

**WPCC2008 conference, July 10, 2008**

**Rotterdam**

***“The port’s contribution to a sustainable logistic chain for maritime transport”***

**Patrice M. Pelletier, P.Eng., M.Sc.A.**

**President and Chief Executive Officer, Montreal Port Authority**

*July 4, 2008*

*Check against delivery*

Ladies and gentlemen, colleagues, good morning.

Greenhouse gas emissions. Climate change. Rising sea levels. Currently, these worrying phenomena are attracting the attention of scientists, media, NGO's and governments around the globe. However, while I strongly support the attention given to these issues, I also believe that there are other major environmental, social or economic challenges which need to be addressed, simultaneously, if we want to secure our collective future.

To do so I am absolutely convinced that the way forward lies in the application of Sustainable Development principles, at all levels, including of course at the logistic chain level.

This is why I would like to take the opportunity given to me today, and for which I thank the Conference board, to explain how we, at the Port of Montreal, plan to implement our Sustainable Development framework, and thus contribute to the sustainability of the logistic chain.

Before going into detail regarding the contents of our Sustainable Development approach, I would first like to describe the context in which it has been developed, I begin with the links that exist between these major challenges, the logistic chain and the maritime industry as a whole.

I believe that the global logistic chain is currently being affected by conflicting trends. On the one hand trade volumes are increasing, thus contributing to steady growth amongst the various sectors of the logistic chain. On the other hand the world is facing key challenges, which could very soon significantly disrupt the functioning of the logistic chain and thus diminish the benefits expected from these expanding commercial exchanges.

Some of these challenges have an environmental impact. For example, climate change and its effect on sea levels, or depleting fossil fuel resources, which contribute to higher energy prices. Other challenges have a more social connotation. I think of exploding population growth in developing countries, which contrast sharply with shrinking workforces in western countries due to aging populations and lower birth rates. And then there is the economic challenge, including the necessary adaptation to new end-customer and investor behaviours, which now increasingly select products and organisations based on their overall social responsibility performance.

The actors in the logistic chain are therefore left with little choice. In order to sustain their current and projected growth, they must both contribute to the resolution of these interconnected social,

economic and environmental challenges as well as mitigate the impacts generated by their own activities. And by doing so, it will help the chain to become sustainable.

With 70% of all commercial exchanges done through maritime transport<sup>1</sup>, the maritime industry, is one of the logistic chain's main components and must therefore assume its responsibility in this area.

Like most other transport-related industries, the maritime industry's most significant negative contribution to our global challenges is probably environmental. Its dredging operations, the development of new port infrastructures and the emission of pollutants all damage the local ecosystems.

There can be conflicts with local residents over noise, light or dust emissions, traffic congestion or even access rights to the sea or the river. Finally, at a more global level, the maritime activities generate between 3 and 4 % of the world's total Green House Gas emissions <sup>2</sup>.

Let's have a look now at some of the impacts the maritime industry will have to mitigate. There are quite a few, and therefore I will only focus on three of them.

First, the effects of climate change. We now know for certain that the flow of rivers and the sea levels will be affected worldwide, affecting the size of ships navigating certain waterways, and necessitating significant investments to adapt port infrastructures. Scientists also believe that climate changes will increase the force and the frequency of extreme climate phenomena such as droughts, snow storms, gales etc. These disasters are likely to damage commercial infrastructures as well as disrupt agricultural production across the world, in turn affecting trade volumes and social stability.

The second impact relates to the "greening" of public opinion and the media. Pollution-related scandals and litigation cost companies millions of dollars (or in the case of Exxon or Total, billions). It can also jeopardize the development of new projects, damage corporate reputations or affect the ability, for companies involved in scandals, to recruit personnel.

My third and last example concerns the impact of labour shortage, which is becoming a growing concern in North America. During the next three years in Quebec, nearly 20% of the workforce is expected to retire <sup>3</sup>. At the same time, qualified young trades people are becoming a "rare breed",

because of lower birth rates coupled with their tendency to opt for office type jobs. Recruiting might become Quebec's next battlefield!

But I must state that, for all the negative contribution our industry makes to some of these major challenges, and the important impacts it has to mitigate, the picture is not all that bleak.

Indeed, the maritime industry possesses several environmental, social and economic advantages, which, if properly used, should secure its long-term sustainability as well as that of the logistic chain as a whole.

What are these advantages?

To start with, maritime transport is increasingly seen as being the "green" transportation mode to be promoted in a sustainable supply chain. Indeed, on a per ton/km transported basis, ships consume two times less fuel than rail and five to 10 times less than road <sup>4</sup>, thus reducing the corresponding costs and the related GHG emissions.

It is also a very safe form of transport: there are 75 times fewer accidents compared to road transport and 14 times fewer as compared to rail <sup>5</sup>.

Finally, because the maritime industry, and ports in particular, are located all around the world, very often at the heart of major communities, they strongly contribute to local socio-economic development by generating financial returns and providing jobs.

So where does the maritime industry stand today with respect to Sustainable Development?

It seems that, in general, the maritime industry has understood the importance of being more "sustainable". One only needs to look at what has been accomplished over the past 10 years to be convinced of it:

- ❖ Environmental regulations and standards have multiplied, whether it be with respect to air or water pollution levels, or the toxicity of anti-fouling paints.

- ❖ New industry associations have been created such as: Europe's Ecoports Foundation, and Canada's Green Marine association that seeks to reduce the environmental footprint of the marine industry on the St Lawrence River and the Great Lakes;
- ❖ Ports and harbours have launched many interesting environmental initiatives, ranging from the implementation of environmental management systems to specific recycling or greenhouse gas reduction programs;
- ❖ Numerous partnerships with local community groups have been established;

To name but a few examples.

However, a closer look reveals that, up to now, the focus of these accomplishments has been primarily environmental, and that a lot still needs to be done with regards to setting up a complete and integrated Sustainable Development framework. This is confirmed by a survey <sup>6</sup> published by Claude Comtois and Brian Slack. The study highlights that in 2004, amongst 800 ports studied worldwide, although 80 per cent had implemented energy saving initiatives, less than one per cent had published an annual Sustainable Development (SD) report with specific indicators. In fact, to date, the 20 largest ports in North America have all produced an environmental policy, but none so far have published Sustainable Development plans.

And this is also true of the Port of Montreal.

On the one hand we know that we have already achieved quite a lot. We provide 18,000 direct and indirect jobs and generate 1.5 billion dollars annually in economic benefits to the community. We are involved in an increasing number of local associations and have ceded land to create several recreational areas for the general public. Our safety and security policies have been recognized by the US Coast Guard as being amongst the most efficient in the world. In terms of the environment, we have produced our environmental policy and implemented an environmental management system; we have also carried out several industrial waste reduction initiatives and put in place measures to reduce noise, light and dust nuisances. Finally, we recently launched a major program to identify and measure all greenhouse gas emissions on the Port's territory.

On the other hand, for all these achievements, we know that we possess some specific advantages that require us to do much more in terms of “sustainability”, both for us and the logistic chain as a whole.

What are these advantages? I can identify four of them.

The first one is our geographic location, which provides our customers with the shortest transit time from Europe. This also translates into fewer greenhouse gas emissions and more competitive transportation costs.

The second is our unique intermodal platform. The result of a strong partnership with two of North America’s biggest rail companies, it enables direct transshipment from ships to trains, the latter being set up by destination on a case by case basis. Cost and time savings for clients, high usage rates of rail and maritime infrastructures, and lower greenhouse gas emissions are amongst the many benefits derived from this intermodal advantage.

Our third strength resides in our highly qualified and motivated workforce. It delivers quality services, while being a key contributing factor to our long term “industrial peace”.

And our last asset, but not the least, is the fact that we are located at the heart of a Montreal community which strongly supports Sustainable Development, to the extent that it has already produced its own plan. As we share the same principles, this will greatly facilitate our common work, such as on traffic issues, to name one example.

In order to capitalize on such important assets and further increase our environmental, social and economic contributions, we have decided that the obvious route is to fully embrace sustainable development principles.

In order to do this, we have identified four main steps.

**1) Implementing our Sustainable Development framework.** This implies setting up a specific managerial role, reporting directly to the President of the Port of Montreal. It also means producing our Sustainable Development plan, which will lay out our environmental, social and economic challenges as they relate to our strategic plan “Vision 2020”. The plan will also review our strengths and weaknesses in light of these challenges, and the corresponding quantifiable objectives to be achieved. This should be completed by the end of this year.

**2) Adapting our organization.** This includes setting up new performance indicators; modifying our management tools, systems and processes; reviewing our internal policies such as human resources and purchasing; and producing annual reports with integrated social, environmental and economic performance analyses. The organizational changes are the basis upon which the other changes will be successfully realized.

**3) Engaging our stakeholders.** We need to ensure that we identify and meet with all our key-stakeholders. And then seek to understand and integrate their expectations as well as their expertise in our day-to-day management and our projects. In addition to increasing our participation with local committees we will set up specific structures to support our engagement. For example, this year we will be launching a partnership initiative called “The friends of the Port of Montreal”.

**4) Carrying out sustainable development programs.** These will be carried out as genuine “society” projects, involving all the port’s stakeholders and generating shared economic benefits while contributing to the preservation of the environment. For example, we plan to triple our existing capacity by 2020, which will generate an additional 2 billion dollars per year in economic benefits as well as 23,000 new jobs.

We will also transform our current passenger cruise terminal, Alexandra Pier, into a new tourist and leisure centre, combining recreational, cultural and artistic activities. All these projects will be carried out in respect of sustainable development principles, balancing economic benefits with environmental protection and social benefits.

As you can see, ours is an ambitious plan, but certainly worth implementing. Firstly, because it will ensure that we fully seize the growth opportunity at hand and carry it out in a responsible manner. Secondly, because in doing so, it should also contribute to the long-term sustainability of the logistic chain. Thirdly, because it might encourage those who have already embraced the change to continue their efforts and motivate others to join in. In so doing this we will “sustain” the Sustainable Development effort!

Thank you.

---

<sup>1</sup> Discours M. Pelletier, Chambre de Commerce de Montréal, 17 Avril 2008

<sup>2</sup> International Chamber of Shipping, Annual Review 2008 –  
(<http://www.marisec.org/AnnualReview08.pdf>)

<sup>3</sup> Marché de l'emploi au Québec – Perspectives 2006-2010, Emploi Québec, 2007  
([http://www.emploiquebec.net/publications/pdf/00\\_int\\_pp20062010.pdf](http://www.emploiquebec.net/publications/pdf/00_int_pp20062010.pdf))

<sup>4</sup> Stratégie de navigation durable pour le St Laurent, Comité de concertation navigation, 2004 ([http://www.planst-laurent.qc.ca/plan/domaines/navigation/publications/2005/SND\\_longue\\_f.pdf](http://www.planst-laurent.qc.ca/plan/domaines/navigation/publications/2005/SND_longue_f.pdf)) – Transport Maritime et Environnement : deux alliés d'avenir, Les Amis de la Vallée du St Laurent, Octobre 2007 (<http://www.avsl.qc.ca/documents/Ppt10TournSiteAVSL6-1-08.pdf>)

<sup>5</sup> Stratégie de navigation durable pour le St Laurent, Comité de concertation navigation, 2004 ([http://www.planst-laurent.qc.ca/plan/domaines/navigation/publications/2005/SND\\_longue\\_f.pdf](http://www.planst-laurent.qc.ca/plan/domaines/navigation/publications/2005/SND_longue_f.pdf)) – Transport Maritime et Environnement : deux alliés d'avenir, Les Amis de la Vallée du St Laurent, Octobre 2007 (<http://www.avsl.qc.ca/documents/Ppt10TournSiteAVSL6-1-08.pdf>)

<sup>6</sup> “Restructuring the maritime transportation industry: Global overview of sustainable development practices”, Ministère des Transports du Québec, April 2007 (Étude Comtois / Slack)