

Canada's Ports:
A Sustainable Vision for 21st Century Challenges

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Mesdames, messieurs,

Dear colleagues in the marine industry,

I am very happy for this opportunity to address you here in Saint John, the industrial powerhouse of the Maritimes and home to the highest concentration of industry on the Atlantic coast north of New York City.

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Nous n'avons pas oublié, au port de Montréal, que nous partageons une partie de notre histoire avec le port de Saint-John puisque, jusqu'à la fin des années 1950, Saint-John était le port d'hiver de Montréal quand le Saint-Laurent était bloqué par les glaces.

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But times have changed... and they keep changing. After gaining winter navigation and benefiting from the Seaway's opening into the Great Lakes, the Port of Montreal – like the whole marine industry – must now meet the fundamental changes that are affecting the entire global logistics chain.

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In Montreal, for example, we have to deal with competition from Eastern U.S. Seaboard ports, which were quick to make major investments in response to the restructuring of global maritime transport, resulting in new routes between Asia, Europe and North America via the Panama Canal or the Suez Canal.

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It is time that Canadian port authorities inventory the assets that will allow them to capitalize on the emerging maritime situation.

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For Montreal, as for others ports in Canada, the Saint Lawrence River is a major business opportunity. It is also a vital artery for Quebec, for Canada and for the American Midwest. We must build our future on this unique gateway, with the sum of its parts – the ports and intermodal facilities – working together in absolute synergy to form an outstanding system for maritime transportation and for our economy.

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To date, the Port of Montreal has been able to make the most of these advantages and synergies to become, progressively, the leading container port on Canada's East Coast, one of the leading ports in North America, and one of the foremost gateways to the Midwest and Eastern Canada.

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We decided to pursue this course and broaden our approach with a holistic vision of our activities – a vision that goes beyond operating management, financial performance and customer satisfaction. Our vision now encompasses the ecology and balanced development, both social and economic, – over the long term – of the communities directly or indirectly affected by our activities and our presence.

Je voudrais partager cette vision avec vous, aujourd'hui. Pour cela, survolons d'abord la situation dans laquelle se trouve le port de Montréal aujourd'hui.

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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.

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In all, the Port of Montreal handled a record 26 million tonnes of cargo last year, and nearly half of that – 1.4 million TEUs – was in container cargo. This speaks volumes, too: Container traffic grew by 7.7 percent last year, about three times the growth rate of the Canadian economy. By 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 Port's 26 kilometres.

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As the 21st century gets underway, 1,600 kilometres inland from the Atlantic Ocean, the Port of Montreal still offers the fastest and most economical access to the main markets of North America's industrial heartland. It's one of the few ports that can provide a truly integrated Intermodal hub. It's where ships, trains and trucks can converge at a single point and minimize delays in cargo transit. Altogether, these features make us very effective and enable us to carry out balanced cargo flow management.

These assets put the Port of Montreal in an excellent position to capture a substantial share of the growth in global maritime traffic, which will come primarily from the container sector.

However, the Port is facing a major challenge. At the current growth rate, it will reach its full capacity of 1.6 million TEUs, in less than 3 years.

Once again, we must adapt to market developments. This is why we finalized a development plan that we named *Vision 2020*, and that aims to increase the Port of Montreal's capacity. It involves an investment plan of 2.5 billion dollars to increase Port capacity, to perform annual maintenance of our facilities, and to support our other programs focusing on the cruise industry, the environment, and Port security.

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There are four project phases.

The first consists of optimizing our current infrastructures, which will be completed in 2011. It will involve an expenditure of \$185 million and bring capacity to 2 million TEUs.

The second phase is based on a redevelopment of Port territory. It will allow us to maximize use of each square metre for cargo handling. This phase will be completed in 2013, at a cost of \$280 million, and will boost our capacity to 2.5 million TEUs.

In phase three, we will target areas that allow us to substantially increase our capacity in terms of cargo volume. We are considering two sites in the east end of Montreal and in Contrecoeur. This third and most extensive phase of our plan will increase the Port of Montreal's capacity from 2.5 million TEUs to 3.5 million TEUs between 2014 and 2016, at a cost of \$610 to \$720 million.

The final phase of *Vision 2020* will begin in 2013 and will be completed between 2018 and 2020. This phase will add another 1 million TEUs at a cost of \$500 to \$600 million. Once all four phases have been completed, the Port of Montreal will have a capacity of 4.5 million TEU containers.

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But this plan goes beyond increasing our capacity and efficiency. In the 21st century, we can no longer operate the Port in a vacuum. Our vision is to “*develop the port in the city*” by integrating it with our immediate surroundings – geographically, economically, environmentally, socially and culturally.

As a leader in the North Atlantic container market, the Port of Montreal has made a strong commitment to sustainable development principles that focus on a single, coherent strategic vision, integrating social, environmental and economic factors.

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This vision arises from contradictory trends that affect the global marine industry. On the one hand, trade volumes are increasing, which contributes to steady growth. On the other hand, the world is facing key challenges, which could very soon significantly disrupt the functioning of the logistics chain. This in turn would diminish the benefits expected from these expanding trade exchanges.

Some of these challenges have an environmental impact, for example, climate change and its effect on sea levels, or depleting fossil fuel resources – both of which contribute to higher energy prices.

Other challenges have a more social connotation. I think of exploding population growth in developing countries, which contrasts sharply with a shrinking workforce in Western countries due to aging populations and lower birth rates.

Then there are the economic challenges, including the need to adapt to new behaviours among end-customers and investors, who now increasingly select products and organizations based on their overall social responsibility performance.

As a result, stakeholders in the marine industry are left with little choice. In order to sustain their current and projected growth, they must help resolve these interconnected social, economic and environmental challenges, and at the same time, mitigate the impacts generated by their own activities. Doing so will help make the logistics chain sustainable.

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The marine industry's most significant impact to our global challenges is probably environmental. Its dredging operations, the development of new port infrastructures and the emission of pollutants all impact the local ecosystems. Noise, light or dust emissions, traffic congestion and even access rights to the sea or the river can generate conflicts with local residents. Finally, at a more global level, maritime activities generate between 3 and 4 percent of the world's total greenhouse gas emissions.

On the positive side, the marine industry has several environmental, social and economic advantages, which, if properly deployed, should secure its long-term sustainability as well as that of the logistics chain as a whole.

What are these advantages?

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To start with, maritime transport is increasingly seen as the “green” transportation mode to be promoted in a sustainable supply chain. In fact, on a per ton/kilometre transported basis, ships consume two times less fuel than rail and five to 10 times less than trucking. This reduces the corresponding costs and the related GHG emissions.

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It is also a very safe form of transport: There are 75 times fewer accidents compared to road transport and 14 times fewer compared to rail.

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

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- For instance, in Montreal:
 - we provide 18,000 direct and indirect jobs;
 - we 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 U.S. Coast Guard as some of the most efficient in the world;
 - 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;

- we recently launched a major program to identify and measure all greenhouse gas emissions on Port territory.

- Turning to other areas, the Montreal Port Authority is doing everything possible to make the most of the specific advantages it enjoys, and by doing so, to implement its vision of sustainable development.

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- The first specific advantage 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.

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- The second is our unique intermodal platform, which is the result of a strong partnership with two of North America's largest rail companies. It enables transshipment from ships to trains, the latter being set up by destination on a case by case basis. Cost and time savings for customers, high usage rates of rail and maritime infrastructures, and lower greenhouse gas emissions are just some of the many benefits of this intermodal advantage.

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- Our third strength is alive and well in our highly qualified and motivated workforce. It delivers quality services while being a key contributing factor to our long-term "industrial peace."

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- Last but not least is the fact that we are located in the heart of a community that 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 efforts.

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. We have identified four steps integral to their application.

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First, implement a sustainable development framework: This involves setting up a specific managerial role, reporting directly to the President and CEO 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.

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Second, adapt our organization: This includes setting up new performance indicators; modifying our management tools, systems and processes; reviewing such internal policies as human resources and purchasing; and producing annual reports with integrated social, environmental and economic performance analyses. The organizational changes are the building blocks for the successful execution of the other changes.

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Third, engage our stakeholders: We need to ensure that we identify and meet with all our key stakeholders, and seek to understand and integrate their expectations along with 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*” and on August 31st, we are staging an “Open House” a day that we call “Port in the City”. We are providing the community with a chance to visit the Port’s installations – for the first time in 25 years and an opportunity to learn how the City and the port’s development have been closely tied throughout their history.

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Fourth, carry out sustainable development

programs: These will be carried out as genuine “society” projects, involving all Port 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 respecting sustainable development principles, and balancing economic benefits with environmental protection and social benefits.

One project that could have considerable positive economic benefits is the creation of a distribution centre in the port's hinterland. Distribution centres attract shipping lines; they also provide a ready supply of empty containers for Canada's exporters; as well as direct and indirect jobs for transportation companies, distribution centre employees etc. Montreal has an opportunity, because of its many advantages, drawn from its location and rail connections, to take the lead in creating this activity and attracting potential clients to a logistics park.

Vous le voyez, chers collègues de l'industrie maritime, Montréal veut mettre à profit tous les avantages spécifiques dont elle bénéficie pour mettre en place un véritable plan de développement durable sur tous les fronts – environnementaux, sociaux et économiques.

Toutefois, ce plan ne donnera vraiment tous ses fruits pour l'économie canadienne que si l'ensemble de notre industrie adopte une vision similaire et si nous décidons tous de travailler ensemble, de façon complémentaire et dans la même direction. C'est ce que j'appelle une vision holistique de l'avenir de notre industrie.

Imagine for a moment the benefits to us if the world's shipowners were aware that from one end of the country to the other, the ports and shipping lanes providing access to the North American sub-continent are the safest in the world in terms of cargo security, and that our industry as a whole is able to manage the issues related to the environment, communities and governments.

We have already taken steps in the right direction.

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The stakeholders on the Saint Lawrence have already taken a first step by establishing Green Marine.

Through Green Marine, we have an opportunity to be leaders in the area of sustainable development in our own backyard, and the positive effects of this leadership will be felt on many levels.

Our colleagues on Canada's West Coast have set aside their rivalry and decided to join forces. They realized that together, they would have a better chance to grow and to capture a substantial portion of the Asian trade. They decided to address the federal government as a single voice in order to benefit from the considerable investments the federal government awards for the development of the gateway to the Pacific.

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Imagine the impacts on the environment, on communities, on Canada's competitiveness, and on tourism if all the Canadian port authorities worked together to apply the best sustainable development models.

Imagine if the result of our concerted efforts was to help maintain coasts, shores and waterways in better shape. We would be cited as the benchmark among all the port authorities in the world, and this would have a direct effect on our industry's commercial success across the board, and would give Canada a leading-edge image around the world.

I think that if we want it, we have an exciting future ahead of us. I hope this conference will be a milestone in our evolution towards a holistic vision of our industry.

Je vous remercie de votre attention.