Gateways and Corridors: A Canadian Perspective on Managing Multimodal Freight

Presentation by

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at the

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Presentation Outline

1. Context - 2006
2. Canada’s Response
3. Canada’s Gateways and Corridors
4. Integrated Approach
5. Future Trade
6. The Canada-U.S. Transportation Relationship
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 rely on the transportation network

Economic Climate

- Economic conditions challenging markets and profitability
  - Key enabler: fluid, reliable and efficient transportation systems
- Greater competitiveness requires proactive measures to enhance the integrated North American transportation system to support trade among the NAFTA partners and growing trade opportunities with the world.
Canada’s National Policy Framework

*National Policy Framework for Strategic Gateways and Trade Corridors* (2007) is Canada’s response to the evolving dynamics of global trade and transportation:

- 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.
Gateways and Corridors: Whole-of-Government Approach

Gateways and Corridors: A policy developed by Transport Canada, and approved for the whole federal government

- Extensive consultations, research and analysis from conception in 2005 to formal Cabinet approval and public announcement in 2006-07
- Horizontal effort: implementing partners include other federal departments responsible for trade, border security, human resources and economic diversification

National strategy implemented through partnerships

- Memoranda of Understanding negotiated with the Provinces
- Private sector engagement: railways, truckers, shippers, carriers, freight forwarders, port and airport authorities, etc.
- Open call for proposals for merit-based infrastructure fund: Provinces Municipalities, Public-Private Partnerships (P3s)

Other aspects under federal jurisdiction

- Duty to consult with First Nations
- Canadian Environmental Assessment Act implications and community impacts of new projects and traffic
- International engagement: marketing, journalist tours, conferences, business-to-business, policy dialogue

"Private industry and all levels of government need to be relentless in pursuing the modernization and coordination of trade, transportation and border infrastructure, including security, as a national priority." — The Conference Board of Canada
Actions to Advance Canada’s Competitiveness

To respond to the changing marketplace, our objective is to ensure a harmonized, efficient, reliable and sustainable system that supports Canada’s competitiveness.

- **Optimize** the use of existing infrastructure
- **Adapt** the transportation system to meet future demands of freight flows and changes in supply chains and logistics
- **Improve** integration between modes

Optimizing, adapting, and integrating all modes of Canada’s strategic transportation system provides the necessary conditions for long-term sustained economic growth and the creation of new jobs and wealth.

An integrated, system-based approach to Canada’s Gateways situates crucial considerations such as the roles of technology, environmental stewardship and security — all of which transcend traditional mode-specific approaches.
The value of the gateway approach goes beyond infrastructure.

- A multi-modal transportation framework promotes efficiencies across the transportation system
- Encourages policy and regulatory measures to optimize the efficiency of the transportation system

- Amendments to the Canada Marine Act in 2008
  - Streamlined borrowing authority process for Canada Port Authorities
- Amalgamation of port authorities into Port Metro Vancouver (PMV)
  - January 2008 PMV was formed by joining three port authorities from the Lower Mainland

- Removal and changes in tariffs
  - Modifying the customs tariff rules respecting treatment of imported cargo containers, effectively harmonizing with United States rules
  - Waiving the 25 percent tariff on the import of certain categories of foreign built ships, removing a key barrier to replacing Canada's aging fleet
Beyond Bricks and Mortar: Competitiveness Measures: (con’t)

- Gateway Supply Chain Security Reviews
  - Port of Prince Rupert to U.S. border – rail security study
  - Ontario manufacturing and Port of Montreal to U.S. markets – truck security study

- Rail Freight Service Review
  - In 2011, the federal government released the Review Panel’s report and announced actions to improve supply chain performance

- Harnessing New Technologies
  - “Smart Corridor” strategies use innovative technologies to maximize existing capacity while minimizing the need for new infrastructure

- Performance and Skills Tables
  - All stakeholders in the supply chain work together to find improvements and efficiencies

- System Analysis Tables
  - Federal-Provincial forums for collaboration and knowledge sharing
Holistic “system-based” approaches identify and define the current and future responsibilities for all Gateways partners

- The objective of supply chain analysis is to better understand the factors that impact key supply chains and identify potential options for optimizing, adapting and improving the transportation system that supports them
- Future work includes analysis based on the direction of international trade flow
- Analysis will focus on the following issues:
  - Identification of hot spots and key infrastructure
  - Cost of the supply chain (including total transportation costs)
  - “Time cost” of the supply chain
  - Areas of congestion
  - Supply chain reliability and fluidity
  - Availability of resources
  - Utilization rates
  - Seasonal variations

System-based analysis feeds the development Gateways and Corridors performance metrics. These indicators support goal alignment and service standards agreements.
Quality Data Key to System Analysis

• Considerable investment in research and analysis, including the collection and processing of data.
  ✓ Identify the current and future demand and capacity of the transportation system
  ✓ Evaluate current and future bottlenecks to indicate areas where system improvements should be focused

• Efficient freight movement is not just about physical infrastructure but also about well-functioning supply chains — optimizing the movement of goods and services.

Quality of information and data management are key for adequate strategic actions.

Analyzing the system is the first step in understanding complex problems and identifying solutions in collaboration.
Supporting a Competitive Business Environment

System analysis supports business opportunities by:

- Identifying strategic trade and transportation connections for businesses;
- Identifying transportation-related trade barriers;
- Supporting the development of logistic hubs; and
- Demonstrating the system’s strengths to attract foreign investment.

Key freight facilities in Montreal
Trade and Transportation Trends

Canadian Export Flows:
These maps show the forecast volumes, as per 2009, from Canada as a whole to various regions around the world. The arrows represent the volume of Canada’s exports to the regions.

- 2016 forecast of 91 million tonnes from Canada to Asia Pacific and Oceania countries to increase to 112 million tonnes by 2026 (an increase of over 23 percent)
- Canada’s trade with European Union countries forecast to increase by 27 percent from 2016 to 2026
- U.S. still Canada’s largest trading partner – exports to NAFTA forecast to increase by over 14 percent from 2016 to 2026
Integration and close cooperation in all modes
- Innovation, research, safety, security, facilitation, infrastructure, technology, international cooperation

Foundation for the world’s largest bilateral economic relationship
- In 2011, $550 billion in trade – an increase of more than 21% over 2009

Interplay between security, trade, transportation, and communities is complex – border is a key component

Partnerships/close working relationships at all levels
- Parliament and Congress
- Federal Governments
- Provinces and States
- Municipalities and Metropolitan Planning Organizations
- Non-government/Academic
- Private Sector
Nature of Our Trade Relationship

**Exports to the U.S. by Mode**

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Transport Canada, October 2012
Bilateral Collaboration

- **Federal Highway Administration (FHWA):**
  - Ongoing consultations between FHWA and Transport Canada to determine common objectives, including North American data requirements, to access and implement more efficient movement of freight in North American context.
  - FHWA and Transport Canada are defining the parameters and tools for comparable freight flow data collection at the corridor, urban centre and border levels, with the aim of enabling each country to undertake freight transportation planning in North American context.

- **Canada-US Transportation Border Working Group (TBWG):**
  - Transport Canada is actively engaged in this forum with multiple transportation and border agencies and other organizations to coordinate transportation planning, policy implementation and deployment of technology to enhance border infrastructure and operations.
  - In the area of freight data, Transport Canada is co-chair of the Trade and Traffic Data Subcommittee in which stakeholders collaborate on border data collection.

- **Transportation Research Board (TRB):**
  - Representation on TRB Freight Research Panel Steering Committee dealing with data collection and data sharing to support gateway and corridor analysis.
The “Beyond the Border” Action Plan announced by Prime Minister and President in December 2011 contains 32 initiatives focussed on four areas:

- Addressing threats early;
- Trade facilitation, economic growth and jobs;
- Integrated cross-border law enforcement; and
- Critical infrastructure and cyber security.

Transport Canada played an important role in bringing forward or negotiating initiatives to facilitate trade and travel, including:

- Commitment to upgrade border infrastructure and establish Border Infrastructure Investment Plan;
- Installation of border wait time measurement technology at 20 high-priority crossings; and
- Agreement to negotiate full preclearance agreement for land, rail and marine modes.
Beyond the Border Action Plan

- Prime Minister calls this the most significant agreement between Canada and the U.S. since the Free Trade Agreement.
- Virtually all border issues/concerns identified by stakeholders addressed in Action Plan.
- Action Plan sets agenda on border management for next decade.
- Canada -U.S. trade still critical to both countries and will remain so.
- Bi-national relationships of trust facilitated negotiations.
- TC will continue to work with Canadian and U.S. partners, especially USDOT, DHS and GSA, on Action Plan implementation.
- Kevin O’Shea, Assistant Secretary at the Privy Council Office will elaborate further this afternoon.
Thank You

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