

**Keynote Address**

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**The Port of Montreal:  
Combining Growth and Sustainable Development**

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Check against delivery

Ladies and Gentlemen, Colleagues, Good afternoon.

Mesdames et Messieurs, Collègues, Bon après-midi.

Je vous souhaite à tous et à toutes la bienvenue dans notre magnifique ville portuaire qu'est Montréal.

I'm delighted to be here with you today to talk to you about our plans for the future, and the role Montreal plays as a gateway for Canada in terms of specialty crops. I also want to cover the subject of how to reconcile economic growth with sustainable development.

But is it really a reconciliation or is it more appropriate to say that the timing is now right to develop a holistic vision of sustainable development as it relates to the growth and development of ports?

It is an issue faced by every port in the world, and at the Port of Montreal it's at the heart of everything we do. At the heart of our operations. At the heart of our planning. At the heart of our dialogue with stakeholders, beginning with the public. And most of all, at the heart of our vision for the future.

We have developed a \$2.5 billion strategic plan entitled Vision 2020, an envisioned future for the Port of Montreal, which will triple our container capacity to 4.5 million TEUs per year, create \$3.4 billion of annual economic activity and generate more than 41,000 jobs in the region.

Our plan foresees not only the expansion of our capacity, but a new vocation for some of our highly prized land adjacent to the waterfront. We also plan to enhance Montreal's role as a port of call for cruise ships. And all of this growth must pass two tests—first, sustainable development and, second, public dialogue.

We are very focused on our mission, our vision and our values. Our mission is to run our business efficiently, promote trade and contribute to the prosperity of Montreal, Quebec and Canada, while respecting the environment.

Our vision is to be the most reliable and secure port of choice for the North American continent. Our values include openness and communication, innovation and performance. We are customer-driven, and our stakeholders include the public.

In the last quarter century, the Port of Montreal has shown impressive growth in the key container segment, adopted cutting edge new technologies, and adjusted to the security issues of a world that changed after the events of September 11, 2001. And for every one of the last 25 years, the Montreal Port Authority has operated at a profit. Though our shareholder is the federal government, we operate by the rules of the private sector.

In all, the Port of Montreal handled a record 26 million tonnes of cargo last year, nearly half of it in container cargo—we handled 1.4 million TEUs. Importantly, container traffic grew by 7.7 percent last year, about three times the growth rate of the Canadian economy. From here to 2020 we expect container growth to average 7 percent annually. It was only 40 years ago, in 1967 that Montreal received its first containerized cargo, *but my predecessors saw*, it was the wave of the future, and wisely invested in container facilities along most of the 26 kilometres of the Port.

We are also a grain port. We handle more than 2 millions tons annually of bulk grain from the prairies and local farmers. Moreover, we are a gateway for grain being shipped by containers. We estimate that about 700,000 tons of grain is also shipped that way.

70 percent of the world's international merchandise trade, and 90 percent of intercontinental trade, moves by maritime trade. At the Port of Montreal, 80 percent of our traffic is in international maritime transport. In all, we ship and receive goods from nearly 90 countries through the Port of Montreal.

Learning from our history, we can see that the Port of Montreal has always embraced change, and has always made the investments necessary to achieve prosperity. Vision and innovation have been historical benchmarks of excellence at the Montreal Port Authority.

Your industry is also going through changes. As an example the imbalance in Canada's containerized trade is changing. The trade has experienced a major shift from a surplus

of export containers to a shortage of containers. More than ever, retailers are importing their goods to distribution centers near the ports. The result is that products are transloaded from containers to trailers, thereby removing opportunities to exporters for source loading.

One option is to bring the cargo to the ship. The capacity to store your product at the port exists. Through partnerships we can facilitate the transfer of your product from storage to containers. In Montreal we can adapt to these changing situations.

Leadership requires a new vision for a new century, a vision of renewal, in a challenging era of globalization, competition and change. We don't operate the Port in a vacuum, but in an intensely competitive environment. Montreal is the leading Canadian port on the East Coast, and one of the most important continental gateways to North America, the eastern and western provinces, and the American Midwest. That's true enough. But our leadership position can't be taken for granted.

Our competitors are on the move in the United States, investing in infrastructure and major improvements. Standing still is not an option.

Thankfully, Canada has begun to act. In 2007, the federal government, along with the governments of Ontario and Quebec, signed an MOU on the development of the Ontario-Quebec Continental Gateway and Trade Corridor, with a view to improving transportation systems and expediting the flow of goods between Canada and the world. Ottawa has committed an initial \$2.1 billion to its Continental and Atlantic Gateways initiatives, and we expect the Port of Montreal will be an important beneficiary of the Trade Corridor program.

SECOR, a leading Canadian strategy consulting firm, estimates the economic multipliers resulting from Port of Montreal activities for Quebec and Canada will more than double to \$2.2 billion and \$3.3 billion respectively. Altogether, that's a projected increase of 126 percent of value added economic activity for Canada—*provided* we make the necessary investments in new infrastructure.

Specialty crops are accounted for in the port's economic multiplier. Our planned expansion will help your product to access your customers in the most competitive way. Our infrastructure investments will also include measures to improve the handling of grain, which will benefit your industry as grain shipped to Montreal can be shipped in bulk or in container.

If we were to go forward with existing facilities as they are, with no upgrades or improvements, the SECOR study predicts an increase in the economic multiplier of only 51 percent. The numbers speak for themselves.

Fortunately, we begin any evaluation of the Port's future prospects from a considerable comparative advantage. It begins with location, location, location. If there's one thing we have a lot of in Canada, it's geography--the second largest country in the world. The Port of Montreal enjoys strategic geography. The largest inland port in the world, Montreal is located one day by truck from the Northeast US, a market of 40 million people. It is located a day and a half by rail from the US Midwest hub of Chicago and a market of well over 135 million people. From Northern Europe this represents more than a two-day advantage over the ports of New York and Virginia; our major competitors on the East Coast. The access to these markets guarantees Canada's shippers a wider variety of services and destinations.

We have other great strengths to build on, such as an excellent rail network right in the port and connected to two of North America's major railways, the CN and CP. Our deep inland position also permits us to balance our imports and exports. Every ship calling Montreal is fully unloaded and loaded at the port. And our strategic Vision 2020 will begin by reinforcing those strengths.

Last year, we handled a record 1.4 million containers, or close to 85 percent capacity. Given the projected 7.7 percent annual growth rate, our planned expansion over the next decade is right in line with growth forecasts. It's almost a Just in Time delivery concept!

The next question is where is the money going to come from? about \$2.5 billion. Well, the Port of Montreal, as I mentioned, expects to receive its fair share of federal infrastructure money through Transport Canada's Continental Gateway program.

Furthermore, we can invest in the future out of own operating profits—remember we have been operating at a profit for the last 25 years. And with recent changes to federal legislation, strict limits on our borrowing capacity have been lifted. We have pretty good collateral—it's called the Port of Montreal, and it's not going anywhere. As well we intend to partner with the private sector, as we have done in the past.

These projects are about enhancing and expanding infrastructure in the Port of Montreal. The Port owns this prime real estate. But the Montreal Port Authority represents the public, who are the real owners. We are the trustees, acting on their behalf. Our role, and our responsibility, is to build bridges of trust to our public, and to create a consensus in support of our initiatives, including redevelopment of lands in or around the Port. We are reaching out to our public by creating “The Friends of the Port of Montreal”, and by friends we mean everyone in Montreal.

Let me put it this way. Not only do we live in the **neighbourhood**. We are the neighbourhood. For the public, who want a voice in developing the neighbourhood. For our suppliers, who do business in the neighbourhood. For local farmers in the area we are the neighborhood. For governments, who rely on the prosperity of the neighbourhood. And for those who count on us for the sustainable development of the neighbourhood. Our vision is to develop the port in the city by integrating it with our immediate surroundings – geographically, economically, socially and culturally.

It is now 20 years since Dr. Gro Brundtland, the former Prime Minister of Norway, coined the term “sustainable development” in her landmark report to the United Nations.

We now discuss economic, social and environmental impact studies in the same context. Not only are they equally important. They are essentially inseparable.

We are also evolving our environmental management to become a model of sustainable development. We are moving from a reactive to a proactive philosophy. In the traditional environmental management cycle we would first measure a problem, and then respond to it, before planning and implementing a program of action. Sustainable development implies a balanced approach to the environment, economics and social policy.

In recent years, there have been numerous accounts of established organizations stumbling upon contemporary issues, many of them social or environmental in nature. Such concerns, often perceived as problems, have the potential to either impede or create significant opportunities for these organizations with regard to their capacity to sustain and promote economic growth.

Labour shortages, natural disasters caused by climate change, reputation effects and new regulation enacted by governments are now part of ports' daily lives, and must be dealt with in a holistic manner in order to **yield** benefits. The maritime industry, being relatively "greener" than its rail-and-road counterparts, is indeed in a position to reap positive returns from its expansion. But to endure, such development must follow a sustainable approach. Although significant efforts have been made around the globe towards implementation of such practices, much remains to be accomplished.

As a leader in the North Atlantic container market, the Port of Montreal has chosen to commit strongly towards sustainable development principles, integrating social, environmental and economic factors into a single, coherent strategic vision. To achieve this, we recently drafted a four-step initiative.

The first step consists in establishing a sustainable development framework identifying the potential issues that result from our vision 2020 plan and the adaptations required. As a second step, we plan to adjust accordingly our management structure, tools and policies. Our third step will involve engaging our stakeholders. In addition to increasing our participation with local committees we will set up specific structures to support our engagement. For example this year we are launching our partnership initiative called "Friends of the Port of Montreal". The fourth step will be the implementation of our development projects, which we want to be genuine "society" projects: supported by a strong stakeholder involvement. The projects will triple commercial capacity, integrate artistic, cultural and tourist activities, while generating 41,000 jobs and strongly contributing to preserving the environment.

As a groundbreaking set of initiatives, we are confident that the implementation of these practices at the Port of Montreal will set the pace for others to join in these efforts. Our success, combined with that of our stakeholders, will make a strong business case

towards increased sustainable development practices in the maritime industry throughout the world.

I know that people don't think of ports as being the most environmentally sustainable of economic activity. But while we begin from the admission that we have much progress to make, we have made real progress. We have made attitudinal change, leading to policy change, leading to real results.

At the Port of Montreal, we have some significant success stories:

- We have persuaded ships to reduce their speeds in the St. Lawrence, to protect the riverbank against soil erosion.
- We are restoring bays, by dredging the River to remove 52,000 cubic feet of contaminated sediment.
- In the near future, ships that use cleaner diesel fuel will be charged correspondingly lower docking fees in Montreal
- In terms of wildlife, we have concluded a protocol for the Boucherville Islands, in which we are investing \$600,000 to expand wildlife habitat preserves.
- In terms of lifestyle, and reducing what we call conflict of usage, we're going to respect schedules at riverfront beaches regarding noise and lighting of our facilities.
- On noise pollution, especially in the populated Old Port area, we changed the schedule of trains so they circulate at night away from the crowds found in the area during the day.
- On our owned and operated rail line, we are purchasing five new locomotives that will reduce emissions by 40 percent.
- In our automotive fleet of vehicles, we are replacing more than 25 percent with hybrids, low on fuel consumption and low on emissions.

- We are making an inventory of greenhouse gas effects in the Port, along with Transport Canada and Environment Canada to develop an effective action plan to further reduce greenhouse gases.
  
- We are making advances in our community involvement by: holding an open house; creating the “Friends of the Port of Montreal”; getting involved in various local associations that serve the community; and speaking with politicians and community leaders.

In summary, we are not talking the talk on sustainable development, we are doing something about it.

Which brings me to the main point I would like to leave with you—creating an economic, social and environmental consensus around our envisioned future for the Port of Montreal.

At the end of the summer, we’re going to be holding a first, an open house on August 31, inviting Montrealers to come and see their Port. They come to the Old Port, to its many attractions; they skate there in the winter, just as Montrealers did two centuries ago. But we haven’t really connected them with the Port of Montreal, and as such haven’t given them an opportunity to appreciate its historical and economic importance to the life of Montreal.

We need to foster a better understanding of what the Port is. We want Montrealers to recognize its importance and be proud of it.

We want to create a sense of identification with the Port, of the Port belonging to the people, and of the people taking pride in their Port.

How do we do that?

Well, bringing Montrealers into the strategic vision is part of it, creating buy-in by conducting genuine dialogues. We know that economic growth and sustainable development are not mutually exclusive concepts, but perfectly harmonious ones.

Beyond the general public, we have three levels of government that have a genuine interest in the Port, its mandate and its mission. The federal government is our shareholder. But the Quebec government and the city of Montreal are major stakeholders in our future. It is always challenging to create a consensus among the three levels of government, because each has its own interests, but my sense is that they are working well together in the common interest.

I believe there is a capacity to foster a consensus on the major challenges we face and how to meet them. Here is my sense of those challenges.

First, we must have a capacity to grow. Since we have reached nearly 85 percent capacity in the container segment, which is *the* growth segment of our industry, we need to add container capacity. This is a transactional matter, not a question of vision.

Second, we need to be able to match the projected 7 percent annualized growth in the market, here to 2020. We have created a growth and development department and we are working with our partners towards this growth objective.

Third, there's the question of finances. Where will the money come from? Public and private funds will be accessed to provide this funding.

Fourth, we have to develop a rail strategy, a bi-polar strategy with both CP and CN, to maximize efficiency and provide cost-effective solutions to our client base. As it happens, these companies are complementary, not competitive, in our space. As the three new terminals enter service we must maintain connections with the two railways.

Fifth, security is an essential element of international maritime trade. In the years to come technologies will grow exponentially and coordination of communication between the various enforcement agencies, emergency providers, and the port will be a key success factor for our port.

Sixth, and this is very important, the stakeholders, all the stakeholders, must be part of the big picture. By stakeholders I mean just that—everyone with a stake in the Port. Our customers. Our suppliers. Our governments. And our publics.

Seventh, whatever we do must meet the test of sustainable development. The three axes of sustainable development – economic, social and environment. Of course every growth proposal must pass environmental review. On the environment, we have to move from philosophy to policy, to strategy and finally to action.

Eighth, I have a responsibility to ask if our organization is aligned with these objectives. For example, we have a vice president for growth and development, but we will also have a director of sustainable development. We also need to reinforce our project and risk management function.

Not only is our growth strategy multi-dimensional and multi-sectored but its timing is absolutely critical. We have to act now to positively impact the development of the port.

The new leader of any large organization is always challenged to strike a balance between continuity and change. Continuity represents a proud legacy of achievement. Change represents opportunities for the future.

At the Port of Montreal, we stand on the shoulders of giants, from John Young in one century, to Nick Beshwaty and Dominic Taddeo in the next. I am proud to follow in their path, but my leadership of the Montreal Port Authority will be measured by the manner in which we respond to the economic, social and environmental challenges of our new century.

That is, most of all, why sustainable development constitutes the foundation of our future growth and success.

Merci beaucoup pour votre attention.

Thank you very much for your attention.