



Canada's Centre for Global Trade
WINNIPEG, MANITOBA

Bridging Today into the Future: What are the Game Changers?

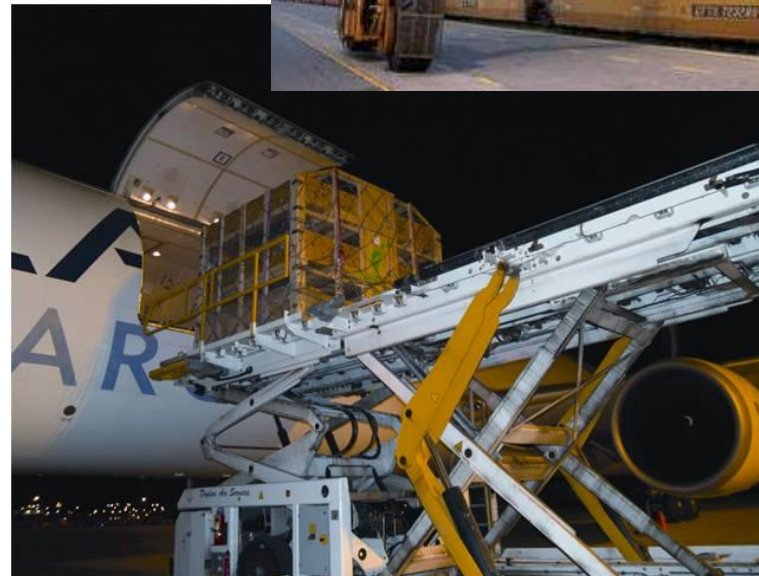
**Diane Gray, President and CEO
CentrePort Canada Inc.**

November 18, 2011



Key Trends to Capitalize On

- ✓ Congestion at ports, particularly in the US
- ✓ Public investment in Strategic Infrastructure and Enhancements to Competitiveness
- ✓ Proximity to Asia-Pacific Markets



Looking Ahead: Growing Trade has Created Congestion

- The US Highway Administration estimates that freight movements across all modes will increase 61% between 2010 and 2040.
- The US Department of Transportation estimates many freight railways already exceed theoretical capacity and are congested. Capacity must rise by nearly 90% to meet forecast demand by 2035 (*The Economist* - July 2010).
- Intermodal rail tonnage is expected to be the fastest growing mode for transporting freight tonnage in the US.
- The Cost of Congestion at US Ports ranges from \$2 billion at Seattle to \$11 billion at LA Long Beach.

*Urban Mobility Report 2011 - Texas Transportation
Institute*



Looking Ahead: Growing Trade has Created Congestion

- Although less problematic, congestion is also an issue in Canada. The total cost of congestion in 9 Canadian urban areas – wasted time, fuel, and GHG emissions – is estimated at \$2.3 billion to \$3.7 billion (*Transport Canada, March 2006*).

Delta urges senior gov't to address traffic congestion

**New highway won't do
anything to alleviate tunnel
congestion**

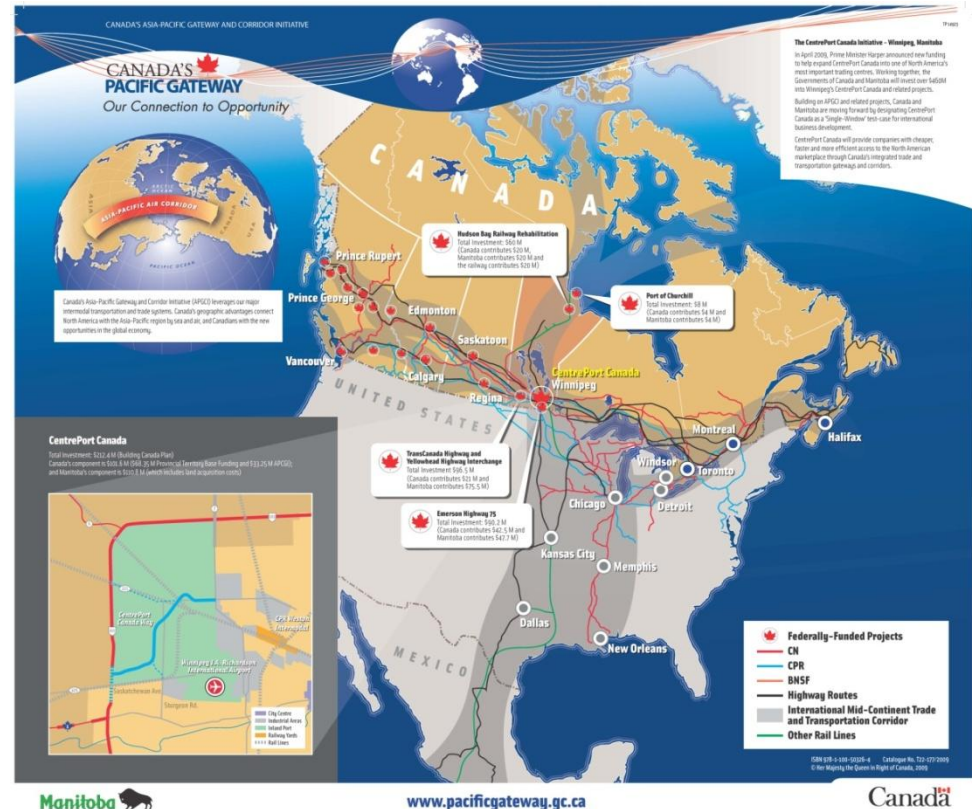
Port poised to begin expansion talks in earnest

**East Vancouver residents worried
about increase in truck traffic**

Capitalize on Strategic Infrastructure Investments

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- Public and private investments in transportation infrastructure lay important platforms for enhancing trade with the Asia-Pacific.
 - \$33B Building Canada infrastructure plan includes: \$1B Asia Pacific Gateway and Corridor Initiative (bringing total to \$1.4B); \$8.8B Building Canada Fund; \$2.1B Gateways and Border Crossings Fund.
 - Expansions at Western Canadian Ports and rail facilities.
- Committed policy response to support value added activity is essential.



Canada's Approach to Competitiveness

- Canada is ranked the best place in the G7 to do business for 2011-2015 and is expected to have the fastest growing economy in the G7. Canada ranked first in Forbes magazine annual *Best Countries for Business* list (*Forbes October 2011*).
- Canada's business costs are the lowest among the U.S., Netherlands, Australia, U.K., France, Italy, Germany and Japan (*KPMG 2010 Competitive Alternatives*).
- By January 1, 2012, Canada's combined corporate income tax rate will be 33 percent lower than that in the United States.
- Canada is eliminating tariffs on the import of manufacturing inputs, machinery and equipment by 2015 (*Government of Canada*).
- Canada is currently in negotiations for Free Trade Arrangements with the European Union, India as well as other countries.

Proximity to the Asia Pacific

- In 2008, Western Canada represented 30.6% of the Canadian population but produced 37.7% of Canada's GDP and 37.5% of international exports.
- In the last decade, 38% of Western Canada's GDP can be attributed to exports.
- 2/3 of all Canadian exports to the Asia-Pacific are from Western Canada.
- Asia-Pacific is home to more than half the world's population and 4 of the world's 10 largest economies.
- Economic growth in the Asia-Pacific was 8.9% per year between 2002-2009, compared with 4.2% globally; and economic output is greater than the US and EU combined.

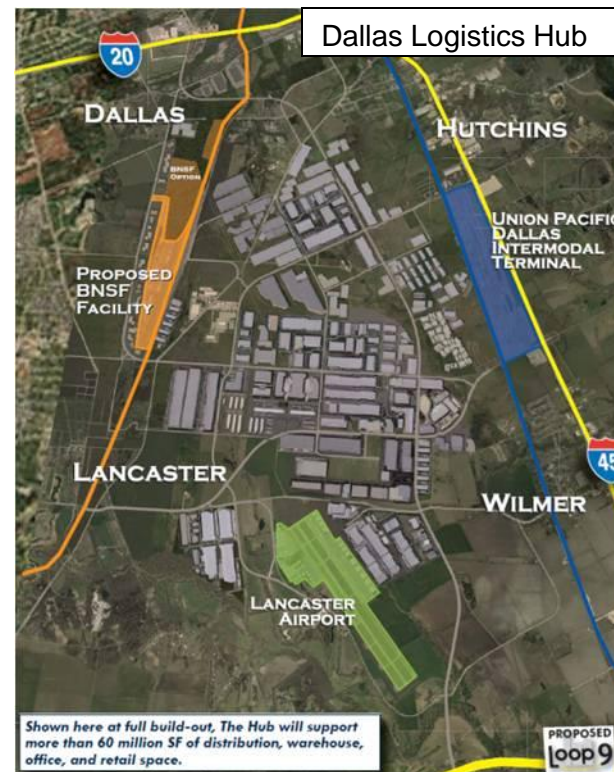
The Opportunity? Develop Logistics Hubs to Attract and Support Future Growth



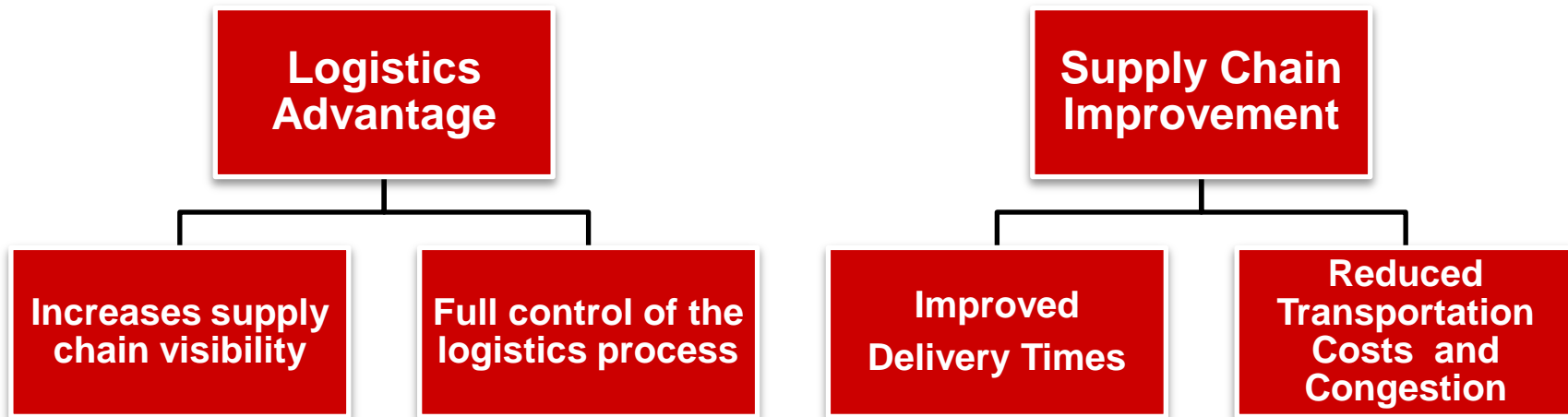
Development of Inland Ports

“A physical site located away from traditional coastal borders with the vision to facilitate and process international trade through strategic investment in multi-modal transportation assets and by promoting value-added services as goods move through the supply chain.”

*Center for Transportation Research,
The University of Texas at Austin*



Advantages of Using an Inland Port

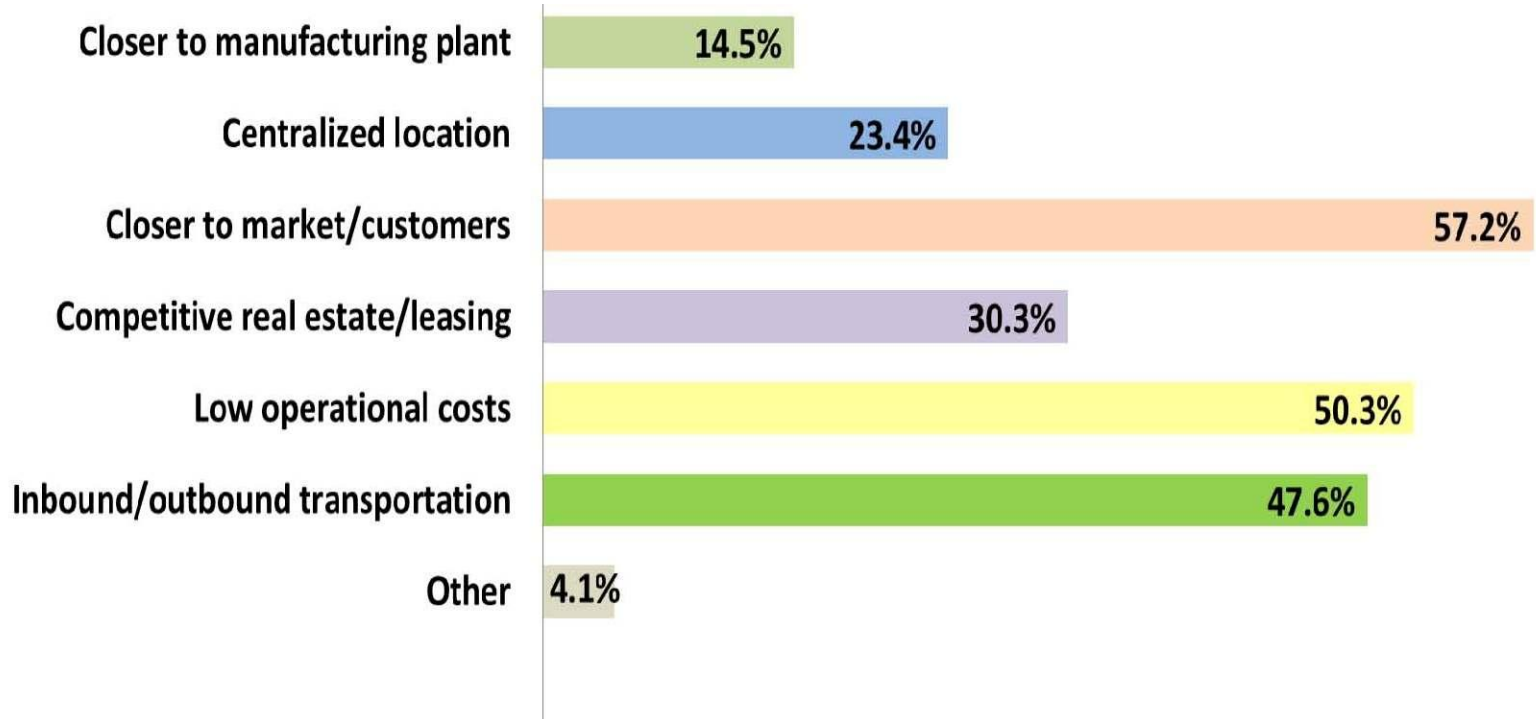


Key Trends to Capitalize On

- ✓ Develop strategic and competitive transportation infrastructure
- ✓ Locate in an advantageous geographic location
- ✓ Capitalize on what you can control and know your advantages
- ✓ Foreign Trade Zone Availability
- ✓ Attract site selectors – more than just real estate activity

Attracting Site Selectors - More than just Real Estate

Optimal Characteristics for an Inland Port



Source: Saddle Creek Corporation 2010 Distribution Network Trends Report

The Singapore Example

- Singapore has established itself as the regional transportation and logistics hub for South-East Asia; and is the world's second largest logistics hub.
- Concentration of global transportation and logistics firms:
 - 17 of the world's top 25 3PLs have significant operations (including some regional headquarters) in Singapore.
 - Access within 24 hours to numerous Asia-Pacific markets.
- Active campaign since 1980s to encourage business to establish regional/global distribution centres in Singapore.
 - Investments from 7,000+ corporations from Europe/ US/ Japan; 1,500 corporations from China; 1,500 from India.
- 1999-2009: FDI into Singapore increased 223.3%.
- 2000-2010: GDP grew 72.2%, domestic exports increased 82.9%, re-exports increased 126.0%, and container throughput increased 66.4%.
- Manufacturing = 26.7% of GDP.

Logistics Hubs - Supporting Economic Growth for the Future

- ***Transformational to the Economy:***
 - More than distribution; opportunity to attract value-added manufacturing and assembly facilities (manufacturing in Singapore is now over 26% of GDP);
 - Creates balance in imports / exports (important for competitive freight rate environment);
 - Supports diversification of market opportunities for business.



Logistics Hubs - Supporting Economic Growth for the Future

- ***Niche Marketing Opportunities:***
 - Offer business an ease of access to all the services they need to develop (land, FTZ, transportation connectivity, competitive tax environment, workforce);
 - Supports FDI in areas outside of natural resource extraction and processing; 1999-2009: FDI into Singapore increased 223.3%;
 - Creates platform for business development entities to collaborate and “row in the same direction.”

CentrePort Canada: Canada's Centre for Global Trade

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