



PORT METRO
vancouver

Federal Pre-Budget Submission
The Standing Committee on Finance

September 15, 2011

Port Metro Vancouver
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Executive Summary and Recommendations:

- Port Metro Vancouver (PMV, the “Port”) is a non-shareholder, financially self-sufficient corporation, established by the Government of Canada in January 2008, pursuant to the *Canada Marine Act*, and accountable to the federal Minister of Transport.
- PMV is the most diversified port facility in North America, with 28 deep-sea marine cargo terminals, two international cruise terminals and several domestic intermodal short sea shipping terminals. The Port’s jurisdiction covers approximately 1,000 hectares of land and approximately 16, 250 hectares of water.
- PMV is Canada’s largest and busiest port, trading \$75 billion in goods with more than 160 trading economies annually. With volume in excess of 118 million metric tonnes in 2010, PMV represents North America’s largest export port by tonnage, and ranks in the top five for total cargo.
- Port-related activities generate 129,000 jobs across Canada, \$10.5 billion in Gross Domestic Product and \$22 billion in economic output.
- The continued growth in trade with the dynamic economies of Asia is vital to Canada’s economic prosperity.
- The Port recognizes the significant trade investments made by the Government of Canada through the Asia-Pacific Gateway and Corridor Initiative (APGCI).
- Increased investment through APCGI has produced greater capacity and efficiency in the Gateway’s business operations, which will result in more tax revenue for the federal government through increased trade volumes.

Recommendations to Government:

Given the importance of trade to Canada’s financial well-being; the magnitude and growth in Asia-Pacific trade; the importance of diversifying and expanding Canada’s trade with new markets; and, the importance of shipping to the communities and economy of the region:

Port Metro Vancouver recommends that the federal government develop a second phase to the successful Asia-Pacific Gateway Corridor Initiative. Renewed focus should be given to projects integral to the transportation supply chain.

Port Metro Vancouver recommends that the federal government consider initiatives, including legislative that would provide the appropriate level of labour stability with respect to the shipment of goods through the Gateway and improve our international reputation as a reliable hub.

Port Metro Vancouver recommends that the government proceed with its Budget 2011 commitment to reform Canada’s Foreign Trade Zone-like programs, which would enhance Canada as a destination for foreign investment and increase economic activity.

SUBMISSION:**About Port Metro Vancouver**

Port Metro Vancouver (PMV, “the Port”) is responsible for the operation and development of the assets and jurisdictions of the combined Fraser River Port Authority, North Fraser Port Authority and Vancouver Port Authority.

PMV is a non-shareholder, financially self-sufficient corporation, established by the Government of Canada in January 2008, pursuant to the *Canada Marine Act*, and accountable to the federal Minister of Transport.

The Port works closely with elected officials at the municipal, provincial and federal levels, First Nations, city staff, residents and businesses to balance the needs of the shipping and tourism industries with those of local communities. The Port is committed to sustainable operations and development, and is mindful of its economic, social and environmental impacts.

A Gateway to the World

“The lifeblood of the [Canadian] economy flows through the heart of Port Metro Vancouver, and the Gateway Initiative is making that heart beat stronger than ever.” --Prime Minister Stephen Harper, October 2009

Positioned on the southwest coast of BC, the Port is Canada’s Gateway to the world’s most dynamic economies. The Port jurisdiction covers approximately 640 kilometres of shoreline and extends from Point Roberts at the Canada/US border through Burrard Inlet to Port Moody and Indian Arm, and from the mouth of the Fraser River, eastward to the Fraser Valley, north along the Pitt River to Pitt Lake, and includes the north and middle arms of the Fraser River.

Port Metro Vancouver is Canada’s largest and busiest port, trading \$75 billion in goods with more than 160 trading economies annually. The Port exports Canadian grains, coal, sulphur, potash, oil and gas and other resources and goods from Western Canada and imports consumer products and other goods from the Asia-Pacific region for distribution to hundreds of cities in North America.

The Port is serviced by three intercontinental Class I railways — Canadian National, Canadian Pacific, and Burlington Northern Santa Fe — as well as the short-haul Southern Railway of BC. The Port offers easy access to the Trans-Canada and U.S. Interstate highway systems with interconnecting service provided by major trucking lines.

Port activities generate 129,000 jobs, \$10.5 billion in Gross Domestic Product and \$22 billion in economic output.

PMV is the most diversified port in North America, with 28 deep-sea marine cargo terminals, two international cruise terminals and several domestic intermodal short sea shipping terminals. The Port’s jurisdiction covers approximately 1,000 hectares of land and approximately 16,250

hectares of water. With annual volume in excess of 118 million metric tonnes in 2010, PMV represents North America's largest export port by tonnage, and ranks in the top five for total cargo.

A Sound and Growing Business

The Port's mission is to deliver the efficient and effective movement of cargo and passengers in a manner that supports Canadian growth and prosperity now and in the future.

To achieve this, the Port is working to improve the reliability, performance and competitiveness of the transportation logistics chain. The Port is also expanding throughput capacity in the Pacific Gateway to meet customer demand and to leverage market opportunities.

On the heels of the worldwide economic downturn and in the face of further short-term economic uncertainty, building the capacity and efficiency required to support Canada's future trade must remain a priority for government. Major transportation and policy initiatives that support trade take many years to put in place, so government's continuing focus is required.

In addition to targeting spending at traditional land-side transportation projects, the port's ability to succeed and grow also depends on water-side projects and initiatives.

Strong Leadership from Government

The Port recognizes and applauds the support of successive federal governments in the creation and expansion of the Asia-Pacific Gateway and Corridor Initiative (APGCI). The investments and policy initiatives implemented by the federal government have dramatically improved Canada's west coast trade infrastructure and logistics flow.

While much has been done to facilitate trade through the Asia-Pacific Gateway, there is more to do.

Investment in the Gateway is a sound investment that produces an immediate and measureable return to government in the form of taxes and employment for Canadians.

Each year, Port activities generate more than \$1.2 billion in taxes to all levels of government. Every dollar the government invests in trade infrastructure helps the Port move more Canadian resources abroad and bring consumer goods in, which benefits all Canadians.

Asia Pacific Gateway and Corridor Initiative – Phase II

Funds available for investment in the Asia-Pacific Gateway and Corridor Initiative have been committed, but a number of investment priorities remain.

The challenge of building a world-class gateway is an evolving and never ending challenge. Competition is fierce and Canada must keep pace of international developments in infrastructure development and supply chain logistics.

Labour Stability

For some time, there has been a great need for improved labour-management relations in the Asia-Pacific Gateway. Vancouver stakeholders have identified 46 labour contract or contract situations that could impact Gateway operations.

The threat of labour disruption can be more damaging than an actual labour disruption. There is a need for the government to encourage collaborative bargaining between labour and employer and this can best be achieved through a long term legislative approach.

Labour instability on the Pacific Coast negatively impacts Canada's reputation internationally and should be considered a priority item as we continue to build toward a gateway that is a model to the world.

Foreign Trade Zones

Based on the Government of Canada's commitment in Budget 2011 to "an examination of Canada's current foreign trade zone-like policies and programs", PMV encourages the Standing Committee on Finance to endorse the following recommendations established by the FTZ Coalition:

1. Amendments to Canada's Foreign Trade Zone-like programs to:
 - Restructure and integrate the current federal programs to simplify access to them, and provide a single federal point of contact for potential users;
 - Reduce or remove the restrictions on added value;
 - Allow companies that sell a significant proportion of their production within Canada to participate; and
 - Allow the deferral of GST/HST until the product departs the FTZ to the Canadian market.
2. The opportunity for private sector agencies and regional entities to define local marketing zones linked to major gateways or corridors to promote and market these areas and Canada's FTZ-like programs effectively in domestic and foreign markets.
3. The establishment of a federal umbrella program to provide modest financial support for locally-based zones and marketing, subject to matching provincial and local financial support, and provide direct liaison between related federal agencies and local marketing zones.

Recommendations to Government:

Given the importance of trade to Canada's financial well-being; the magnitude and growth in Asia-Pacific trade; the importance of diversifying and expanding Canada's trade with new markets; and the importance of shipping to the communities and economy of the region:

Port Metro Vancouver recommends that the federal government develop a second phase to the successful Asia-Pacific Gateway Corridor Initiative. Renewed focus should be given to projects integral to the transportation supply chain.

Port Metro Vancouver recommends that the federal government consider initiatives, including legislative that would provide the appropriate level of labour stability with respect to the shipment of goods through the Gateway.

Port Metro Vancouver recommends that the government proceed with its Budget 2011 commitment to reform Canada's Foreign Trade Zone-like programs. These changes would enhance Canada as a destination for foreign investment and increase economic activity.

Conclusion

Growth in west coast trade through the facilities of Port Metro Vancouver and other elements of Canada's Asia-Pacific Gateway and Corridor is essential to securing Canada's long-term economic prosperity. In a time of sharp competition between North America's west coast ports for Asia-Pacific trade, and on the heels of the worldwide economic downturn, it is essential that Canada capitalize on its natural geographic advantages and proximity to China and other Asian markets by continuing to modernize its Gateway infrastructure.

The Port applauds the Government of Canada's investments through the ground-breaking Asia-Pacific Gateway and Corridor Initiative and calls for continued investment in this critical program. Port Metro Vancouver's defined Trade Corridor programs and similar projects are natural targets for such investment as they enhance Canada's competitiveness by improving efficiency, which in turn benefits ordinary Canadians by boosting exports and creating jobs.

The success of the Asia-Pacific Gateway requires a high degree of collaboration and government leadership. As Canada continues to work its way through global economic uncertainty, we encourage the government to move forward on labour stability and enhancing Foreign Trade Zone programs. We will support these initiatives and look forward to working with government.