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Western hub sees expansion

Supply chain

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Ian Smith/Vancouver Sun

When a third shipping berth opens at the end of this year at Port Metro Vancouver (PMV) -- Canada's largest and busiest network of trading ports -- officials say plans to strengthen the Asia Pacific Gateway supply chain across Canada are moving full steam ahead.

The \$400-million Deltaport Third Berth Project (DP3) is part of about \$1-billion in funding for distribution and logistics infrastructure projects in Western Canada with support from industry and municipal, provincial and federal governments.

"This gateway is about more than just containers," says Chris Badger, chief operating officer of PMV. "We're a trading nation and our ability to get goods and commodities to market cheaply and efficiently is paramount."

For small businesses across the West, it could also mean easier and inexpensive access to a wider range of suppliers as distributions hubs in Western Canada are strengthened.

About \$300-million has been committed to building rail capacity at the nearby Roberts Bank corridor, plus \$225-million for the North Shore rail corridor. Mr. Badger says there are also proposals to enhance the South Shore corridor and Fraser River corridor to meet growing demand.

"The container business trade is directly linked to Canada's [gross domestic product] and as we see Canada's GDP rise, so will the need for container traffic and container through-put," he says.

PMV forecasts container traffic growth will reach 7% by the middle of the next decade, combined with higher levels of exports such as fertilizer, agricultural products, metallurgical coal and energy products.

"We've seen a significant increase in the movement of oil through our gateway this year and we expect that to grow," Mr. Badger says.

Expanding the port system is only one element of strengthening Canada's ability to compete with distribution networks across North America to markets that include the U.S. heartland.

"Whenever you open up additional capacity in one place, if there isn't sufficient capacity in another part of the chain, it becomes unusable capacity," he says.

Many small businesses rely on larger supply chains to keep their products moving to other markets in Canada and the United States, a vital link for these companies.

Peter Wallis, executive director of the Calgary-based logistics think-tank the Van Horne Institute, says other ports such as Prince Rupert play a critical role along with the emergence of so-called "inland ports," such as Port Alberta in Edmonton, and distribution hubs in cities such as Calgary.

Port Alberta's objective is to become a duty-free inland port that could take containers off trains and ship them via air, while Canadian Pacific Railway has established a strong intermodal facility that has made it an attractive distribution hub.

Reg Milley, president and chief executive of Edmonton Airports, called the Port Alberta initiative a "vital regional initiative to become a major cargo processing centre" capable of hosting multiple modes of transport -- a boon to small companies trying to gain access to new markets.

Large players also realize the value of inland hubs. Wal-mart, Canadian Tire, Staples, Westfair Foods, Sears and Costco have all selected Calgary as a key distribution centre that incorporates rail and road transport to a market of more than 25 million people within one day's truck haul, or 50 million within two days.

The Calgary Airport Authority, meanwhile, is trying to establish itself as a key component of the supply chain by integrating the air transport element with courier services such as UPS, FedEx and Purolater -- another critical link for small companies trying to compete with their larger rivals.

Aside from the market downturn of the past year, Mr. Badger says he's confident there will be growing demand from businesses of all sizes.

As part of the Asia Pacific Gateway -- Canada's plan to focus on infrastructure with the Pacific coast as the central entry hub -- PMV is not just serving B.C. markets.

"We emphasize the fact we're not just B.C.'s port," he says. "We're Manitoba's, Saskatchewan's and Alberta's port and also Ontario and Quebec's port. The economic benefit is right across Canada."

Tourism is another element of PMV's growth plans. Cruise ships routinely use the port for Alaska cruises and every ship that docks pumps about \$2-million into Vancouver's economy and benefiting local restaurants and retailers.

To ensure Canada remains competitive with U.S. ports and other distribution networks, all stakeholders will have to work together to advance the main goals of the Asia Pacific Gateway initiative, which includes shipping by sea, air, rail and road.

Studies show direct and indirect jobs associated with this gateway as being a "significant source of employment" and a "good economic generator" for many areas of Canada.

"You're seeing a combination of federal, provincial, municipal and industry money being spent to expand that gateway so that we are ready to take Canada's trade for the next 20 years," Mr. Badger says.

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