



ASSOCIATION OF CANADIAN PORT AUTHORITIES
ASSOCIATION DES ADMINISTRATIONS PORTUAIRES CANADIENNES

**Presentation before the Senate of Canada
Standing Committee on Agriculture and Forestry**

By: Wendy Zatylny

**In relation to the study on international market access
priorities for the Canadian agricultural and agri-food sector**

June 18, 2015

Introduction

Good morning Mr. Chair and honourable Senators. Thank you for the opportunity to speak with you today.

My name is Wendy Zatylny. I am the President of the Association of Canadian Port Authorities, or ACPA, representing the 18 port authorities that make up Canada's National Ports System.

With me today is Captain Yoss Leclerc, the Vice-President and Chief of Marine Operations, Québec Port Authority, who is also representing ACPA. Captain LeClerc has over 15 years' experience as a merchant marine captain, with another fifteen years leading operations at the ports of Montreal and Vancouver, before moving to head up Operations at the port of Quebec.

We are grateful for the opportunity to provide our input today as you study international market access priorities for the Canadian agricultural and agri-food sector.

I'd like to speak to you today about the valuable role ports play in facilitating the movement of Canada's world-class agriculture and agri-food products in every region of Canada.

I'll also speak to some of the challenges we face as global trade grows and puts new strains on our existing port facilities.

And finally, I will highlight some of the solutions we're proposing as we continue to work to improve our competitive position so that we truly deliver on the promise and opportunities being created in the marine shipping sector.

But first, let me set some context.

With over 90% of everything we buy travelling by ship, maritime trade underpins the global economy.

Canada's ports play a key role in transferring goods and commodities to and from vessels to landside intermodal carriers.

In fact, Canada Port Authorities handle over \$400 billion worth of goods each year with their trading partners in more than 160 countries. This contributes to Canada's economic growth, creating 250,000 direct and indirect jobs that pay higher-than-average wages.

And as you'll hear from me today, our role as a key driver of job creation and economic growth across Canada will only increase in the years ahead.

Trade is Growing

World seaborne trade is expected to almost double from 10 billion tonnes in 2014 to 19-24 billion by 2030, while global population is expected to increase by over 1 billion over the same period.

Growing trade and a rising global population go hand in hand and will force Canada Port Authorities – including those serving U.S. customers – to dramatically expand their cargo-handling infrastructure and improve their operating efficiencies.

For example, Chinese and other Asian container ports are, on average, handling an additional 14 million TEUs (twenty foot equivalent container units) each year.ⁱ Based on current trade patterns, this generates a demand for an added 5 million TEU capacity per year in North American ports. Canada's portion of this growing Asian trade points to a potential increase to about 11 million TEU by 2030.

New trade agreements Canada has signed and is currently negotiating will add to the demands faced by Canada Port Authorities.

The key question I pose to committee members is simple:

How can we as a country fully leverage the benefits of growing trade, a rising population and the corresponding increased demand on ports?

The status quo is not an option.

Moving Canada's Agriculture and Agri-Food Products

Agricultural products – especially grain - represent a significant commodity flow through Canada Port Authorities. In 2014, grain throughput amounted to 22% of the total cargo handled by our major ports – some 55 Million Metric Tons. All ports reported a significant increase in grain throughput in 2014.

Many of these grains, including barley, canola, grain pellets, wheat and oats are exported all over the world from ports in every region of our country.

For example, the western movement of grains involves rail carriage from prairie elevators to the ports of Prince Rupert and Port Metro Vancouver. There, the commodities are loaded on international bulkers for shipment overseas.

Looking towards the east, the port of Thunder Bay ships grain to markets in Europe, Africa and the Middle East directly via ocean-going vessels, or via lakers that transship grain at deeper ports further up the St. Lawrence River, including Trois-Rivieres and Quebec City.

The Port of Hamilton, meanwhile, has recalibrated its facilities to become an important agricultural intermodal hub, exporting grain grown by southern Ontario farmers to markets abroad, and importing critical inputs such as fertilizer.

All of Canada's grain-handling ports have seen significant growth in cargo over the past two years, with ports such as Thunder Bay showing the best results in 16 years. This is both a blessing and a challenge.

Port Challenges

Addressing the requirements of future growth means ports need additional port lands (a challenge in urban areas), reserved transportation corridors for road and rail service, and most importantly, additional port infrastructure – equipment and waterside berths.

In a joint study with Transport Canada, ACPA found a \$5 billion gap in the ports infrastructure needed to serve our growing international and domestic trade. These infrastructure requirements include both the rehabilitation of existing assets (33%) and the development of new facilities (67%).

Given the magnitude of port infrastructure investment requirements, it is obvious that no single player (such as the CPAs) can bear this cost alone. Thus there is a need for innovative public-private partnerships to support sound port infrastructure investments. Our ports are already engaging in these types of arrangements to address their infrastructure shortfalls.

At the same time, efficiencies can be gained through improved information sharing and data transparency regarding production of grain or other commodities, rail capacity and asset utilization, potential operational or weather delays, and other factors that affect the fluidity of the supply chain. We believe that port authorities have a role to play as “honest brokers” among partners within the supply chain, to collaborate towards smoothing out the speed bumps and managing demand surges within the supply chain. In support of this role, we have also recommended that departments such as Foreign Affairs, Trade and development play a role in developing a consistent, supply chain strategy.

Lastly, a comprehensive review of the St. Lawrence Seaway is needed to identify solutions to challenges faced by ports and shippers, including the cumulative impact of pilotage and lockage fees, as well as the desperate need for additional icebreaking capacity to help extend the shipping season.

Conclusion

To help address our challenges, ACPA recently finalized a submission to the CTA Review Panel based on a comprehensive survey of our CPAs. Our proposals will

help position Canada as the world leader in transportation logistics and supply chain efficiency. Indeed, we believe our goal, as a nation, should be to propel Canada into the top ten of the World Bank's Index of logistically efficient countries. The time is now to pair Canada's 21st century trade agenda with 21st century transportation efficiency.

We have submitted a copy of our submission to your committee clerk and we would welcome any further discussion and answer any questions you might have.

Thank you again for the opportunity to speak with you today.

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