



Port de Montréal  
Port of Montreal

***175 YEARS OF EXPERIENCE  
BUILDING THE FUTURE***

Address by Dominic J. Taddeo  
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Before members of the  
Board of Trade of Metropolitan Montreal

April 19, 2005



Ladies and gentlemen,

This is the third time in just over seven years that I have had the honour of addressing members of the Board of Trade of Metropolitan Montreal. I take it as a very positive sign that the Board of Trade holds the Port of Montreal in such high esteem, and I am the first to be thankful for that.

As you know, the Board of Trade and the Port of Montreal have always been key players on the Montreal scene. Our organizations have been well anchored in the community for many years.

In fact, “*Anchoring the economy*” and “*Well anchored in the community since 1830*” are the themes that we have adopted for the celebration of the 175<sup>th</sup> anniversary of our founding as an institution and an infrastructure.

This anniversary provides us with an opportunity to reflect on how the port has contributed to the prosperity of Montreal, and on how it will continue to contribute, and dare I add ... forever and ever, Amen. . As you can see, even after all these years, I still have some ingrained habits from studying with the Jesuits!

Before we look to the future, let us look back for a moment, in order to better understand how this port became what it is today... Ever since its inception, the port has been a perpetual “*work in progress.*”

Historically speaking, Montreal's two main chambers of commerce, the Board of Trade, which was founded in 1822, and the Chambre de commerce du district de Montréal, which was founded some 50 years later, were quick to recognize that the development of the port was closely linked to the economy of the city.

In 1857, the Board of Trade took the first steps toward deepening the St. Lawrence and building port facilities in Montreal that were capable of receiving vessels of considerable tonnage.

As for the port itself, although we know it existed at the time of Ville-Marie's founding in 1642, for two centuries its activities were limited to the comings and goings of longboats and barges used in the fur trade.

Therefore, the real story of the port begins with the creation of the first Montreal Harbour Commission in 1830.

The first chairman of the Montreal Harbour Commission was fur trader George Moffatt. The government of Lower Canada assigned him two commissioners, Jules Maurice Quesnel, who was an explorer and fur trader, and Captain Robert Piper, who was the chief engineer.

In less than two years, the three men oversaw the construction of 1,143 metres of wharves, along with retaining walls and ramps. Throughout the second half of the 19<sup>th</sup> century, the port thrived under the leadership of John Young, who many consider the father of the Port of Montreal.

At the helm of the Harbour Commission for some fifteen years, Young deepened the navigation channel so that ocean-liners could reach Montreal. He also commissioned the construction of facilities on the wharves that were comparable to those found at major European ports.

In 1883, electricity was already brightening the port's wharves for the first time. The channel was deepened from three metres to seven-and-a-half metres. The port received more than 700 ocean-going vessels that year.

Steam locomotives, another invention of the era, began servicing the wharves along seven kilometres of railway tracks.

Of course, the expansion and modernization of port facilities was far from over. It continued until the end of the century, all through the roaring twenties, right up to the Great Depression.

In 1935, the port handled approximately 10 million tonnes of cargo, 60 per cent of which was made up of coal, petroleum and grain.

Up until the mid-1960s, port facilities remained closed in winter because of ice. But for more than 40 years now, the port has been open to traffic in all seasons.

The prestigious Gold-Headed Cane, which was originally presented in the spring to the first vessel of the year, is now awarded to the first ocean-going vessel to reach Montreal on New Year's Day.

When Canada celebrated its Centennial in 1967, the port entered the era of containerized cargo, an innovation that revolutionized the maritime industry and ushered in the age of intermodal shipping.

The Port of Montreal has since made great strides on the container market, becoming North America's leading container port serving the North Atlantic trade.

In 2000, we joined a select group of international ports that handle more than one million containers in a year.

As you can see, the port has always played a key role in Montreal's economic history.

Today, I would like to take this opportunity to address several topics. More specifically, I would like to address certain erroneous claims that have been made about the port, that endure in the public imagination, despite evidence to the contrary. One may also refer to these claims as "myths".

In order to remind you that these myths surrounding the Port of Montreal are indeed myths, and in an attempt to spark your imagination and awaken your taste buds, I would like to draw your attention to the small containers on your tables. These containers hold "myth balls". That's "myth" balls, with a "y", and yes, they are definitely edible, so you can share them.

The first myth that I would like to dispel is one of the deepest-rooted: the myth that the Port of Montreal is in decline. The facts, ladies and gentlemen, quite eloquently testify to the contrary.

But that is one tenacious myth. It first emerged just before the St. Lawrence Seaway was inaugurated in 1959. Many seasoned analysts of that era wrote that the port was in serious jeopardy, because they believed that ships would now sail right past Montreal.

A little while later, the port was again labelled an “endangered species” when they built a container terminal in Halifax and subsequently in Saint John.

They predicted calamity once again in 1980 when railways in the United States were deregulated. There was no way the port could ever survive such a development!

After that, the advent of the first mega-containerships made it clear the port was doomed. E-I-E-I-O!

But as you can see, ladies and gentlemen, legends die hard. I can assure you, right here, right now, that the Port of Montreal is very much alive, and can look forward to a bright future, thanks to two significant advantages:

1. First of all, we are close to the major markets of Canada, the American Midwest, and the American Northeast; and we are ideally situated to connect the NAFTA market with that of the European Union. These two markets represent nearly two thirds of World GDP.
2. Secondly, we took the containerization bull by the horns from the very beginning, and we have gone on to become leaders in this industry.

And now back to our myths, and to one that is thankfully beginning to die out: even when the temperature hits thirty degrees below zero, vessels still come and go at the port. One must not confuse the shipping channel with the St. Lawrence Seaway, which closes its canals and its locks from around December 20 until the end of March.

Another myth that is a great source of public confusion: the Old Port is not the port. Most of our terminals are located east of the Old Port. At the Old Port, we have fun; at the port, we work. Capito?

Here is another myth: maritime commerce is a vestige of the old economy. Nothing could be further from the truth. The maritime industry has produced remarkable innovations, and been the source of striking technological breakthroughs, all of which relate to the new economy.

We were quick to integrate the Internet into all of our operations, particularly in the management of ship manifests. Today, navigation is guided by satellite. Intermodal transportation is fully integrated.

We rely on a wide variety of sophisticated electronic instruments to measure water levels in the river and to conduct remote surveillance of ships and terminals. Our Harbour Master's Office resembles a NASA control room, and has impressed many an American dignitary visiting the port.

Here is another falsehood that is in danger of becoming a myth:

Dominic Taddeo does not care about security. Once again, nothing could be further from the truth.

It would be completely irresponsible to neglect the protection of people and cargo – not to mention our reputation on the world market. That is why we have invested some six million dollars towards improving port security since 1998, and we plan to invest another nine million dollars over the next five years.

If that is an indication of indifference, then I wish someone would treat me with indifference every day!

Of course, there is always room for improvement, but I have no problem telling you that, in the security field, other major international ports have nothing on us.

This issue is a complex one in terms of perceptions, because according to another myth, people believe that port authorities wield absolute power, and can investigate whatever they want, wherever they want. This is patently untrue. Everyone has a role to play at the port: the Royal Canadian Mounted Police, the Canada Border Services Agency, the Sûreté du Québec, the City

of Montreal Police Department, the Coast Guard, and Transport Canada. The Port Authority does not conduct investigations or carry out police work. Our role is to provide facilities and logistical support, to ensure surveillance of the premises, and to cooperate with the authorities, in particular with the National Port Enforcement Team, whose headquarters are in our building. This special unit was created to fight organized crime and terrorism.

Here is another myth – I know - there are a lot of them! Because we are a federal agency, some people believe that we are part of the public service, and therefore, a burden on taxpayers.

While it is true that we are a federal agency, we are also autonomous, and we are responsible for financing our own operations.

Unlike our competitors along the North-American East Coast, we do not receive any funding, with the extraordinary exception of the subsidies that we received recently in the name of national security. We even pay municipal taxes in the form of grants, and pay a stipend to the Treasury Board.

In other words, we meet all of our obligations without subsidies, which in turn means that we are in good financial health. On December 31, 2004, we declared a net profit for the 25<sup>th</sup> consecutive year, this time totalling 9 million dollars.

It is a good thing our financial situation is sound, because the needs of our clients are constantly increasing. We have to expand and improve our

facilities every year in response to these demands. Since 1980, we have invested about \$400 million in our facilities, without costing taxpayers a cent.

Our mission is to provide first-rate facilities that make trade easier, and our board's directors never lose sight of that mission as they make their decisions.

Our seven-member Board of Directors is composed of Montreal business people. Each of the three levels of government – federal, provincial, and municipal – appoints a director. The other four members are appointed by the Federal Transportation Minister, based on recommendations by port users.

As of last week, we have a new chairman, Mr. Marc Bruneau, who is here today with his director colleagues: Mr. Sam Elkas, our vice-chairman of the board; Mr. Jeremy Bolger, who is also an executive committee member; Mr. Raymond Massi, chairman of the audit committee; Maitres Diane Provost and Michèle Guin; and Ms. Marianna Simeone.

I would also like to draw your attention to the presence of three new “retirees” from our board of directors, if I may refer to them as such: Mr. Raymond Lemay, outgoing chairman of the board; Mr. Yvon Lamarre, outgoing vice-chairman; and Maitre Louise le Bel-Chevalier, who was also a member of our executive committee.

These three people, to whom I owe enormous respect and gratitude, have very much contributed to the port's success and to the sound management of our organization.

2004 was an outstanding year from many perspectives. We experienced growth in all cargo sectors.

We handled total traffic of 23.6 million tonnes in 2004, which represents an increase of almost 14 per cent over the previous year.

The strength of the North American economy helped the port to set another record in terms of container handling, with that traffic reaching 10.9 million tonnes, or 11.2 per cent more than in 2003.

We also handled 1 million, 226 thousand, and 296 TEU containers in 2004, which is yet another record, surpassing last year's total by 117,459 TEU.

These giant boxes contain a wide variety of goods: fruits and vegetables, wine and spirits, tools, machinery, automotive parts, furniture, computers and electronic games: in short, any product that North America is able to trade with Europe.

The value of the cargo transported in those containers passing through the Port of Montreal could easily surpass 40 billion dollars per year.

But the port handles more than just containers. It is a multipurpose port, handling iron and steel products, petroleum products, grain, sugar, a variety of mineral ores, salt, fertilizers, and many other products.

Last year saw a 16 per cent increase in the combined total of liquid and solid bulk. Most of these resources supply industries and businesses in the greater Montreal area.

Looking forward to 2005, unless we experience a very unexpected slowdown of the North American and European markets, we expect to see results that will surpass those of 2004.

In fact, we have just completed an astounding first quarter, and no, the word “astounding” is not too strong. Overall cargo traffic handled at the port jumped by 21 per cent, reaching a total of 5,6 million tonnes.

Container traffic increased by an astonishing 13 per cent, attaining a total of 2,8 million tonnes. Of course, just like one swallow does not make a summer, a first quarter does not make a year, but 2005 has certainly started out on the right foot.

We forecast that our container traffic, which represented nearly 46 per cent of our total traffic in 2004, will enjoy sustained growth. Within the next four to five years, it will represent more than half of all cargo handled at the port.

When the GATT was introduced in 1947, international trade accounted for less than 10 per cent of global economy, or close to 55 billion U.S. dollars.

Today, international trade represents 7.3 trillion American dollars worth of economic activity. Yes, I did say trillion. And 60 per cent of this worldwide

trade, or more than 4 trillion American dollars' worth of cargo, travels through ports. The numbers boggle the mind.

But that is why our future is so promising. The potential for strategic ports, including the Port of Montreal, is virtually unlimited.

And we are not the only ones who believe in our future. Shipping lines see the same potential. To give you an idea of this potential, I can tell you that, in less than 10 years, shipping lines Canada Maritime, OOCL and Fednav have invested close to one billion dollars in the construction of new ships that are specially designed to navigate the St. Lawrence. That is a pretty impressive vote of confidence!

As administrators, we need to look ahead. For us, looking ahead means anticipating the long-term need for infrastructures that are capable of accommodating that kind of growth.

It is a long and demanding exercise, which we went through before adopting our development strategy at the end of the 1980s. We went through it again five years ago, that time with a view to anticipating our need for space over the coming years. And we will be commissioning another study of our terminal and railway network's handling capacity shortly.

What emerges from all of these projections is the fact that the Montreal Port Authority needs all of the space it now has on the Island of Montreal, and it will need to expand those facilities to handle increasing container traffic and continue to efficiently serve our clientele in other cargo sectors.

Mark Twain once said, “*Buy land, they’ve stopped making it.*” We all know that waterfront property is particularly rare. At the risk of sounding facetious, might I add that a port *cannot survive anywhere other than on the waterfront.* With this in mind, let me reiterate for the umpteenth time that the Bickerdike Complex is not for sale, and that we absolutely must protect its vocation as a marine terminal! What's more, in three or four weeks, Bickerdike is expecting a brand-new ship that represents an investment of some \$58 million by Oceanex, a shipping line that offers twice-weekly service between Montreal and St. John’s. Newfoundland.

Along this same vein, the Port of Montreal’s railway network must also remain intact. This is especially true of the port’s railway interchange zone located between Berri Street and Canadian Pacific Railway’s Hochelaga yard, as well as the railway tracks that go through the Old Port. They are vital!

Please don’t think that the Port of Montreal wants to take up all the space. What I am saying and will always say is that the Port of Montreal must have its place, because it is an invaluable public asset that must not be taken for granted.

The Port of Montreal is a perpetual work in progress. It will never be complete. If we ever believe it is complete, it will die.

In order to be in a position to absorb the increases in world trade, we plan to invest more than 150 million dollars in the expansion and improvement of our facilities over the next five years, with the largest piece of the pie obviously going to the container terminals.

We need to make these investments in order to satisfy the growing needs of shipping lines, terminal operators, importers and exporters. Also, to avoid congestion and delays due to surging international trade – a subject that has received much attention from the shipping community over the last year.

Even though this surge in trade was more pronounced along the Pacific coast, it still had a significant impact on cargo movements at ports along the North American East coast, including the Port of Montreal.

Summer is normally a quieter time for container traffic, because many clients are on vacation. But this wasn't the case in 2004. As a result, we saw shipping delays as traffic shifted into high gear. Luckily, stakeholders did everything in their power to rectify the situation. But we must recognize that surging international trade presents enormous challenges for port systems at the infrastructure level.

Even a cursory analysis of cargo transportation quickly leads us to conclude that we must work on our road and rail systems.

In this area, we all need to wake up if we don't want to risk missing the swell in international trade. We need to finish the 30. We need to extend the 25. We need to fix Notre-Dame Street. In short, we need a reliable highway network free of ice jams year-round, like the river. And a little further away from us, we must support border modernization initiatives by the provincial and federal government and the Federation of Quebec Chambers of Commerce . We also support Canadian Pacific Railway's project to build a new tunnel between Windsor and Detroit.

As you know, rail is the preferred mode of transportation for serving the key American Midwest market from the Port of Montreal.

Currently, the tunnel that links Windsor and Detroit, and which Canadian Pacific Railway uses , cannot accommodate *high cube* containers.

This situation affects CP's transportation capacity, the optimal use of train cars, and handling and transportation costs.

It goes without saying that we enthusiastically support CP's plans to build a new tunnel under the Detroit River. This would free up the existing tunnel for other purposes, including passenger and truck traffic. The border station that connects Windsor and Detroit is by far the busiest in North America.

As you can imagine, we have a daunting task ahead of us.

Ladies and gentlemen - and I will close with this thought – the Port of Montreal is a virtual cornucopia in terms of the value, the quantity, and the variety of cargo that passes through it. Port activity generates economic spin-offs of close to two billion dollars every year, along with nearly 18,000 direct and indirect jobs, most of which are very high-paying jobs.

The Port of Montreal also represents an invaluable advantage for exporters based in Montreal and Quebec City, because our facilities offer easy, effective, and economic access to the global market.

It is also a simple, efficient and cost-effective means of supplying local industries that convert raw materials, and for businesses that sell products from around the world. All of this translates into thousands more jobs, and an economy that we hope will continue to prosper for us and for the generations that follow.

During our 175<sup>th</sup> Anniversary celebrations, our thoughts turn to all those who have contributed to the success of the port over the years.

We would like to express our heartfelt gratitude to our employees, to our partners, to all of the stakeholders in port operations, and to the many exporters and importers who are Port of Montreal clients.

Ladies and gentlemen, I hope that I have successfully conveyed to you the pride and enthusiasm that a public asset and a testament to our history should arouse.

Long live Montreal, an international port city!