

Supporting New Investment in Infrastructure to Enhance Canada's Asia Pacific Gateway Initiative

Issue

In 2007 the Government of Canada, in cooperation with the Government of British Columbia and the three Prairie Provinces, developed and embarked on an ambitious program of capital and legislative infrastructure investments to create the Asia Pacific Gateway Canada Initiative (APGCI). The investments were focused on the "Gateway" corridors linking the Port of Prince Rupert and Lower Mainland regions of British Columbia with the inland supply chain of Western Canada and the rest of the continent.

Over the past ten years the APGCI has been transformational towards enabling the growth of the economy for the benefit of all Canadians through increased and enhanced trade. As the Gateway Initiative is now a decade old it is time to reflect upon its successes; analyze its impacts (positive and negative; both intended and unintended); and, most importantly, encourage innovative and coordinated investments in various new potential strategic infrastructure, systems and marketing initiatives towards achieving continued growth, improvement and evolution of the APGCI. This notion is also supported by the Canadian Chamber of Commerce in its 2017 Infrastructure Report that identifies "insufficient coordination of public-private trade-enabling infrastructure investment in Canada's vital Asia-Pacific transportation networks" as a problem affecting the capacity and efficiency of the Asia Pacific Gateway and Corridor

Background

The APGCI sought to

- Boost Canada's commerce with the Asia-Pacific region: China, India, Japan, South Korea and Southeast Asia;
- Increase the Gateway's share of North America bound container imports from Asia; and
- Improve the efficiency and reliability of the Gateway for Canadian and North American exports

These goals were to be achieved under development and implementation of key strategies within the following five priorities:

1. Build a global identity for Canada's Pacific Gateway;
2. Strengthen trade and investment relationships;
3. Develop a world-class supply chain and gateway infrastructure;
4. Develop and attract a skilled labour force; and
5. Position the West Coast of Canada as North America's Asia-Pacific destination.

According to Transport Canada, federal funds of \$1.4 billion leveraged \$3.5 billion in total project funding and the investments had a spinoff effect in private investments exceeding \$14 billion.

To date, 47 strategic transportation infrastructure projects valued at more than \$3.5 billion have been announced by the federal government in partnership with all four western provinces and other public and private sector partners. Specific examples in British Columbia include almost \$6 billion committed to support the objectives of improving both the capacity and efficiency of the country's transportation system, and advancing the competitiveness of the Canadian economy. Specific infrastructure investment examples include the South Fraser Perimeter Road and the Roberts Bank Rail Corridor.

Canada and participating Gateway provinces have also invested in non-capital improvements to enhance the Gateway. According to these governments: improvements have been identified and implemented to reduce policy, regulatory and financial barriers, to improve the business environment for trade growth, and to enhance freight operations at key facilities by way of company-level agreements, application of new technology and establishment of innovative operational practices. While investments towards achieving the strategic priorities of the Gateway were the direct catalyst for these improvements all businesses in all sectors have had the opportunity to receive the net positive results.

The APGCI continues to be a significant driver of economic growth throughout Western Canada. However, the growth rate has begun to slow and other challenges have arisen from its early success. This is evident in British Columbia which has started to become a victim of its own success related to unintended consequences of rapid Gateway-related growth. The growth has exacerbated the worsening and extremely expensive congestion problems in the Lower Mainland of BC. This congestion is being seen at shipping terminals, distribution centres and commuter roads. General examples of congestion related negative impacts include:

- Inefficient and ineffective delivery of imports from ship to shelf
- Increased wear and tear on already over-stressed municipal road networks
- Lost time to commuters in vehicles and public transit
- Worsening environmental impacts to air sheds and waterways
- Further threats to agricultural land from the insatiable appetite for expansion of road networks and industrial warehouse developments
- Real threat of the Gateway no longer being the “gateway of choice” in the Pacific region of North America as shippers lose confidence in our resiliency and ability to fulfill the needs of the supply chain
- Continued stifling of economic growth to the point of potential no real net gains

Furthermore, and even with the investments and success of APGCI to date, “Canada’s port infrastructure has slipped from 14th place in the World Economic Forum’s Global Competitiveness Index in 2010-11 to 21st place in 2014-15” according to Alex Brinkley. The looming threats to the Gateway’s continued positive contribution demonstrate that it is time the initiative be reinvigorated through strategic investments to catalyze its evolution. The Canadian Chamber of Commerce notes in its July 2017 Infrastructure Report, that: “despite the success and strong industry support for the initiative, no additional funding was provided for APGCI when a new a federal infrastructure framework was announced in 2013-14. The value of the program was reaffirmed in the 2016 report of the Canadian Transportation Act Review which found that, “the gateway approach of linking trade and transportation together in an integrated, multi-modal and public-private strategy was widely recognized as a Canadian best practice.”

Recommendations

Therefore, this Resolution proposes that the Gateway be reinvigorated by the following action items:

1. That the following recommendation from Chapter 3, Linking Trade and Transportation, of the 2016 Canada Transportation Act Review (known as The Emerson Report) be implemented: “the Government of Canada renew the Ministerial mandate for Gateway and Corridor strategies in order to provide leadership on efforts to link trade and transportation and consider budgetary allocations to support investment in transport corridors”
2. That the Government of Canada review the past ten years of the APGCI and strategic investments to reinvigorate the Asia Pacific Gateway Canada Initiative from the perspective of leveraging opportunities outside of the existing corridor to provide resiliency, mitigate environmental impacts and create wider-reaching economic impacts.
3. That the Governments of Canada and British Columbia invest in key strategic infrastructure improvements and developments related to inland ports and multimodal hubs that offer opportunities to attract investment such as the proposed new Port Alberni Transshipment Hub (“PATH”) located south of Port Alberni BC.

4. That the Governments of Canada and British Columbia develop a reinvigorated and revitalized new APGCI Strategy to meet the evolved needs of the Gateway and international trade.