



Canada's Gateways: Connecting Canada to Global Opportunities

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**Foundations for a National Logistics Plan in Mexico:
Policy Framework and Institutional Participation
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Integrated Global Economy

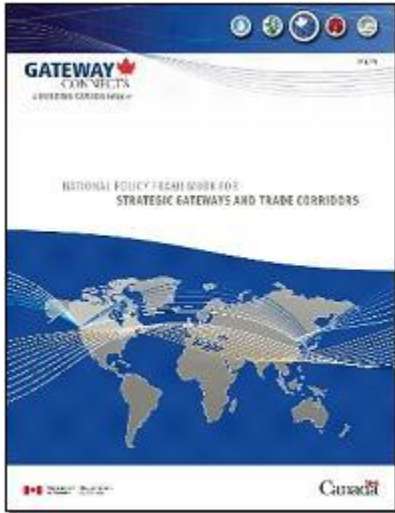
- Global marketplace integration has driven the distribution of economic activity, as well as the expansion of world trade
 - Global Value Chains: pre-eminent business model
- Canada faced concerns of congestion, reliability and inadequate infrastructure
- The economic heartland of North America remains the destination of production, intermediate value-adding and final consumption, all of which rely on the transportation network

Current Economic Climate

- Economic conditions challenging markets and profitability: competitiveness strategies are more important than ever
 - Key enabler: fluid, reliable and efficient transportation systems
- Greater competitiveness requires deeper integration across Canada's freight transportation system to support trade within North America and globally

Canada's Gateways approach to transportation and logistics is key to future competitiveness, and a strong platform for engaging trading partners

Canada's National Policy Framework



National Policy Framework for Strategic Gateways and Trade Corridors (2007) is Canada's response to the evolving dynamics of global trade and transportation

- Developed to advance the competitiveness of the Canadian economy on the rapidly changing playing field of global commerce
- Emphasizes Canada's geographic advantages, long-term planning, public-private collaboration, and integrated approaches to infrastructure, policy, regulatory and operational measures

The Framework uses Five Policy Lenses

1. Align transportation system with international commerce strategy
2. Focus on nationally significant volumes and values of trade
3. Forward-looking plans based on system analysis
4. Address interconnected issues that directly impact system performance
5. Respect the federal role and foster effective partnerships



Canada's National Policy Framework guides the implementation of the Asia-Pacific, Continental, and Atlantic Gateway and Trade Corridor initiatives

Gateways and Corridors: A policy developed by Transport Canada, and approved for the whole federal government

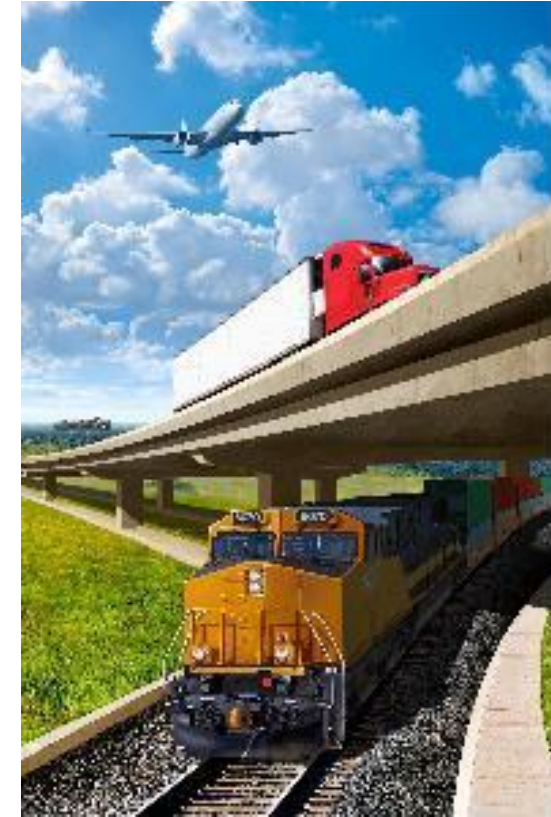
- Extensive consultations, research and analysis from conception in 2005 to formal Cabinet approval and public announcement in 2006-07
- Horizontal effort: implementing partners include Department of Foreign Affairs and International Trade, Canada Border Services Agency, Western Economic Diversification Canada, Human Resources and Skills Development Canada and Parks Canada

National strategy implemented through partnerships

- Memoranda of Understanding negotiated with the Provinces
- Private sector engagement: railways, truckers, shippers, carriers, freight forwarders, port and airport authorities, etc.
- Open call for proposals for merit-based infrastructure fund: Provinces Municipalities, Public-Private Partnerships (P3s)

Other aspects under federal jurisdiction

- Duty to consult with First Nations and desire for First Nations participation in the Asia-Pacific Gateway
- *Canadian Environmental Assessment Act* implications and community impacts of new projects and traffic
- International engagement: marketing, journalist tours, conferences, business-to-business, policy dialogue



"Private industry and all levels of government need to be relentless in pursuing the modernization and coordination of trade, transportation and border infrastructure, including security, as a national priority." — The Conference Board of Canada

Three Strategic Gateways and Corridors



Different imperatives for the three gateway strategies:

Asia-Pacific Gateway

- Congestion
- Capacity Constraints
- Reliability Concerns
- North and South Shore Initiatives

Continental Gateway

- Congestion
- Bottlenecks
- Integrated transportation system between Canada and the United States (U.S.) Heartland

Atlantic Gateway

- Untapped port and rail capacity
- Exploiting geographic advantages
- Niche capabilities

But they are interconnected and present similar opportunities and challenges:

- Extensive collaboration between governments, port authorities, industry and organized labour
- Require a “whole of government” approach and broad stakeholder buy-in for building necessary partnerships to address key policy, regulatory and operational issues
- Require holistic “system-based” approaches to identify and define the current and future responsibilities for all partners

Canada's Gateways lay the groundwork to ensure a successful transportation system that supports international commerce and the new demands posed by global supply chains and expansion of global trade

To respond to the changing marketplace, our objective is to ensure a harmonized, efficient, reliable and sustainable system that supports Canada's competitiveness

- **Optimize** the use of existing infrastructure
- **Adapt** the transportation system to meet future demands of freight flows and changes in supply chains and logistics
- Improve **integration** between modes

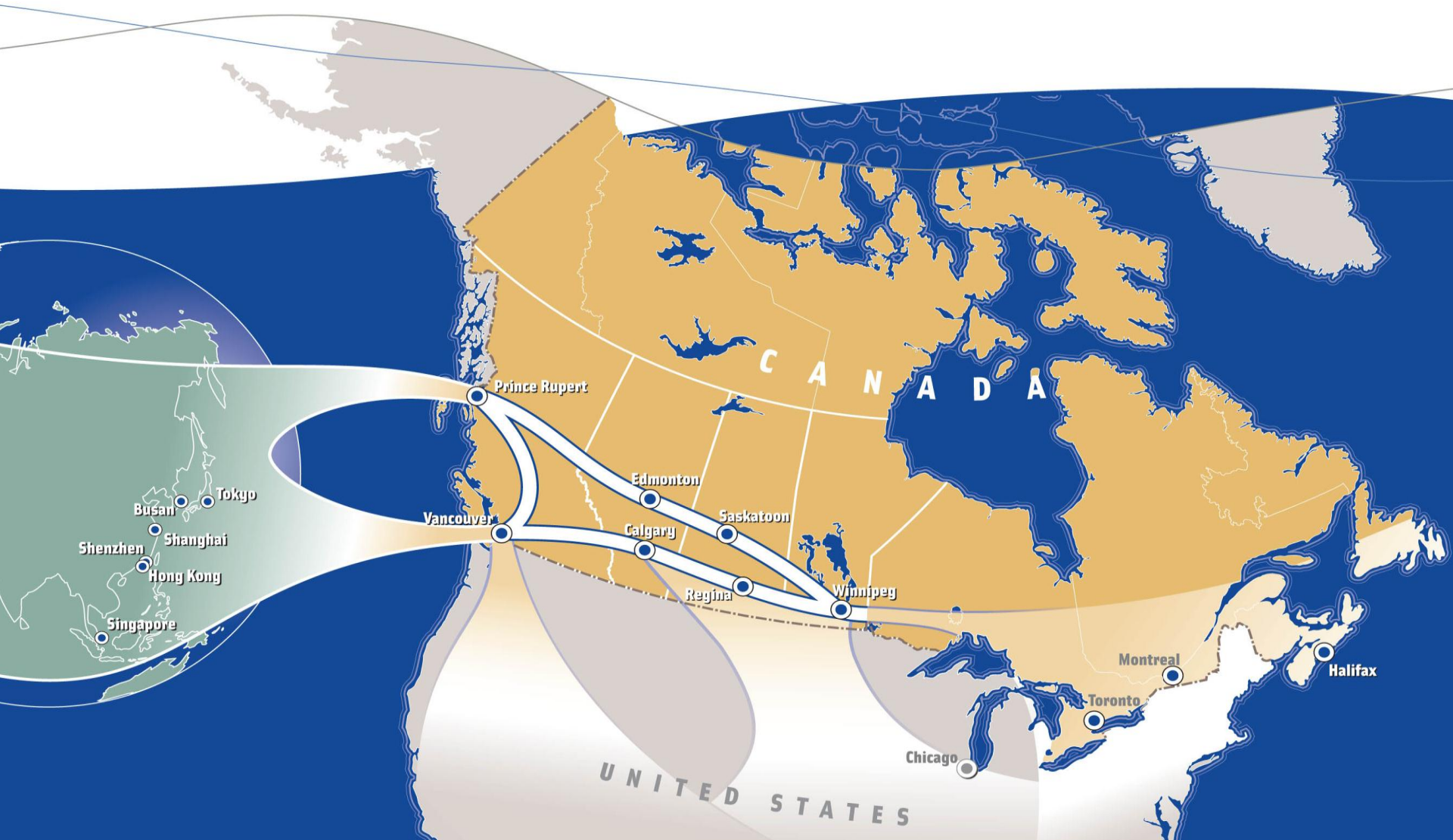
Optimizing, adapting, and integrating all modes of Canada's strategic transportation system provides the necessary conditions for long-term sustained economic growth and the creation of new jobs and wealth

It is not just about '**bricks and mortar**' but also about **efficient supply chains** — managing the movement of goods and services that build our economy



An integrated, system-based approach to Canada's Gateways situates crucial considerations such as the roles of technology, environmental stewardship and security — all of which transcend traditional mode-specific approaches

Asia-Pacific Gateway and Corridor Initiative



Asia-Pacific Gateway and Corridor Initiative

An integrated set of investment and policy measures to further develop the Gateway and Corridor, and better equip Canada to take maximum advantage of it

A careful balance of immediate action and long-term direction, based on five core elements

Private Investment and Innovation:

to create a positive climate for private investment, while safeguarding the broad public interest

21st Century

Governance: to ensure that the most efficient use is made of existing assets, and maximum value and accountability are obtained for taxpayers' investments

Strategic Infrastructure:

to cement the reputation of the Gateway and Corridor as a reliable, efficient and secure connection between North America and Asia

Policy Renewal:

to address a focused agenda of policy issues that directly impact the efficiency and use of the Gateway and Corridor

Security and Border Efficiency:

to explore opportunities to break new ground and keep the Gateway at the forefront of secure and efficient movement of goods and people



Alignment of public and private sectors: key to leveraging over \$3.5 B in partner investments, with \$1.4B in federal funding for the APGCI

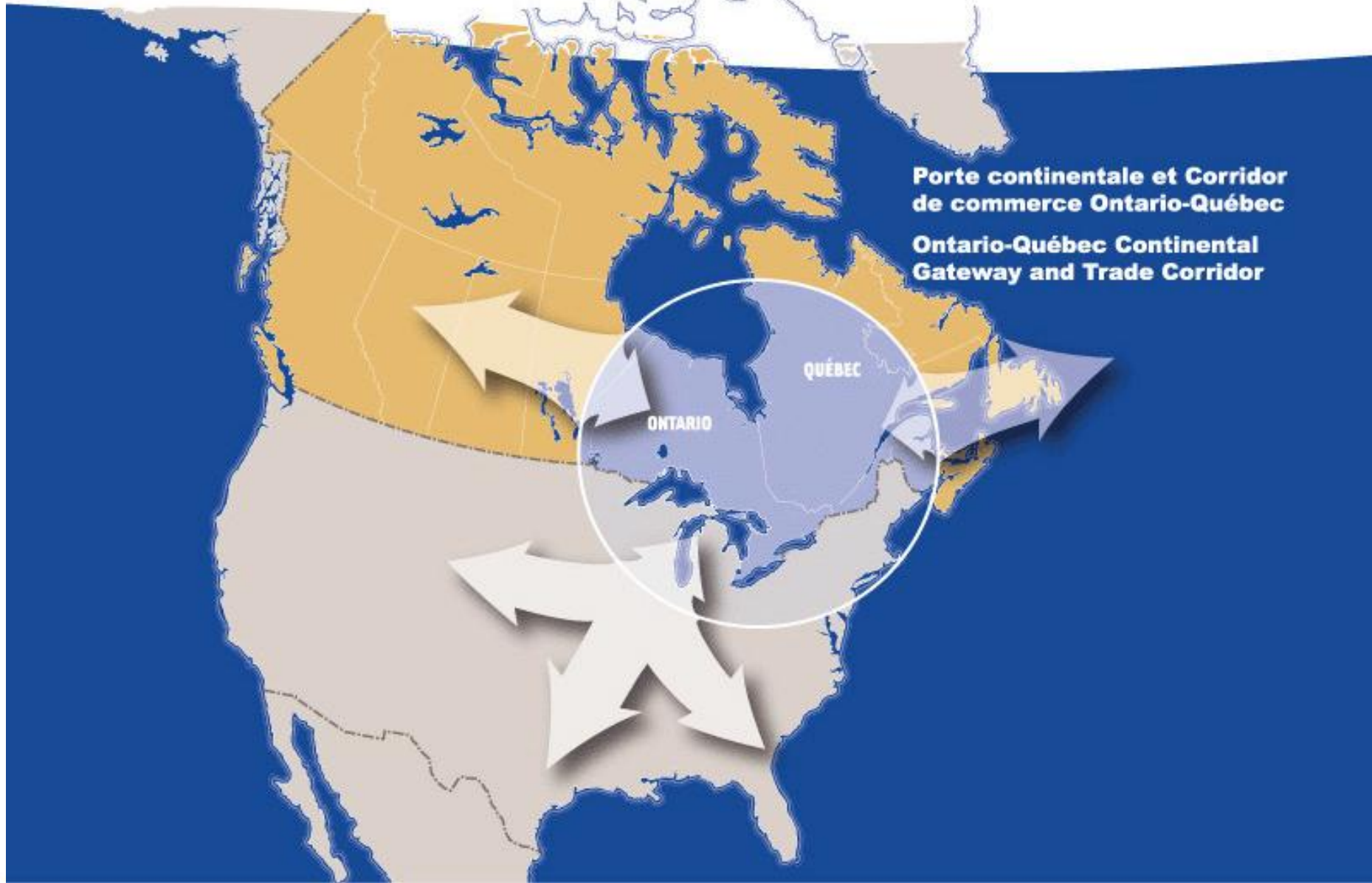
- 1** **Prince Rupert Port Container Security Program, 100 million**
A security audit and program to enhance the security of the Prince Rupert container terminal and other border services for the Prince Rupert Terminal, which opened in 2012.
- 2** **Highway Improvements near Vancouver, 45.16 million dollars**
Anticipated construction of an interchange and widening of Highway 1, along with other improvements near the Port of Prince Rupert.
- 3** **Rooskiak, Prince George, 15.5 million**
New Road 101 and other projects in the Prince George International facility. Projects will provide additional capacity for container storage and handling, and improve access to the facility. The project also includes a new access road and other improvements.
- 4** **Terminal of Simon Fraser Bridge, 100 million**
A project to build a 100-million-dollar intermodal facility between the Port of Prince Rupert and the Simon Fraser Bridge. The facility will include a new container terminal and other improvements.
- 5** **Highway 97 Upgrade near Prince George, 14 million**
Improving Highway 97 from the Prince George area to the Highway Station Drive, between 100th Avenue and 10th Street. The project will support development of the Port of Prince Rupert.
- 6** **Goods Services, British Columbia, 17 million**
Goods services in southern and western British Columbia will improve truck traffic flow, reduce business costs, and improve customer and supplier efficiency.
- 7** **Highway 97 and the Fraser Valley, 17 million**
A new interchange will facilitate the relocation of the Canadian Pacific Railway (CPR) intermodal facility.
- 8** **Freight Interchanges and South West Crossing, 100 million**
A project to build a 100-million-dollar interchange and a new South West Crossing. The project will improve the flow of goods and services between the Port of Prince Rupert and the rest of Canada.
- 9** **TransCanada Highway Upgrade, 10 million**
Improving Highway 10 from the Port of Prince Rupert to the rest of Canada. The project will improve the flow of goods and services between the Port of Prince Rupert and the rest of Canada.
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- 11** **SR 107, SR 108, SR 109, SR 110, SR 111, SR 112, SR 113, SR 114, SR 115, SR 116, SR 117, SR 118, SR 119, SR 120, SR 121, SR 122, SR 123, SR 124, SR 125, SR 126, SR 127, SR 128, SR 129, SR 130, SR 131, SR 132, SR 133, SR 134, SR 135, SR 136, SR 137, SR 138, SR 139, SR 140, SR 141, SR 142, SR 143, SR 144, SR 145, SR 146, SR 147, SR 148, SR 149, SR 150, SR 151, SR 152, SR 153, SR 154, SR 155, SR 156, SR 157, SR 158, SR 159, SR 160, SR 161, SR 162, SR 163, SR 164, SR 165, SR 166, SR 167, SR 168, SR 169, SR 170, SR 171, SR 172, SR 173, SR 174, SR 175, SR 176, SR 177, SR 178, SR 179, SR 180, SR 181, SR 182, SR 183, SR 184, SR 185, SR 186, SR 187, SR 188, SR 189, SR 190, SR 191, SR 192, SR 193, SR 194, SR 195, SR 196, SR 197, SR 198, SR 199, SR 200, SR 201, SR 202, SR 203, SR 204, SR 205, SR 206, SR 207, SR 208, SR 209, SR 210, SR 211, SR 212, SR 213, SR 214, SR 215, SR 216, SR 217, SR 218, SR 219, SR 220, SR 221, SR 222, SR 223, SR 224, SR 225, SR 226, SR 227, SR 228, SR 229, SR 230, 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SR 981, SR 982, SR 983, SR 984, SR 985, SR 986, SR 987, SR 988, SR 989, SR 990, SR 991, SR 992, SR 993, SR 994, SR 995, SR 996, SR 997, SR 998, SR 999, SR 1000.**

Support increased competitiveness and engagement by addressing interconnected gateway and corridor issues

- Governance and legislative changes
 - Amalgamation of Vancouver's ports and amendments to the *Canada Marine Act* to encourage private investment and enhance competitiveness
- System-based research and analysis of gateway performance to improve efficiency and reliability of supply chains
 - Gateway Performance Table
- Future competitiveness
 - Asia-Pacific Gateway and Corridor Skills Table
 - Investments in new technologies
- Expanding the knowledge foundation
 - Second International Conference on Gateways and Corridors, November 2010
 - Canada-China Policy Dialogue on Trade Logistics, June 2010
- Increasing international outreach, public engagement and marketing
 - Focus on China, other Asia-Pacific economies, and the United States



Canada's Continental Gateway and Trade Corridor



Canada's economic heartland: Ontario and Quebec have a fully integrated transportation system, providing a net competitive advantage for Canada-U.S. and international trade

- Within a 1,000 kilometres radius, direct access to over 135 million (M) consumers in less than a one-day trip
- The Port of Montreal is Canada's second busiest container port, and it is open year-round
- Well-developed and integrated highway and Class 1 rail network to the rest of North America

The Continental Gateway initiative is focused on maintaining and building upon central Canada's world-class transportation system so that it remains a key driver of international trade and economic growth for the future

- A unique partnership between the government of Canada and the provinces of Ontario and Quebec to develop a strategy for immediate and longer-term supply chain improvements
 - Significant participation from the private sector
- Efficient and secure movement of goods is a key element of the Continental Gateway
 - Optimize the multi-modal network by strategic infrastructure investments, policy and regulatory streamlining and other measures
 - Joint planning of additional capacity at Canada-U.S. land border crossings
 - Ongoing and sustained dialogue with the U.S. Maritime Administration on potential shortsea shipping operations on the Great Lakes



Windsor-Detroit: The busiest border crossing in North America

- \$130B in two-way surface trade (28 percent of total Canada-U.S. trade)
- 13.5M trucks (over 8,000 per day) and 25M travelers (over 68,000 per day) cross annually at Windsor-Detroit
- 220,000 jobs in Michigan depend on the border
- Consists of four crossings: Windsor-Detroit tunnel, Ambassador Bridge, truck ferry (hazardous goods), and Canadian Pacific Railway tunnel



Artist's rendering of Canadian Plaza using a cable stay bridge concept

New Detroit River International Crossing:

The largest Gateway infrastructure project in Canadian history

- Estimated project value at \$5.5B, with significant private sector involvement expected
- Goal is to provide a safe, efficient and secure border crossing system, directly connecting Highway 401 in Windsor and Interstate 75 in Detroit
- Canada-U.S. Bi-National Partnership: Transport Canada, Federal Highway Administration, Ontario Ministry of Transportation and Michigan Department of Transportation
- New crossing to be owned by Canada and Michigan and constructed, designed, financed and operated by P3.

ATLANTIC GATEWAY AND TRADE CORRIDOR

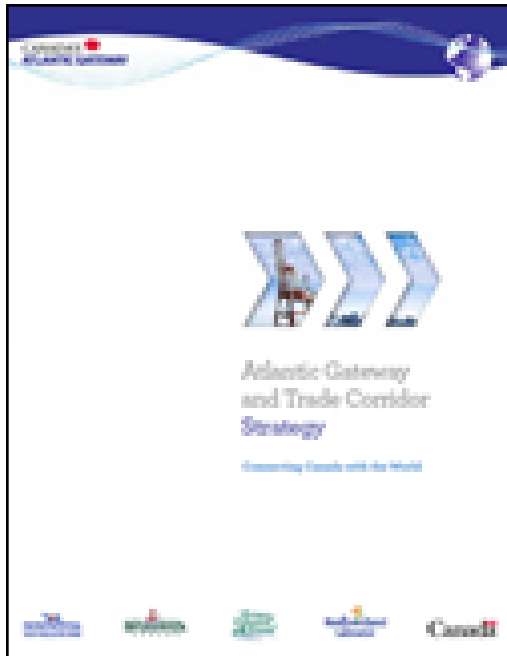


This map is for illustrative purposes only, and does not represent all transportation facilities and assets that contribute to the Atlantic Gateway.

Canada's Atlantic Gateway and Trade Corridor provides a quick, reliable and secure transportation network between North American markets and Europe, the Caribbean, Latin America and Asia via the Suez Canal

- **COMPETITIVE:** Deep-water ports with ability to handle post-panamax ships, proximity to major North American markets, labour stability, and readily available capacity in all modes of transportation
- **VERSATILE:** Leading supply chain capabilities established across a broad range of industries; responsive to unique needs with niche capabilities such as moving refrigerated cargo by ship, air, truck or rail; handling bulk and break-bulk shipping of dry, liquid and energy products; international transshipment operations and world-class cruise facilities
- **INNOVATIVE:** Innovative business models, processes and technologies in operation across the Canada's Atlantic Gateway and Trade Corridor make it efficient, reliable, secure, and sustainable
- **INTEGRATED:** Collaboration between governments and the private sector ensures that Canada's Atlantic Gateway and Trade Corridor is an integrated system of airports, seaports, rail and highways that reach into key markets in the U.S. and Canada

The Atlantic Gateway Strategy



A balance of immediate measures and longer-term directions to focus ongoing efforts by all partners in the public and private sectors to:

- **Strengthen** Canada's competitiveness in attracting a larger share of global commerce to and from traditional markets and with emerging international economies
- **Advance** a safe, secure, efficient and sustainable multimodal transportation system that contributes to the economic prosperity of the Atlantic provinces and Canada
- **Promote** the Atlantic Gateway and Trade Corridor's transportation system assets, specialized services and niche opportunities to exporters and importers, at home and internationally

Core Strategy Elements



Key Immediate Measures

Investment to support strategic trade-related transportation system in Atlantic Canada, including:

- Expanding post-Panamax capacity at Port of Halifax
- Extending runways at key cargo airports in region (Halifax and Moncton)
- Improvements along key corridor highways throughout the region
- Application of advanced technologies to improve safety and operations (Confederation Bridge, St. John's Airport, SmartBay)

Support for international marketing and trade promotion



Shippers are increasingly considering North America's east coast ports to balance inbound and outbound cargo flows

Since 2006, Canada has made unprecedented commitments to infrastructure, with funding to improve the core National Highway System, ports, airports, and major border crossings

- \$33B Building Canada Plan
 - \$8.8B Building Canada Fund
 - \$2.275B Provincial/Territorial Base funding
 - \$2.1B Gateways and Border Crossings Fund (GBCF)
 - \$1B APGCI Transportation Infrastructure Fund

Canada's Economic Action Plan responded to the downturn with \$12B for infrastructure stimulus (2009-2011), including

- \$4B Infrastructure Stimulus Fund
- \$716M for federal assets
 - Includes passenger rail, bridges, Trans-Canada Highway in Banff National Park, and major Canada-U.S. border crossing facilities

System analysis informs investment choices, targeting key transportation assets that support international and inter-provincial commerce to advance Gateways objectives



Building upon infrastructure, outreach and partnership activities, competitiveness measures address interconnected issues related to gateway and corridor development.

Common Competitiveness Measures

- Adding value to the Gateways
- Governance changes
- Policy/regulatory harmonization
- System-based measures of gateway performance
- Expanding the knowledge foundation: National and continental studies with regional application
- International marketing, outreach and engagement

Gateway-specific Competitiveness Measures

APGCI

- Gateway Performance Table
- Asia-Pacific Gateway and Corridor Skills Table
- Pro-active public engagement strategy
- Trade logistics cooperation with China

Continental Gateway

- Analytical studies to define transportation network and current and future freight flows
- Extensive consultation with private sector on infrastructure and non-infrastructure issues

Atlantic Gateway

- Analytical studies to define transportation network and current and future freight flows
- Streamline regulations on inter-provincial truck movements
- Active consultation with Atlantic Gateway Advisory Council as well as regional Gateway Councils

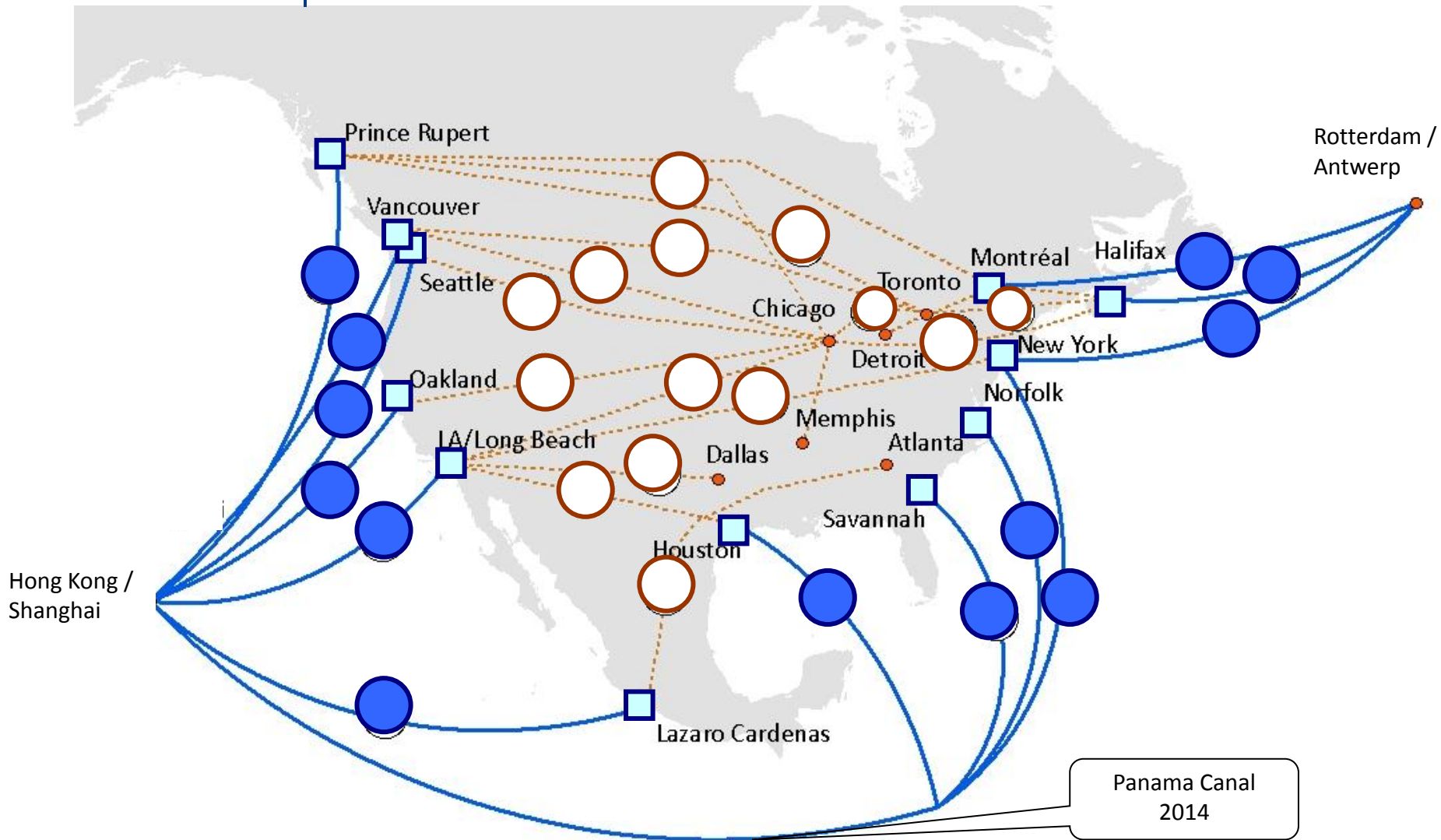
Holistic “system-based” approaches identify and define the current and future responsibilities for all Gateways partners

- The objective of supply chain analysis is to better understand the factors that impact key supply chains and identify potential options for optimizing, adapting and improving the transportation system that supports them
- Future work includes analysis based on the direction of international trade flow: Export Supply Chain Analysis and Import Supply Chain Analysis
- Analysis will focus on the following issues:
 - Identification of hot spots and key infrastructure
 - Cost of the supply chain (including total transportation costs)
 - “Time cost” of the supply chain
 - Areas of congestion
 - Supply chain reliability and fluidity
 - Availability of resources
 - Utilization rates
 - Seasonal variations

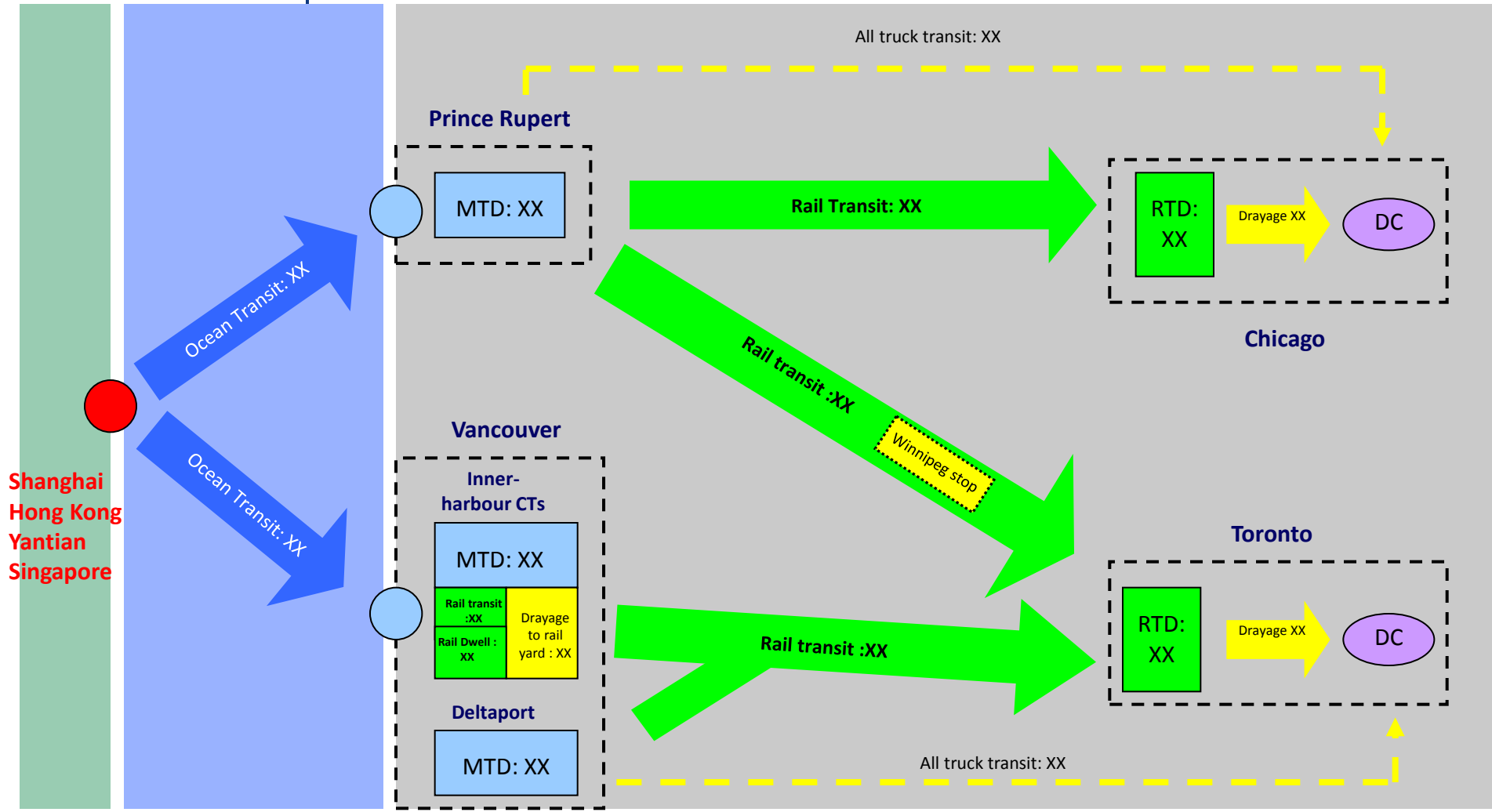


System-based analysis feeds the development Gateways and Corridors performance metrics. These indicators support goal alignment and service standards agreements.

Mapping the System



Sample APGCI Supply Chain: Shanghai-Heartland



Gateway/Inland hub
 Marine
 Rail
 Trucking
 MTD: Marine Terminal Dwell
 RTD: Rail Terminal Dwell

Supply Chain Components Being Measured

Ocean & Port

Ocean transit

Marine Terminal Dwell

Rail

Dwell at origin rail yard

Rail transit time (inter-urban)

Dwell at destination rail yard

Trucking

Truck from marine terminal to origin rail yard

Truck from marine terminal to end customer

Truck from marine terminal to transload facility

Truck from transload facility to origin rail yard

Truck from transload facility to end customer

Truck from destination rail yard to end customer

Logistics and Warehousing

Dwell at transload facility

Supply Chain Models Being Measured

MODEL 1



Direct-rail

MODEL 2A



Rail Inner-harbour - Drayage

MODEL 2B



Rail Inner-harbour - Urban Rail

MODEL 3



Transload - Rail

MODEL 4A



All-Truck - without transload

MODEL 4B



All-Truck - with transload

Chart Legend

Model 1	Marine Transit	Port Dwell	Rail Transit	Rail Destination Dwell	Drayage								Direct-rail
Model 2A	Marine Transit	Port Dwell	Drayage	Rail Origin Dwell	Rail Transit	Rail Destination Dwell	Drayage						Inner-harbour - Drayage
Model 2B	Marine Transit	Port Dwell	Rail Transit	Rail Origin Dwell	Rail Transit	Rail Destination Dwell	Drayage						Inner-harbour - Rail
Model 3	Marine Transit	Port Dwell	Drayage	Transload Dwell	Drayage	Rail Origin Dwell	Rail Transit	Rail Destination Dwell	Drayage				Rail Transload
Model 4A	Marine Transit	Port Dwell	Truck Transit 1 driver										All-Truck – without transload (single driver)
Model 4A'	Marine Transit	Port Dwell	Truck Transit 2 drivers										All-Truck – without transload (team driving)
Model 4B	Marine Transit	Port Dwell	Drayage	Transload Dwell	Truck Transit								All-Truck – with transload

Shanghai to Toronto

										Total Hours	Total Days
Model 1	335.8	92.9	110.0	21.6	1.0					561.3	23.4
Model 2A	335.8	92.9	1.0	15.1	110.0	21.6	1.0			577.4	24.1
Model 2B	335.8	92.9	XXXX	15.1	110.0	21.6	1.0			576.4	24.0
Model 3	335.8	92.9	1.0	48.0	1.0	15.1	110.0	21.6	1.0	626.4	26.1
Model 4A	335.8	92.9	83.1							511.8	21.3
Model 4A'	335.8	92.9	60.3							489.0	20.4
Model 4B	335.8	92.9	1.0	48.0	83.1					560.8	23.4

Hong Kong to Toronto

										Total Hours	Total Days
Model 1	363.3	92.9	110.0	21.7	1.0					588.8	24.5
Model 2A	363.3	92.9	1.0	16.9	110.0	21.7	1.0			606.7	25.3
Model 2B	363.3	92.9	XXXX	16.9	110.0	21.7	1.0			605.7	25.2
Model 3	363.3	92.9	1.0	48.0	1.0	16.9	110.0	21.7	1.0	655.7	27.3
Model 4A	363.3	92.9	83.1							539.2	22.5
Model 4A'	363.3	92.9	60.3							516.4	21.5
Model 4B	363.3	92.9	1.0	48.0	83.1					588.2	24.5

Yantian to Toronto

										Total Hours	Total Days
Model 1	371.6	92.9	110.0	21.7	1.0					597.1	24.9
Model 2A	371.6	92.9	1.0	16.9	110.0	21.7	1.0			615.0	25.6
Model 2B	371.6	92.9	XXXX	16.9	110.0	21.7	1.0			614.0	25.6
Model 3	371.6	92.9	1.0	48.0	1.0	16.9	110.0	21.7	1.0	664.0	27.7
Model 4A	371.6	92.9	83.1							547.6	22.8
Model 4A'	371.6	92.9	60.3							524.8	21.9
Model 4B	371.6	92.9	1.0	48.0	83.1					596.6	24.9

Evidence-based information on Canadian supply chain reliability and efficiency

- Development of a **Fluidity Indicator** to measure total end-to-end transit times for commodities on strategic origin-destination markets
- Phased approach in partnership with industry and Texas Transportation Institute
- Uses transit time data for all transportation modes from a variety sources
- Benefits of clear metrics
 - Support policy of Gateways (e.g., identify bottlenecks)
 - Measure return on investment
 - Address (perception of) reliability issue with objective facts: Marketing value
 - Benchmark performance of Canadian supply chains
- Challenges and risks
 - Obtaining data: voluntary participation, international sources, may be proprietary
 - Maintaining partnerships: demonstrate good will and benefits of participation
 - Developing internal expertise to create and refine metrics

High-quality performance metrics support national Gateways policy and programming decisions and help address common misperceptions on reliability of Canadian system

Concerns on border efficiency and security remain top of mind

- Capacity, document requirements, processing efficiency, border wait times, enrollment issues for NEXUS and FAST trusted traveler & trader programs

Response: New investments in infrastructure and technology

- New infrastructure capacity
 - APGCI, GBCF (Atlantic and Continental), new Windsor-Detroit crossing, etc.
- Intelligent Transportation Systems (ITS): new solutions for congestion
 - Accurate information in real time, better traffic flows, and advance wait time information helps optimize existing infrastructure capacity
- Freight Technology Investments
 - Remote ID of vehicles, trailers and containers, virtual safety inspections, and online licensing and permit systems

Response: Fostering Canada-U.S. partnerships

- Transportation Border Working Group



For example, the “Smart Corridor” Strategy for the Asia-Pacific Gateway

- A holistic approach to optimize network efficiency, safety, security, sustainability
- Federal, provincial, regional governments partner with ports, private firms and universities to identify priorities and gaps, coordinate plans, integrate systems
- Maximizing existing capacity while minimizing need for new infrastructure
 - Reducing costs to governments, residents, environment, businesses
 - Ensuring users experience a single, integrated system
- Connecting components together with Intelligent Transportation Systems (ITS)
 - Regional Transportation Management Centre will monitor and manage system
 - Regional Traffic Data System will generate real-time traffic speed information
 - Advanced systems will optimize movements of trucks and containers
- Lessons to be applied across Canada and to the other Gateways and Corridors



With strong national policy direction, Canada leverages cooperative partnerships with other levels of government and the private sector to optimize the transportation system and respond to common issues.

- Collaboration is pivotal to streamlining regulations and instituting policy measures to enhance the reliability, efficiency, competitiveness, safety and security of Canada's gateways and trade corridors

Long-term competitiveness strategies are now more important than ever: Canada's Gateway strategies are forward-looking and are based on empirical analysis

- Strategic infrastructure investments and stimulus projects now being completed
- Gateways marketing messages are also informed by system-based performance metrics
- Working with partners to identify best operational practices to enhance reliability and performance

Aligning regulatory approaches is key to increase efficiency and strengthen competitiveness in movement of cross-border and international trade

Deepening international partnerships by engaging Canada's trading partners, including with the U.S., EU, and Asia-Pacific

