

Freight Movement

Making Waves

Association of Canadian Port Authorities
June 2, 2008

Context

- India and China with 80 Times Canada's Pop
- \$20 Billion+ Per Month Trade Surplus
- Sustained 10+ GDP Growth
- Sixth Largest Trading Partner a Country Called Wal-Mart
- Share of World GDP:

Asia (China/Japan/India)	33.5 %
United States	20.0 %
European Union	15.0 %
Canada	2.0 %

Other Facts

- Purchasing Power Compared:
U.S. and EU \$12.4 Trillion
China 8.0 Trillion
India 4.0 Trillion
Canada 1.0 Trillion
- U.S. Trade with China in Past 15 Years:
Exports up 745 Percent
Imports Up 1,500 Percent
By 2020 China with 60 % of US Exports

Container Fleet Growing

- Ship Capacity Increase: 76% From 2005-2010
- More Than 36 % Larger than 7,500 TEU
- In 2006 Maersk Had a 14,800 TEU Ship
- Major Impact on Capacity
- Major Impact on Productivity
- Major Impact on Public Policy

And the List Goes On...

- Asia Has 6 of the World's Top Container Ports
- All 6 Ports Have 9 Million + TEU
- Rotterdam and Hamburg with 8 Million TEU
- LA With 7 Million TEUs
- Vancouver Fraser at 2.2 Million TEU
- Yangshan Port to Reach 14 M TEU by 2020
(32 kilometre causeway)
- Ports Getting Bigger, Ships Getting Bigger
Economies Getting Bigger

Ocean Transport Costs

- \$700 TV Set Costs \$10 Ocean Shipping
- \$15 of Coffee Costs 15 Cents
- \$50 Bottle of Scotch Costs 15 Cents
- One Can of Beer (\$1) Costs 1 Cent
- Thus the Wal-Mart China Connection
- All Fortune 500 Co.s Now in China

In the Eye of the Storm

- 80 Percent of Products Move via Water
- Trade 40 Percent of Canada's GDP
- Third of Canada's Trade by Water
- \$142 Billion by 17 CPAs
- 280 Million Tonnes by CPAs
- 200 Million Tonnes by Other Ports
- National Waterways and Federal Land
- Designated 'National Ports System'

Canada Port Authority?

- A Creature of the Canada Marine Act
- Landlord Ports
- Trade Facilitator
- Honest Broker for Business
- Public-Private Sector Dilemma
- Public Good Paramount for Ports

CMA Says!

- Provide Canada with Marine Infrastructure that it Needs
- Harmonize Standards with Trading Partners
- Satisfaction Guaranteed for Users
- High Level of Safety and Environmental Protection
- High Degree of Autonomy & Address Local Needs
- Manage Infrastructure and Services in Commercial Way
- Coordinate with Other Marine Activities and Surface Mode

Public Good by Commercial Entity

- Limited Borrowing Capacity
- No Access to Federal Funding
- Property Restrictions
- Gross Revenue Charges
- Restrictive Letters Patent
- Payments in Lieu of Taxes on Federal Property
- Systemic Issues Need to be Addressed

US Approach

- View Ports as Economic Drivers
- Massive Infrastructure Funding
- PILT Versus Municipal Support
- Federal vs. Three Levels of Government
- The Case of Security
- The Case of Property Tax
- The Case of Infrastructure

The Canadian Advantage

- Larger Vessels for Increased Trade
- Projected TEU Increase 50 M+ in 15 Years
- 3(?) Deep-water Ports of 8 in North America
- Preparing CDN Growth 4 (?) Million TEU
- More Boxes Means More Business for All Modes (Rail and Road)
- HOW DO WE GET EVEN MORE BOXES?

Policy Framework for Trade Corridors

- Access to MAJOR Federal Funding Required
- New Public Private Partnership Approach
- Definitive Gateways and Corridors
- Private Sector Engagement Critical
- Public Policy Must be the Catalyst

Creating a Supply Chain Priority 1

- Investment in Creating NEW Supply Chains
- Create a Global Public-Private-Partnership
- EDC/CCC/PPP/DFAIT/FTA, etc.
- Foreign Aid as Foreign Investment
- Hub to Hub Supply Chain
- Outwitting the US Competition
- Facilitating Transportation Initiatives:
FTZ/Inland Port/Modal Integration/SSS, etc.

It's About Productivity, Stupid Priority 2

- Benchmarking Against the Best
- China Productivity 3 Times Canada
- Europeans Are 2 Times Canada
- New Approach to Human Resources
- More Productivity - More Capacity
- Is Security and Prosperity Really On?
- Labour, Corporations and Government
Must 'Fix It' - Somehow - Soon

Cabinet Committee Essential Priority 3

- Consider Canada's System of Government
- Cabinet Committee on 'Freight Movement'
- Single Window Policy Push on HIGH!
- Parliament Won't Do It
- Individual Ministers Won't Do It
- Private Sector Can't Do It, But
Wants it Done
- Who Will Lead?

Freight Movement

Making Waves Not Enough -
LEADERSHIP is Critical!