“Emerging Trade Corridors”
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“Geography has made us neighbors. History has made us friends. Economics has made us partners. And necessity has made us allies.”

John F. Kennedy, Address to Canadian Parliament, 1961

“How we produce and use energy is fundamental to our economic recovery, but also our security and our planet.”

President Barack Obama, Ottawa, February 19, 2009
**Integrated Global Economy**

- Global marketplace integration has driven the distribution of economic activity, as well as the expansion of world trade.
  - Global Value Chains: pre- eminent business model
- Canada faced concerns of congestion, reliability and inadequate infrastructure.
- The economic heartland of North America remains the destination of production, intermediate value-adding and final consumption; all of which relies on the transportation network.

**Current Economic Climate**

- Economic conditions challenging markets and profitability: competitiveness strategies are more important than ever.
  - Key enabler: fluid, reliable and efficient transportation systems
- Greater competitiveness requires deeper integration across Canada’s freight transportation system, to support trade within North America and globally.

**Context**

In this context, Canada’s Gateway approach to transportation and logistics is key to future competitiveness, and offers a promising platform for engaging key trading partners.
Importance of Canada-U.S. Linkages

Canada and the United States (U.S.): An integrated North American supply chain

- 2-way Canada-U.S. trade was worth nearly US$500 Billion (B) in 2009, and over US$600B in 2008.
  - Supports seven million jobs in the U.S.
- 75 percent of Canada-U.S. trade carried by truck across land border crossings.
  - Five of the six busiest Canada-U.S. border crossings link the U.S. Northeast and Canada’s southeast.

- Canada is the:
  - Top export market for 35 of 50 States
  - Largest source of imported energy to the U.S.
  - Largest source of tourists to U.S. (and vice versa)
Canada’s National Policy Framework


• Developed to advance the competitiveness of the Canadian economy on the rapidly changing playing field of global commerce.

• Emphasizes Canada’s geographic advantages, long-term planning, public-private collaboration, and integrated approaches to infrastructure, policy, regulatory and operational measures.

The Framework uses Five Policy Lenses:

1. Align transportation system with international commerce strategy
2. Focus on nationally significant volumes and values of trade
3. Forward-looking plans based on system analysis
4. Address interconnected issues that directly impact system performance
5. Respect the federal role and foster effective partnerships

Canada’s National Policy Framework guides the implementation of the Asia-Pacific, Continental and Atlantic Gateway and Trade Corridor initiatives.
Each gateway/corridor has its own characteristics, challenges and opportunities related to international trade movements. Interconnectivity exists between each gateway/corridor, given inter-provincial and international trade movements.
Different imperatives for the three Gateway strategies:

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<th>Asia-Pacific Gateway</th>
<th>Continental Gateway</th>
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<td>• Congestion</td>
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<td>• Untapped port and rail capacity</td>
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<td>• Capacity Constraints</td>
<td>• Bottlenecks</td>
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<td>• Reliability Concerns</td>
<td>• Integrated transportation system between Canada and the U.S. Heartland</td>
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All three Gateways present similar opportunities and challenges:

- Extensive collaboration between governments, port authorities, industry and organized labour
- Need for holistic identification and definition of current and future responsibilities for all partners
- Need for “whole of government” buy-in to address key policy, regulatory and operational issues

Common Features of Canada’s Gateways approach:

- Strategic investment emphasizing efficiency, volumes/values of trade and leveraging
- Engagement and partnerships with public and private sectors
- International outreach and marketing
- System-based research and analysis of Gateway performance (e.g., fluidity, total logistics cost)

Guided by the National Policy Framework, Canada’s Gateways are a system and merit based—rather than modal—approach to transportation, infrastructure, policy, investment and marketing.
Canada’s Gateways

Asia-Pacific Gateway and Corridor Initiative
World-class transportation network that connects North America and the Asia-Pacific

- Includes roads, transcontinental rail systems with two Class 1 rail service, modern international airports, and two deep-water entry and exit points in Vancouver and Prince Rupert, British Columbia (BC) for marine cargo, along with powerful transportation and logistics systems.
- Total federal contributions of $1.4B leveraged over $3.5B for 47 infrastructure projects.

Canada’s APGCI combines infrastructure, policy, governance and operational measures into an integrated, multi-modal, public-private strategy.

- Infrastructure investments to support multimodal efficiency and connectivity, and enhance safety, security and quality of life.
- Competitiveness investments to address interrelated issues around gateway and corridor development.
- Collaborative partnerships are the cornerstone of this Initiative, advancing strategic infrastructure and non-infrastructure projects.
Canada’s Continental Gateway

Porte continentale et Corridor de commerce Ontario-Québec
Ontario-Québec Continental Gateway and Trade Corridor
Canada’s Continental Gateway Strategy

Located in Canada’s economic heartland, Ontario and Quebec have a fully integrated transportation system, providing a net competitive advantage for Canada-U.S. and international trade.

- Within a 1,000 kilometres radius, direct access to over 135 million (M) consumers; less than a one-day trip.
- The Port of Montreal is Canada’s second busiest container port; open year-round.
- Well-developed and integrated highway and Class 1 rail network to the rest of North America.

The Continental Gateway Strategy will focus on maintaining and building upon central Canada’s world-class transportation system so that it remains a key driver of international trade and economic growth for the future.

- A unique partnership between the governments of Canada, Ontario and Quebec to develop long-term strategy for immediate and longer-term supply chain improvements.
  - Significant participation from the private sector, who have stressed the need for transformative initiatives.
- Efficient and secure movement of goods is key element of the Continental Gateway.
  - Optimization of the multi-modal network via infrastructure investments, policy and regulatory streamlining.
  - Joint planning of additional capacity at Canada-U.S. border crossings.
  - Ongoing and sustained dialogue with the U.S. Maritime Administration on potential shortsea shipping operations on the Great Lakes.
Windsor-Detroit: the busiest border crossing in North America

- $130B in two-way surface trade (28 percent of total Canada-U.S. trade)
- 13.5 million trucks (over 8,000 per day) and 25 million travelers (over 68,000 per day) cross Windsor-Detroit annually
- 220,000 jobs in Michigan depend on the border
- Consists of four crossings: the Windsor-Detroit tunnel, Ambassador Bridge, truck ferry and Canadian Pacific Railway tunnel

New Detroit River International Crossing: the largest Gateways initiative

- Estimated project value at $5.5B, with significant private sector involvement expected.
- Goal is to provide a safe, efficient and secure border crossing system, directly connecting Highway 401 in Windsor and Interstate 75 in Detroit.
- Canada-U.S. Bi-National Partnership: Transport Canada, Federal Highway Administration, Ontario Ministry of Transportation and Michigan Department of Transportation
- New crossing to be owned by Canada and Michigan and constructed, designed, financed and operated by P3.
Canada’s Atlantic Gateway provides exporters and importers unconstrained, reliable and efficient access to North America from markets in Asia via the Suez Canal, Europe, the Caribbean and Latin America.

- **COMPETITIVE**: deep-water ports with ability to handle the post-panamax ships, proximity to large North American markets, labour stability, and readily available capacity in all modes of transportation.

- **VERSATILE**: world-class transportation system with specialized distribution, trans-load and logistics facilities, as well as niche capabilities such as refrigerated cargo, dry and liquid bulk shipping.

- **INNOVATIVE**: processes and technologies that are enhancing the safety, security, efficiency and sustainability of the transportation system (e.g., weigh-in-motion, 511, and SmartBay).

- **INTEGRATED**: collaboration between governments and the private sector to ensure seamless and adaptable service.

**Working with Provinces towards an Atlantic Gateway Strategy**: a balance of immediate measures and longer-term directions to focus ongoing efforts by all public and private sector partners to strengthen and promote the Gateway.
Targeted Funding for Strategic Trade Infrastructure

Asia-Pacific Gateway and Corridor Initiative: $1B leveraged transportation infrastructure investments of over $2.8B in Western Canada to support international trade.

- Projects included bridges, road improvements, road/rail grade separations, access roads to intermodal facilities, and shortsea shipping berths.

$2.1B Gateways and Border Crossings Fund (GBCF): national fund to improve the flow of goods and people between Canada and the world.

- A merit-based fund to enhance infrastructure at strategic locations: major Canada-U.S. land border crossings and key gateways/trade corridors.

The Building Canada and Infrastructure Stimulus funding programs also contributed to a number of projects supporting the development of the Gateways; some examples from all federal funding sources:

- Twinning the Trans-Canada Highway in Banff and New Brunswick Rte 1 (GBCF), and other improvements to the Core National Highway System across the country (Building Canada Fund (BCF), Infrastructure Stimulus Fund (ISF))
- Canadian customs plazas at the Queenston-Lewiston, Sault Ste. Marie, Peace, and Blue Water International Bridges in Ontario (GBCF)
- Marine ports in Halifax (GBCF), and Montreal, Trois Rivières and Sept-Îles (ISF)
- Improvements to the New Brunswick Southern and Hudson Bay Railways (ISF and GBCF)
Other Recent Initiatives Supporting Commerce Between Canada and the Northeastern U.S.

**Trucking measures in Atlantic Canada**

- Harmonization of Vehicle Weights and Dimensions (and pilot project in Maine)
- Long Combination Vehicles on 4-lane segments of the Trans-Canada Highway

**New border crossing:**
St. Stephen, New Brunswick – Calais, Maine

Queenston-Lewiston Bridge Niagara
Ontario – New York, new 5th commercial lane

New Brunswick Southern Railway improvements (underway)
Building upon infrastructure, outreach and partnership activities, competitiveness measures address inter-connected issues around gateway and corridor development.

**Common Competitiveness Measures**
- Adding value to the Gateways
- Governance changes
- Policy/Regulatory Harmonization
- System-based measures of gateway performance
- Expanding the knowledge foundation: national and continental studies with regional application
- International marketing, outreach and engagement

**Gateway-specific Competitiveness Measures**

**APGCI**
- Gateway Performance Table
- Asia-Pacific Gateway and Corridor Skills Table
- Pro-Active Public Engagement Strategy
- Trade logistics cooperation with China

**Continental Gateway**
- Analytical studies to define transportation network and current and future freight flows
- Extensive consultation with private sector on infrastructure and non-infrastructure issues

**Atlantic Gateway**
- Analytical studies to define transportation network and current and future freight flows
- Streamline regulations on inter-provincial truck movements
- Active consultation with Atlantic Gateway Advisory Council as well as regional Gateway Councils
With strong national policy direction, Canada is able to leverage cooperative partnerships with other levels of government and the private sector to optimize the transportation system and respond to common cross-cutting issues.

- This collaboration is pivotal to streamlining regulations and instituting policy measures to enhance the reliability, efficiency, competitiveness, safety and security of Canada’s gateways and trade corridors.

While the global economic downturn has necessitated immediate actions, long-term competitiveness strategies are now more important than ever. Canada’s gateway and corridor strategies are forward-looking and are based on empirical analysis.

- Strategic infrastructure investments and stimulus projects now coming on-line
- Working with partners to identify best operational practices to enhance reliability and performance

Aligning regulatory approaches: key to increase efficiency and strengthen competitiveness in movement of cross-border and international trade.

Deepening international partnerships and marketing: engaging Canada’s trading partners (U.S., Europe, and the Asia-Pacific).
Implications for Canada and the U.S.

Guided by the National Policy Framework, Canada’s Gateways are a system-based and merit-based—rather than modal—approach to transportation, infrastructure, policy, investment and marketing.

Canada’s Gateways:

- Lay groundwork for transportation system that supports international commerce and new demands posed by global supply chains and expanding global trade.
- Put in place strategic infrastructure, policy/regulatory environment and logistics systems to position Canada as an important logistics hub for all of North America.
- Invest in key transportation assets that support international and inter-provincial trade and travel.
- Improve reliability and efficiency of North America’s supply chains – resulting in reduced costs for business and consumers and contributing to economic prosperity of both Canada and the U.S.
- Engage public and private collaboration on both sides of the border to facilitate smooth goods movement.
- Aim to provide a secure and reliable choice for Canadian and U.S. imports/exports.
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