also offers opportunities for Canadian low cost carriers to add new services.



VALUE OF U.S. PRECLEARANCE

Beyond the airport, precleared flights from Canada generate broader contributions to Hawaii's economy. Preclearance strengthens the relationship between Canada and Hawaii by providing access to tourists and Canadian "snowbirds," who own property in Maui. Preclearance also supports the strong trade and investment relationship between Canada and Hawaii, generating employment and contributing to economic growth:

- **Supporting tourism by facilitating the arrival of Canadian visitors:**¹²
 - Largest international market by total visitor arrivals to Maui, with nearly 276,830 visitors in 2019.
 - More than half (51.3%) of Canadian tourists to Hawaii visit Maui.
 - Canadian tourist expenditures of \$165 per person daily, spending on accommodations, retail, food and beverage, etc.
 - Canadians were the second largest foreign home buyers from January-September 2021, with 115 properties worth \$140 million.
- **Greater access to business markets and resources through improved air transport connectivity :**¹³
 - There are 27 Canadian owned companies operating in Hawaii.
 - Canadian-owned establishments employ 850 individuals and contribute \$47 million in salaries.
 - \$400 million in goods and services exported to Canada, including food products, travel and transportation services, and business & professional services.
 - Approximately 41,600 jobs are dependent on trade between Canada and Hawaii.¹⁴

¹¹ Innovata Schedules via Diio. Based on schedules filed as of November 17th, 2021.

¹² Hawaii Tourism: 2019 Annual Visitor Research Report; Title Guaranty Hawaii.

¹³ Government of Canada Trade Commissioner Service.

¹⁴ Government of Canada Library of Parliament.

CASE STUDY

Miami, FL



INTRODUCTION

The coastal city of Miami is a major center for finance, commerce, and arts, Greater Miami experienced significant growth in population (+13%) and employment (+29%) over the last 10 years, becoming the 7th largest city in the country in 2019 and having the fastest employment growth.¹⁵

Employment increased in major industrial sectors that are highly dependent on air transportation, such as the hospitality; finance and insurance; and professional, scientific and technical Services (PST) sectors. Miami International Airport (MIA) is the largest commercial airport in South Florida. In 2019, MIA handled 416,630 passengers and 3,100 flights from Canada. There were direct flights from five Canadian airports: Toronto (YYZ), Montréal (YUL), Winnipeg (YWG), Ottawa (YOW) and Edmonton (YEG).



CBP DESIGNATION

MIA is listed by CBP as an international airport and no charges are levied for CBP services. CBP facilities at the airport operate 24 hours every day of the week. Air services could arrive later in the day and weekends with Preclearance, enhancing domestic and international connections for Canadian travelers at MIA with greater predictability.



VALUE OF U.S. PRECLEARANCE

Miami is a major hub for American Airlines, providing connectivity to other U.S. and international airports. Preclearance generates major hub benefits for Miami by allowing passengers to arrive at the airport and easily connecting to another flight without having to clear CBP at MIA. The streamlined process leads to minimum connection times.

Precleared flights from Canada to Miami to support growth through tourism. Preclearance also provides easy access to Canada for businesses and encourages industrial development. Preclearance contributes to the overall sense of Miami's attractiveness and competitiveness:

- **Facilitating the arrival of tourists and snowbirds:¹⁶**
 - 351,000 overnight Canadian visitors to Miami in 2019, the third largest international market based on overnight visitation.
 - Canadian tourists spend approximately \$1,490 per person on lodging, meals, local transportation, entertainment, and shopping.
 - Over \$60 billion worth of residential properties owned by Canadians in Florida, the state's largest international purchasers, who stay in the area for extended periods in the winter.
- **Enhancing productivity and economic development in South Florida:¹⁷**
 - 44,310 employees at 443 Canadian-owned companies in Florida.
 - \$405 million in exports of fresh fruit and vegetables from Florida to Canada in 2020, with more than 1,800 Canadian retail grocery stores partnering with the "Fresh from Florida" program.
 - \$3.4 billion in services exported to Canada, including business/professional, travel and tech services.

¹⁵ U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics.

¹⁶ Greater Miami Convention & Visitors Bureau; Canada to Florida

¹⁷ Government of Canada Trade Commissioner Service

CASE STUDY

Minneapolis, MN



INTRODUCTION

Serving the “Twin Cities” of Minneapolis and St. Paul and other neighboring cities, Minneapolis–Saint Paul International Airport (MSP) attracts visitors to the metropolitan region because of its vibrant culture and diverse economy. In 2019, more than 542,830 passengers flew to MSP from six Canadian airports: Toronto (YYZ), Winnipeg (YWG), Vancouver (YVR), Calgary (YYC), Edmonton (YEG) and Montréal (YUL). Half of these passengers were Canadian originating visitors. Air Canada operated 1,130 flights to MSP, and Delta Air Lines operated 5,260 flights for a total of 6,380 flights in 2019.



CBP DESIGNATION

MSP is regarded by CBP as a landing rights airport. As such, landing approval is required. CBP facilities at the airport operates from 8:00am-4:00pm on weekdays. With Preclearance air services could arrive later in the day and weekends, increasing connectivity without requiring additional CBP officers or servicing at the airport.



VALUE OF U.S. PRECLEARANCE

Given that MSP is a major hub for Delta Air Lines, Preclearance is important in allowing passengers inspected and cleared by CBP in Canada to connect easily to other U.S. airports, as well as international airports, with shorter connection times and overall travel times. Precleared flights from Canada connecting to other destinations have historically been as high as 15% of peak hour outbound traffic at MSP. Preclearance and direct flights to MSP also enable the joint venture between Delta Air Lines and WestJet.

Additionally, Preclearance also strengthens the tourism sector in Minneapolis and supports the growing regional economy:

- **Direct precleared flights from Canada reduces drive times:**¹⁸
 - **from Winnipeg, MB and Thunder Bay, ON:** Drive time savings of approximately 6-8 hours each way, equivalent to \$106-\$140 in travel time savings per person; time savings from completing customs prior to arriving in the U.S. instead of driving from Canada.
 - Fuel cost savings and decreased greenhouse gas (GHG) emissions.
- **Facilitating arrival of tourists from top visitor origin:**¹⁹
 - 536,200 Canadian visitors with overnight stays in 2019, comprising 52% of total international visitors.
 - Canadian overnight visitors spent \$174.9 million in 2019 and are projected to spend \$201.8 million annually by 2026.
- **Generating employment and economic development through increased connectivity:**²⁰
 - 31,480 jobs in Minnesota generated by 219 Canadian-owned businesses.
 - \$4.8 billion in goods exported from Minnesota to Canada annually, more than exports to China and Mexico combined.

¹⁸ U.S. Department of Transportation’s 2021 Benefit Cost Analysis Guidance

¹⁹ Explore Minnesota

²⁰ Government of Canada Trade Commissioner Service and Canada Library of Parliament

CASE STUDY

Nashville, TN



INTRODUCTION

Famous for its live music and vibrant atmosphere, Nashville has emerged as a popular tourism destination in recent years, drawing a growing number of international visitors. The city has also become an attractive place to conduct business, with new investments from the technology, music, and automotive industries driving strong economic growth. The city is served by Nashville International Airport (BNA). In 2019, Air Canada and WestJet operated year-round service to BNA from Toronto (YYZ), while WestJet operated summer seasonal service from Calgary (YYC). A total of 91,370 passengers arrived from these airports in 2019 (76,040 passengers from YYZ and 15,330 passengers from YYC), with 72% being Canadian visitors.



CBP DESIGNATION

BNA is recognized by CBP as a landing rights airport and requires landing approval. CBP facilities at the airport are open from 8:00 a.m.-5:00 p.m. from Monday-Friday, which means that international flights are unable to arrive at BNA on evenings and weekends. Preclearance can extend the window in which Canadian passengers can arrive in Nashville, and provide carriers (in particular, Canadian low cost carriers) with opportunities to fly to new U.S. destinations.



VALUE OF U.S. PRECLEARANCE

Wider economic impacts are also facilitated in the regional economy as a result of Preclearance since certain industry sectors rely significantly on commercial air services to meet with clients face-to-face, ship parts needed for production, deliver services, and attract visitors:

- **Supporting tourism by facilitating international visitor arrival:**
 - Canada ranked as the largest international market by visits to Nashville with 191,000 in 2017 (45% of total international visits).²¹
 - Overnight visitors from Canada support Nashville's tourism sector, with an average visitor spend of \$650 per trip.²²
 - Canadian visitors spent over \$73 million in Nashville in 2017.²³
 - New nonstop air service from Edmonton (YEG) to BNA planned for summer 2022 by Flair Airlines.²⁴
- **Supporting Tennessee's diverse and growing economy by connecting businesses rapidly and cost-effectively:**²⁵
 - 119 Canadian owned businesses call Tennessee home, employing more than 13,700 workers.
 - Tennessee exports \$5.8 billion in goods to Canada annually, including automobiles, medical instruments, and computers.
 - Canadian owned Maplehurst Bakeries, a leader in the North American baking industry, recently invested \$53 million to expand their Wilson County manufacturing facility, creating 90 new jobs.

²¹ Tourism Economics: Tennessee's International Tourism Market, 2017

²² Nashville Convention & Visitors Corporation.

²³ Ibid.

²⁴ Innovata Schedules via Diio.

²⁵ Government of Canada Trade Commissioner Service

CASE STUDY

New York, NY



INTRODUCTION

New York City (NYC) attracts business and leisure travelers as one of the world's biggest commercial, financial, and cultural centers. The three airports serving NYC, John F. Kennedy International Airport (JFK), LaGuardia Airport (LGA), and Newark Liberty International Airport (EWR), offered direct services to several airports in Canada in 2019. JFK had nonstop air service to Montréal (YUL), Vancouver (YVR), Calgary (YYC), and Toronto (YYZ); LGA had direct services to Halifax (YHZ), Ottawa (YOW), Montréal (YUL), and Toronto (YYZ); while EWR had direct services to Toronto (YYZ), Montréal (YUL), Vancouver (YVR), Ottawa (YOW), Halifax (YHZ), and Calgary (YYC). A total of 28,100 flights carrying nearly 2.1 million passengers operated at JFK, LGA and EWR in 2019. More than half of the passengers arriving on these flights were Canadian visitors.



CBP DESIGNATION

JFK, LGA and EWR are considered by CBP as landing rights airports, and each require landing approval. There are CBP facilities at JFK and EWR, which are open 24 hours seven days per week. However, there are no Federal Inspection Services (FIS) facilities for processing international flights at LGA. Preclearance by CBP in Canada has permitted passengers to arrive at LGA without the need for FIS facilities and CBP staffing, enabling more connectivity throughout the U.S. given the connections offered at LGA.



VALUE OF U.S. PRECLEARANCE

JFK, LGA and EWR are hub airports for several U.S. airlines, so Preclearance enables passengers to bypass CBP inspection upon arrival and transfer easily to another flight destined for their final destination, with minimum connection times and less chances of missing their next flight. Preclearance and direct flights to LGA also enable current/proposed joint ventures between United and Air Canada, and Delta Air Lines and WestJet.

By enabling more convenient travel to NYC directly from Canada, Preclearance facilitates the arrival of Canadian visitors for business meetings and to see iconic sites. From Saturday Night Live to real estate holdings/development (e.g., Brookfield), Canada is an integral fabric of the economy of NYC and New York State. Preclearance is key to the important relationship between Canada and the region:

- **Facilitating Canadian visitor arrival to a global destination:²⁶**
 - Canadian visitors are the second largest group of international tourists to NYC, spending an average of \$476 per person.
 - Canadian tourists are anticipated to be the earliest to return to pre-pandemic levels, which will be an important driver of employment.
- **Expanding Canadian businesses in NYC through greater connectivity:²⁷**
 - Foreign companies employed one in 15 workers in NYC in 2016.
 - Foreign direct investment into NYC amounted to \$4.2 billion.

²⁶ NYC & Company; Office of the New York State Comptroller.

²⁷ Partnership for New York City.

CASE STUDY

Orange County, CA



INTRODUCTION

Orange County California, just south of Los Angeles, is served by John Wayne Airport (SNA). A flight from Vancouver, Canada (YVR), is precleared daily, but there is potential for expansion to other routes. Because Orange County is home to Disneyland and because of its proximity to Los Angeles and San Diego, much of the passenger traffic is centered on leisure travel; however, there is a significant amount of technology and business activity that depends on connectivity to Canada. In 2019, there were 338 flights from YVR to SNA carrying 40,840 passengers, nearly 70% of which were Canadian visitors.



CBP DESIGNATION

SNA is listed by CBP as a user fee airport, which means landing approval is required and any CBP services fees incurred would be fully reimbursable. There are CBP facilities at the airport; however, given the relative infrequency of foreign flights (only three scheduled daily non-stop services from Canada and Mexico), the core issue in connection with CBP approval for proposed regularly scheduled precleared commercial flights is likely to be impacted by insufficient flexibility and availability of hours of operation and staffing.



VALUE OF U.S. PRECLEARANCE

Preclearance provides a simplified passenger travel experience, which allows passengers inspected and cleared by CBP in Canada to avoid longer wait times at more congested airports such as Los Angeles International Airport (LAX). It also creates opportunities for Canadian low cost carriers to add new services. In addition, precleared flights from Canada also generate significant economic contributions to Orange County:

- **Reducing drive times from LAX by flying in directly to SNA:**
 - Drive time savings of approximately one hour, equivalent to \$18 in travel time savings per hour.²⁸
 - Fuel cost savings and decreased greenhouse gas (GHG) emissions.
- **Accelerating tourism development by facilitating visitor arrival:**
 - Visitors arriving from Canada spend \$850 per person on average in the region,²⁹ increasing economic activity in tourism sectors.
- **Improving market access for businesses by increasing air connectivity:**

There are 160 Canadian-owned establishments in Orange County that:³⁰

 - Employ over 11,100 people in the region.
 - Pay over \$850 million in wages annually or \$76,600 on average.
 - Account for 29% of all Canadian-owned enterprise jobs in Southern California.
 - Invested nearly \$76 million in greenfield projects in the region from 2003-2015, equivalent to approximately 10% of all Canadian greenfield investments in Southern California, supporting 280 jobs.

²⁸ U.S. Department of Transportation's 2021 Benefit Cost Analysis Guidance

²⁹ Anaheim/Orange County Visitor and Convention Bureau

³⁰ Los Angeles County Economic Development Corporation; World Trade Center Los Angeles

CASE STUDY

Raleigh-Durham, NC



INTRODUCTION

The Research Triangle in the Raleigh-Durham (North Carolina) region is a key driver of education, innovation, and collaboration in the area. Serving as the main airport of a world-renowned technological research park, Raleigh-Durham International Airport (RDU) is essential in providing connectivity for the region's important science and technology sectors. RDU handled close to 55,580 passengers from Canada in 2019, more than half of which were Canadian visitors. In 2019, Air Canada operated 1,190 flights from Toronto (YYZ) and 210 flights from Montréal (YUL).



CBP DESIGNATION

RDU is recognized by CBP as a landing rights airport, which means landing approval is required. CBP facilities onsite at the airport operate seven days a week from 9:00am-8:00pm. Preclearance could enable air services from Canada to arrive later in the day, outside of the CBP's hours of operation at the airport. With more schedule flexibility, Preclearance provides Canadian low cost carriers opportunities to increase capacity at non-global hubs.



VALUE OF U.S. PRECLEARANCE

Professionals in the Raleigh-Durham region rely on air services, and RDU has played a central role in the growth of the Research Triangle Region, supporting the retention and attraction of strong talent. Direct precleared flights from Canada yield travel time benefits to travelers from the alternative of connecting through one or more other U.S. airports. Preclearance provides more direct services to the region and facilitates growth in economic activity of the booming Information Technology (IT) and Professional, Scientific and Technical Services (PST) sectors.

- **Flying to RDU reduces travel times from alternative connections:**
 - Flight time savings of at least 3-4 hours, by flying directly to RDU instead of connecting at other U.S. airports, such as Charlotte Douglas International Airport (CLT), a hub for American Airlines.
- **Flying to RDU reduces drive times from Charlotte:**
 - Drive time savings of approximately 2-3 hours, equivalent to \$35-\$53 in travel time savings per person.³¹
 - Fuel cost savings and decreased greenhouse gas (GHG) emissions.
- **Connecting the manufacturing & IT communities with air access:**
 - Close to 20,030 North Carolinians employed by 209 Canadian-owned businesses.³²
 - Two-way trade amounted to \$10 billion in 2019, comprised of equipment and machinery, pharmaceutical products, plastics & plastic articles, among others.³³
 - Linmar Corporation, Canada's second largest automotive parts manufacturer, to invest \$3 million and create 24 jobs, earning a total of \$1.3 million annually.³⁴

³¹ U.S. Department of Transportation's 2021 Benefit Cost Analysis Guidance

³² Government of Canada Trade Commissioner Service and Canada Library of Parliament

³³ Government of Canada Connect 2 Canada

³⁴ Research Triangle Research Partnership

CASE STUDY

San Jose, CA



INTRODUCTION

In the heart of Silicon Valley, San Jose is the center of technology, venture capital, entrepreneurship, and culture in Northern California, attracting business and leisure visitors to the Bay Area. In 2019, Norman Y. Mineta San Jose International Airport (SJC) had nonstop air service to Vancouver, Canada (YVR). Air Canada operated nearly 1,480 weekly flights from YVR to SJC. Close to 57,480 passengers, with slightly more than 50% being Canadian visitors, arrived from YVR in 2019.



CBP DESIGNATION

SJC is listed by CBP as a landing rights airport, requiring landing approval. CBP facilities at SJC are open from Monday to Friday from 8:00 a.m. to 4:00 p.m. Preclearance creates opportunities for air services to arrive later in the day and on weekends.



VALUE OF U.S. PRECLEARANCE

Due to the COVID-19 pandemic, nonstop services to SJC from YVR have been suspended. Travelers from Vancouver now must reach San Jose by connecting through one or more other U.S. airports, or via San Francisco International Airport (SFO), adding additional travel time and inconvenience to travelers. Preclearance by CBP in Canada for direct flights from YVR to SJC would generate benefits for passenger experiences, while continuing to support the growth and development of San Jose's economy. Preclearance facilitates the linkages between Canadian tech start-ups with the global tech giants, like Apple, Google, and Facebook, based in Silicon Valley.

- **Flying directly to SJC reduces travel time from alternative connections:**
 - Flight time savings by at least half, from four hours to two hours, by flying directly to SJC instead of connecting at Seattle or Portland.³⁵
- **Flying directly to SJC reduces drive time from San Francisco**
 - Drive time savings of approximately 1 hour, equivalent to \$18 in travel time savings per person.³⁶
 - Fuel cost savings and decreased greenhouse gas (GHG) emissions.
- **Facilitating the arrival of tourists & supporting overnight visitor stays:**
 - Canada is one of the top five origins of international visitors.³⁷
 - Overnight visitors from Canada would support the hotel industry and hospitality sector, as international visitors spend an average of \$1,280 per trip in the region.³⁸
- **Improving connectivity & attracting more businesses to Silicon Valley:**
 - 600 Canadian-owned companies in Northern California.³⁹
 - Canadian Technology Accelerator – Digital program, offered by the Canadian Government, connects Canadian tech start-ups with resources in Silicon Valley to further business development.⁴⁰

³⁵ Mineta San Jose International Airport (SJC) Timetables and Route Mapper

³⁶ U.S. Department of Transportation's 2021 Benefit Cost Analysis Guidance

³⁷ City of San Jose Office of Economic Development

³⁸ San Jose International Airport's Economic Impact Study

³⁹ Government of Canada Trade Commissioner Service

⁴⁰ Silicon Valley Digital – Canadian Technology Accelerator