



ASSOCIATION OF CANADIAN PORT AUTHORITIES
ASSOCIATION DES ADMINISTRATIONS PORTUAIRES CANADIENNES

Seize the Moment and Maximize our Supply Chain Advantage
Canada's Port Authorities as Drivers of Jobs, Growth and Trade

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EXECUTIVE SUMMARY

With 90 per cent of everything we buy travelling by ship, maritime trade underpins the global economy. We buy, therefore we must ship.

Canada's 18 port authorities are world-class facilities that are at the heart of the global supply chains that define and enable 21st century international trade.

Freight shipping carries 90 per cent of the goods we depend on— cars, tools, electronics, resources, food, and medicines – to name just a few.

Just as the railroad connected Canada from east to west more than 100 years ago, ports today connect us to the rest of the world and help define us as a proud trading nation.

Canada's Port Authorities handle more than 60 per cent of the country's waterborne cargo and are pivotal to driving our country's economic growth. Every one million tonnes of new cargo at Canada's ports generates 300 new jobs.

But the shipping world is changing dramatically. Expanded trade is making our world smaller. Traditional trade patterns are shifting. Timing is critical and we must seize the moment.

While the expansion of Canadian trade presents a remarkable opportunity, we will only be able to capitalize on it and increase our competitiveness through strengthened facilities and improved supply chain efficiencies.

The Association of Canadian Port Authorities (ACPA) is calling for an intensified, mutually beneficial partnership with the federal government that will see Canada become one of the top ten countries in the world for transportation logistics and supply chain efficiency. Specifically, we're requesting that the Government of Canada engage with Canada's Port Authorities to ensure our infrastructure is able to accommodate increasing trade demands and that our supply chains operate as smoothly and efficiently as possible.

To further support the federal government's trade promotion efforts, we also recommend a partnership with Canada's Trade Commissioner Service to develop a training program for trade commissioners, helping them better understand the value-add that is the National Port System. Finally, to resolve other barriers to growing Canada's prosperity, we recommend the creation of an Inter-Departmental Working Group that would examine and seek to resolve other issues on an ongoing basis, including:

- **Removing barriers to financial flexibility;**
- **Resolving various regulatory issues;**
- **Facilitating short-sea shipping by obtaining exemptions/resolving issues under the Coasting Trade Act, and**
- **Securing investment and support for the Great Lakes/St. Lawrence Seaway system.**

BACKGROUND

Founded in 1958, the ACPA joins together the 18 port Canada Port Authorities (CPA) and related marine interests into one national association. Our members handle more than \$162 billion worth of cargo annually.

It's our mission to encourage and stimulate the development of the Canadian port industry and to advance the interests of our members while helping foster the broader trade and economic interests of Canada.

In addition to facilitating trade, Canada's ports are valued members of, and contributors to, the communities in which they operate. Many of our ports have launched community investment programs that support youth and family organizations, education and training, local fundraising activities and environmental initiatives.

We are committed to environmentally responsible and sustainable development, and the majority of CPAs are proud members of the Green Marine initiative, a certification program for marine companies to reduce their environmental footprint.

We are proud of our world-class ports and the role we play in determining our quality of life; however, we are determined to do more and become even better. We work continuously with government and community partners to improve the safety, security and reliability of our operations in order to advance Canada's leadership in the marine shipping sector.

We can help grow Canada's exports to key markets, including our high-quality natural resources, increase choice for consumers through imports and improve efficiencies throughout the supply chain – for the benefit of all Canadians.

CREATING OPPORTUNITIES BY ADDRESSING CHALLENGES

As much as port authorities are strong and poised for growth, there exist challenges as well as opportunities, both of which place increased demands on port infrastructure and efficiency.

Expansion of Trade

Chief among these issues is the current expansion of Canadian trade. Since 2006, Canada has concluded free trade agreements with nine countries and is negotiating with 30 more – all offshore. Recent achievements include the historic agreement with the European Union and a pact with Korea. Ongoing negotiations with other large markets include India, Japan and the countries that make up the Trans-Pacific Partnership (TPP).

Changing trade routes

Global patterns of trade are also changing dramatically. A recent Conference Board of Canada report noted that while trade with our largest partner, the US, is still big in absolute numbers, the value of Canada's bilateral trade with the U.S. is essentially the same today as it was in 2001. In comparison, our trade with the rest of the world has risen by more than 80 per cent.

The ships plying the waters of the world are also getting larger. Over past 20 years, the average container capacity of ships has more than quadrupled. For example, China Shipping Lines is currently building a fleet of the largest container ships in the world, measuring 400 metres in length and 60 metres in width, greater than the current expansion of the Panama Canal.

Supply Chain Efficiency

Canada's ability to enhance supply chain efficiency is also becoming an issue of critical importance.

The World Bank publishes a bi-annual report on logistics performance indicators. They measure six components:

- The efficiency of the clearance process;
- The quality of trade- and transport-related infrastructure;
- The ease of arranging competitively-priced shipments;
- The competence and quality of logistics services;
- The ability to track and trace consignment, and
- The frequency with which shipments reach the consignee within the scheduled delivery time.

In 2012, Canada ranked 14th out of 155 countries. Not bad, except – as the report notes – the important factor is the quintile within which the country is listed. In Canada's case, we are not in the top 10 – we're in the next 10 down, alongside Austria, Luxembourg and Switzerland. This measure is important because it is an alternate measure for the efficiency of a nation's economy, and is indicative of a nation's competitiveness. The report notes, "Countries with better logistics can grow faster, become more competitive, and increase their investment."

Trade expansion presents a remarkable opportunity; however, we will only be able to realize our full potential to capitalize on it by ensuring our infrastructure and supply chains can accommodate 21st century trade. The goal should be to break into the World Bank's Top 10 in terms of supply chain efficiency.

ADVANCING CANADA'S LEADERSHIP IN THE 21ST CENTURY: A PARTNERSHIP TO CREATE JOBS, BOOST TRADE AND INCREASE COMPETITIVENESS

Canada's port authorities are working closely with their supply chain partners to ensure the most efficient cargo movement possible. By virtue of their role as arm's length government bodies, Canada's port authorities are able to act as "honest brokers" to bring partners together, encourage trust and data sharing, and open discussion of challenges.

Canada is a leader in trade and in shipping/global supply chains. In fact, building on Canada's success to date will ensure that Canadian leadership on the global stage continues.

The efficiency of our supply chains in the marine shipping industry is as much a value-add as the trade agreements that support our world-class exports and the imports they support. Indeed, creating opportunities by addressing challenges will help Canada maximize its advantage and truly seize the moment.

Empowering Ports to Maximize Canada's Supply Chain and Trade Efficiency

Empowering ports is a win-win for ACPA members and the federal government. Obtaining financial flexibility, resolving regulatory and other issues and ensuring ports have the necessary infrastructure in place are ways for us to work together to achieve core national economic objectives: job creation and economic growth across the country. Doing so will help increase Canada's competitiveness and facilitate greater two-way trade between Canada and its priority trading partners.

ACPA members are asking the Government of Canada to commit to these three steps in Budget 2015:

1. Narrowing the infrastructure gap and ensuring that current and future needs at Canada's port facilities are met, thus supporting Canada's trade leadership, creating jobs and strengthening our supply chain advantage. This includes ensuring the Building Canada Plan continues to have flexibility in criteria related to the total value of projects and expands the funding options available to ports by establishing a dedicated, repayable low-interest fund that ports could draw upon enabling them to attract partner funding more readily.
2. Supporting the federal government's trade promotion efforts by developing, in partnership with Canada's Trade Commissioner Service, a training program for trade commissioners to better understand the value-add of the National Port System, its role in supporting and growing trade and enhancing Canada's leadership and competitiveness throughout the supply chain.
3. Establishing a high-level Inter-Departmental Working Group that brings together all key government departments and agencies that deal with ACPA's issues. These would include Transport, Industry, Trade, Fisheries and Oceans, etc. The Working Group would look at various challenges that ports face, including barriers to financial flexibility and regulatory challenges.

Solving these problems is a win-win because for the Canadian economy, they are competitiveness-stifling and trade-impeding. Therefore, solving them will increase Canada's competitive position vis-à-vis our main economic competitors (particularly ports in the U.S.) and help ensure ports meet the needs of Canada's robust trade agenda.

ALIGNMENT WITH GOVERNMENT PRIORITIES

Continuing to invest in Canada's ports and enhancing operational efficiencies will enable the Association of Canadian Port Authorities to help advance current and future government priorities, including:

Balancing the federal budget to ensure fiscal sustainability and economic growth.

Canada's ports and the marine sector deliver \$1.4 billion in federal income and corporate tax payments to the Government of Canada. In 2010, the marine sector raised Canadian government tax receipts by \$2 billion.

Increasing the competitiveness of Canadian businesses through research, development, innovation and commercialization.

The ports that make up the National Port System are world-class facilities that provide efficient, vital arteries to international and domestic trade gateways, which is critical for industry and Canadian consumers. While CPAs are already utilizing technology to improve their operations and move cargo faster and more efficiently, continued innovation will further strengthen Canada's competitiveness in the marine shipping sector.

Ensuring prosperous and secure communities, including through support for infrastructure.

Ships carry more than 90 percent of the world's trade and Canada's Port Authorities handle more than 60 per cent of our country's waterborne cargo. Modern, navigable seaports linking the country's many shippers, truckers and railways are vital to international trade and economic prosperity.

In addition to facilitating trade, Canada's ports are valued members of and contributors to the communities in which they operate. Many of our ports have launched community investment programs that support youth and family organizations, education and training, local fundraising activities and environmental initiatives.

Maximizing the number and types of jobs for Canadians.

Canadian ports create 250,000 direct and indirect higher-than-average paying jobs and inject \$25 billion in the country's GDP. Furthermore, there is a clear double-barrel effect in increasing capacity at Canada's ports. Investment in ports creates new jobs in the construction (and related services) phase, and every 1 million tonnes of new cargo at Canada's ports generates 300 new jobs.

CONCLUSION

Canada's continued economic prosperity and quality of life rests on our success as a trading nation.

Ports are at the heart of the crucial trade-facilitating supply chains that drive 21st century trade. Making port infrastructure – and its maintenance and growth – a priority has never been more critical.

Doing so will allow Canada to fully leverage the benefits of the trade agreements it is negotiating, bring additional economic benefits to its citizens, and position us as the world leader in transportation logistics and supply chain efficiency.

We look forward to working with the Government of Canada on a partnership that will advance our shared objectives and move us forward.