Keeping Ports Competitive and Connected

DESCRIPTION

To ensure that the Canadian economy can continue to grow, investment in infrastructure and technology related to imports, exports and advancements in shipping are necessary. Infrastructure projects and technological advancements improve efficiencies, commodity pricing and will ensure Canada remains competitive on the world stage.
For infrastructure and technology projects to materialize, all levels of government must work with ports across the country, to:

- prioritize the timely and efficient approvals of infrastructure projects designed to meet Canada's trade objectives related to the shipping industry.
- coordinate investments in digital technology to enhance block chain and supply chain visibility;
- protect industrial lands; and,

Canadian trade connections and capacity can deliver the competitive advantage for Canada in the years ahead, but only if Canadian port authorities are able to plan for and advance projects that will meet the country's trade objectives.

BACKGROUND

The Port of Vancouver is about the same size as the next five largest Canadian ports combined. Home to 27 major terminals, the port is able to handle the most diversified range of cargo in North America: bulk, containers, breakbulk, liquid bulk, automobiles and cruise. As Canada's gateway to over 170 trading economies around the world, the port handles $1 of every $3 of Canada's trade in goods outside of North America. Enabling the trade of approximately $240 billion in goods, port activities sustain 115,300 jobs, $7 billion in wages, and $11.9 billion in GDP across Canada.

However, even with these impressive stats, Canada's largest port is predicted to run out of space for containerized cargo by the mid to late 2020s. Container volumes through Canada's west coast have experienced significant growth over the last decade, a phenomenon that is expected to continue in the long-term. Various infrastructure projects have been completed or are currently underway in order to improve capacity on the west coast. But that is still not enough to meet the predicted demand. Canada's best solution is to approve port infrastructure projects as quickly as possible.
It's important to note that Canada Port Authority operations are not financed by tax dollars. They receive revenues from terminal and tenant leases as well as harbour dues and fees charged to shipping companies that call at the port. Terminal infrastructure projects do not require the use of public funds, as projects are funded by the port authority and private investment. The investments will be recuperated by the proceeds of the long-term lease of terminal operator and terminal user fees.

The Port of Vancouver is expecting cargo to grow at the rate of 3.6% over the next 4 years with the majority of increases coming from foreign sources. This is a major boon to the economy but there are three issues that are causes for concern:

1. Without adequate space for the containers, this increase will be diverted to other ports in the United States, resulting in higher prices on consumer goods in Canada.
2. Industrial land is shrinking.
3. Many international shipping lines that utilize digital technologies that are years ahead of current technology used by the Port of Vancouver will choose to go to other ports that can communicate with the new technology.

Top international shipping lines like A.P. Moller-Maersk are increasing their investment in digital technologies to improve efficiencies and sharpen competitive edges in what is an extremely capital-cost-intensive industry. The connectivity and digital efficiency of major ports and their operations is therefore becoming a critical differentiator in attracting and maintaining business from major shipping lines.

The newly updated United Nations Conference on Trade and Development liner shipping connectivity index (LSCI) shows Canada moving in the wrong direction in its rankings.

The LSCI measures container port performance to determine where countries rank within global ocean liner shipping networks based on several data streams, including the number of ships deployed to and from each country's seaports.
Canada's 2019 ranking dropped to 37th from 32nd in 2018 and is well down from its ranking of 23rd in 2006 and below smaller economies such as Colombia (34th). The United States ranks fifth overall.

Canada's competitiveness is weak and in addition to a supportive regulatory framework for the approval of infrastructure projects in shipping, it also requires large investment in supply chain visibility and block chain technology.
Canada's west coast is the gateway to trade with Asia. Our ports are planning for and mobilizing on various projects to support continued growth, but without sufficient regulatory support, they will not be able to meet Canada's trade objectives and Canada will fall behind.

RECOMMENDATIONS

That the Federal Government:

1. Guarantee that port infrastructure projects across the country receive support and timely investments;

2. Work with supply chain industry, in particular marine terminal operators, drayage companies, railways and port authorities to invest in digital technologies that allow seamless communication with the technology used by large commercial shipping companies; and,

3. Ensure that industrial land is protected so that it may be used to enhance port activity.