

tradeweek

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The Infrastructure Challenge



Mary Anderson, president, I.E. Canada

Mary Anderson, president, I.E. Canada, moderated a 75-minute roundtable on “the Infrastructure Challenge” at the Canada-Asia Maritime Conference held at the Fairmont Waterfront Hotel in Vancouver, B.C. on October 2, 2006. About 500 people attended the infrastructure roundtable.

The panelists were Capt. Gordon Houston, president and CEO,

Vancouver Port Authority; Paul Landry, president and CEO, B.C. Trucking Association; Fred Green, president and CEO, Canadian Pacific Railway; and James Foote, executive vice-president, sales and marketing, Canadian National Railway.

Canada’s transportation infrastructure is nearing a critical stage. And Canadian importers and exporters wonder whether our transportation infrastructure will be able to cope with burgeoning trade between Canada and Asia. After all, traffic from China has grown tremendously, creating congestion problems. As the roundtable moderator, Mary asked the panelists about pressing infrastructure issues and the initiatives being developed to address them. Mary questioned the panelists about whether today’s infrastructure is meeting our needs, what infrastructure we’ll need in the future and how to get that infrastructure designed, approved and built.

Delegates at the first annual Canada-

Infrastructure, cont’d on pg. 4

It’s Your Last Chance to Register!

Our annual conference will inspire new ways of thinking. It will provide you with the tools, information and networks you need to succeed.

We hope to see you at our flagship event on October 23-25, 2006. Our

75th annual conference will take place at the Doubletree International Plaza Hotel. For program details, please visit: www.iecanada.com/events.html. Register on-line at: www.iecanadaregistration.com.

We look forward to seeing you!

Annual Conference



Sandra Pupatello, minister of economic development and trade, Government of Ontario

I.E. Canada is pleased to confirm Sandra Pupatello, minister of economic development and trade, Government of Ontario, as the keynote luncheon speaker at our annual conference on Tuesday October 24, 2006.

Sandra Pupatello was sworn in as minister of economic development and trade on September 18, 2006 and remains the minister responsible for women’s issues.

As minister of economic development and trade, Ms. Pupatello will build on the government’s success

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insight

Member Profile



The Milgram Group of Companies joined I.E.Canada in February 1984.

Founded in 1951 in Montreal, Canada, Milgram has grown into one of Canada's leading integrated logistics solution providers.

Milgram provides services in the areas of Canadian, U.S. and Mexican customs brokerage, international freight forwarding, truck transportation, warehousing, distribution and small parcel delivery.

"Our goal is to provide clients with solutions that reduce friction in their supply chain, increase their compliance with government regulations, maximize their profits and minimize their risk," says Jay M. Goldman, president of Milgram Group of Companies.

"Our solutions are specifically designed to meet our clients' diverse import and export needs," adds Mr. Goldman. "Our clients benefit from the integration of all our services and can access them all with a single phone call to us."

Milgram employees' experience and in-depth understanding of international trade are key to Milgram's success. Their multi-lingual, multi-faceted teams enable them to respond to their clients' many and diverse logistics needs. "We provide our clients with a wide range of online tools, but we back up that

technology with a well-trained team of specialists who make themselves available to serve our clients," explains Mr. Goldman.

Milgram's consulting department has extensive knowledge and experience in all areas affecting local and international trade and has recently expanded its service offerings to include trade security (supply chain security, FAST, C-TPAT, intellectual property rights, PIP, etc.).

Milgram's role is to understand your business and to respond quickly to the ever-changing landscape that affects you. Milgram's goal is to become your preferred supplier across all the links in your supply chain.

Benefits of Membership

"One of the benefits of membership in I.E.Canada is the opportunity to build business relationships with other members; many I.E.Canada members are also clients," adds Mr. Goldman.

Other valuable benefits include I.E.Canada's conferences and seminars, which inform and educate members on the issues that affect their daily business transactions.

Milgram employs over 300 people in its four offices in Montreal, Toronto and Vancouver. They may be reached at 1-888-MILGRAM (645-4726).

Conference, cont'd from pg. 1

attracting high-value jobs, bringing new investments to the province and developing new opportunities for Ontario workers.

Under Minister Papatello's leadership, Ontario students in the early grades returned to smaller classes and a new online tool was launched so parents could track progress on smaller class sizes. Students and teachers returned to better buildings thanks to major

renovations across the province, and high school students started to customize their education with new Specialist High Skills Majors.

Elected in 1995, and re-elected in 1999 and 2003, she has a distinguished record of service to her community and the province and has made significant strides to improve the lives of Ontario's most vulnerable.

Minister Papatello has deep roots in the Windsor community. She was named honorary member of the Rotary Club of Windsor and a Paul Harris Fellow. In 1996, she was named Italian of the Year in Windsor-Essex County. In 2001, the University of Windsor honoured her with the prestigious Charlie Clark Award for Outstanding Service and in March 2003, Ms. Papatello was named "Windsor Woman of the Year."

Welcome New Members!

The following companies joined I.E.Canada in September 2006. We welcome our new members!

Export Trading Network.com

Richard Meltzer
President
Montreal, Quebec

General Motors of Canada Limited (GMCL)

Sandy Hodgkiss
Customs Specialist
Oshawa, Ontario

Senuick Trade Services

David Senuick
CEO
Pickering, Ontario

Wezwood Contracting Ltd.

Bastiaan Dehaas
President
Langley, British Columbia

Zebulon International Group

Douglas Lash
Partner
Toronto, Ontario

Shipping and Trade Horizons



The Chicago Skyline

Shipping and Trade Horizons, a Tradeweek column, is produced by Leo Ryan. The column addresses Canadian industry issues and trade developments of interest to our members.

Canada's Chicago Connection

Fortunately in terms of timing, Canada's trade and transportation links with Chicago are increasing by leaps and bounds. The third largest city in the United States (population of 9.1 million) is emerging in spectacular fashion from a period of de-industrialization.

One's first impression of the de facto capital of the Midwest cannot be deceiving: the architecturally stunning Windy City is virtually buzzing with activity. The vitality is palpable everywhere – in the business/financial districts, the swanky shops along Michigan Avenue's Magnificent Mile, in the many university campuses, theatres and museums, at Navy Pier, and in the beautiful parks along the Lake Michigan waterfront which, thanks to the commendable, singular determination of Mayor Richard Daley, has been declared forbidden terri-

tory to real estate developers. Hotels are filled with trade show and convention goers.

While Michigan has lost an estimated one fifth of its automotive jobs from the Big Three since 2001, as the industry's centre of gravity has moved towards non-union southern states, the region has been attracting sizeable investments from Asian and European carmakers. The services sector is booming, along with a growing hi-tech industry. And the nation's traditional breadbasket has found new agricultural markets in developing countries.

As recently noted by Export Development Canada, Chicago alone has an economy worth US\$350 billion annually – bigger than that of Switzerland or Taiwan!

On the transportation front, consider this: Chicago is, by far, the biggest multimodal hub in North America. It's an important airport and airfreight centre. From the Port of Chicago, ocean-going ships can reach the Atlantic Ocean through the St. Lawrence Seaway and barges reach the Gulf of Mexico via the Illinois and Mississippi rivers. The port's strategic position prompted Quebec Stevedoring Company early this year to launch its first terminal on the U.S. side of the Great Lakes.

Perhaps most impressive of all is the city's prominent role as a major hub for the continent's leading railroads. Intermodal facilities surround Chicago, including those of CP Rail and CN, which, moreover, play a key role in shipping products to and from the ports of Montreal, Vancouver, and Halifax. Next fall, the Port of Prince Rupert, in northern British Columbia, will be vying for Chicago cargo with the planned opening of a container terminal connected to the Midwest by the CN network.

Some Midwest freight forwarders say they like Montreal, for instance, because using this port can avert costly delays experienced in U.S. coastal ports and carriers calling at Montreal can offer opportune sailing schedules to reduce supply chain transits.

"We are a heavy user of Montreal for imports and exports with Europe," indicated Alan Dunn, Ford Motor Company's manager of ocean freight. "The transit times are excellent. So are the rail services to the Midwest. It's very cost competitive."

Meanwhile, Maurice Egan, Canada's deputy consul general and senior trade commissioner in Chicago, stresses that Chicago and the Midwest represent "a real significant market for Canadian exporters. There is notably a high dependence on Canadian energy."

Last year saw Illinois-Canada bilateral trade increase by 22 per cent to US\$33.4 billion. Half of Illinois 2005 imports of US\$22 billion were in crude oil and natural gas. Alberta oil sands expansion has also benefited Illinois manufacturers of heavy equipment.

In the latest energy-related development, London-based BP announced it will invest US\$3 billion to markedly increase its use of Alberta petroleum from the oil sands for a refinery southeast of Chicago. The upgrade is aimed, among other things, at lessening dependence on unreliable foreign suppliers.

A lot of Chicago-area companies, Egan points out, have offices or operations in Canada – "so Canadian exporters are not starting from ground zero."

Team Canada Atlantic (TCA), a partnership of federal departments and

Infrastructure, cont'd from pg. 1

Asia Maritime Conference learned that Canada's two national railways are cooperating more than ever before to enhance service to customers and relieve capacity constraints and rail car shortages.

Canadian Pacific Railway's Fred Green remarked, "We have entered into 22 co-production agreements and two-thirds are with CN – and we are very pleased with the success we have had."

Canada's two national railways have been sharing the lines through the Fraser Canyon for years, and they continue to find new ways to improve efficiency and increase capacity.

"We will compete vigorously and cooperate where it makes sense to utilize this incredibly capital intensive business," added Fred Green.

Canadian National Railway's James Foote agreed: "We compete like crazy, but we realize that if we work together to provide the best quality service we can grow the business around rail systems in Canada and do it in a most effective way."

Fred Green and James Foote concurred that the railway business is the world's most capital-intensive industry; about 18 cents of every revenue dollar is spent on infrastructure.

"This is massive," Mr. Green pointed out. "It's incumbent on us to continue to seek ways where we can to use each other's assets on a commercial basis. We have to get our heads out of the sand."

Each panelist had an opportunity to tell conference delegates about the most important infrastructure contributions their organizations have made recently to support growing trade - triggered by the enormous increase in transpacific trade.

James Foote pointed out that CN is in the process of building new infra-

structure, such as its new facilities in Prince Rupert.

In partnership with the Canadian government, the B.C. government, the Prince Rupert Port Authority and Maher Terminals, CN has made significant investments to offer a new container terminal. Given the growing need for port capacity across North America, the Port of Prince Rupert will become a strategic gateway for Canada to Asia trade.

Beyond the container terminal, CN has invested over \$300 million in locomotives, tracks and railcars.

The Port of Prince Rupert offers a range of attractive features:

- The shortest, most efficient land-sea connection between Canada and Asia
- The closest port to Asia by 30 hours of sailing time
- No port congestion
- The deepest harbour in North America with the ability to accommodate tomorrow's 12,000 TEU container ships
- An ice-free harbour with year-round service
- Significant rail capacity with better grades and more direct routes
- Superior rail transit times from major Canadian origins: Edmonton, 39 hours; Saskatoon, 47 hours; and Winnipeg, 61 hours.

CN is also increasing transload capacity and capabilities in Vancouver, Prince George and Prince Rupert.

Mary made reference to Fred Green's recent statement that Canada needs to fix a perception in Asia that Vancouver's ports are too congested to handle increased freight traffic. She asked Fred if he believes that our infrastructure can meet freight demands.

In response, Fred said, "They (Asian customers) have a historical perception that we are a problem child. They need to understand that we

have a game plan for 5-10 years so they can have confidence that we can do what we say we will do – that we will have a full and strong supply chain. Only then can you legitimately convince people to have confidence in coming to our port. We should be striving to position ourselves as a gateway for the next 10 to 15 years and we have a long way to go to get to that point."

During the panel discussion, Cosco, a large shipper, complained that its containers have sat for four days on the docks in Vancouver before being loaded on rail cars for delivery.

Nonetheless, Mr. Green argued that a primary cause of delays is the unpredictability of containers "that suddenly land on our doorstep." "If a vessel arrives with 2,000 cans it's going to take a couple of days for those cans to get off the dock. It's going to require some behavioural changes by other parties. It's not going to happen that we go out and buy enough rail cars to handle a two-month peak period."

Conclusion

Can our infrastructure meet the needs of the enormous growth in transpacific trade?

According to Mary, "We talked about next steps and what the audience needs to take back and share with their staff, customers, suppliers, as well as politicians. All agreed that there has to be a national transportation vision and leadership to cope. There is a sense of urgency that there is just a small window of opportunity to seize."

"We discussed infrastructure, the logistics chain and enhancing cooperation and communication among all infrastructure players and shippers, to the benefit of Canadian importers and exporters. I believe the message about more teamwork and more cooperation came out strongly in the roundtable," added Mary.

CPR Vaughan Intermodal Terminal

Carol Osmond, I.E.Canada's senior policy advisor, wrote the following article.

As part of its ongoing dialogue with the trade community over the past several years, Canadian Pacific Railway is currently seeking feedback about possible approaches to alleviating the peaked nature of import pick-ups at its Vaughan intermodal terminal. For example, CPR could build new infrastructure, but this would add costs into the system unnecessarily while the current infrastructure is underutilized during off-peak hours.

CPR wishes to increase activity at its Vaughan terminal during off-peak hours and off-peak days-of-the-week in order to enhance overall terminal throughput and improve service for all participants in the supply chain. CPR has no immediate plans to implement changes, but is examining the available options in the event that changes become necessary in the future.

The Vaughan terminal handles both inbound and outbound trains seven days a week. The primary issue faced by the terminal in terms of capacity utilization is the peaked nature of import pick-ups at the terminal, the majority of which is concentrated within Monday to Friday from 5 a.m. to 8 p.m. The root causes of the problem have been identified as: (i) many consignees are open for business during limited hours only (5/12 versus 7/24); (ii) deliveries early in the week are generally preferred by consignees; and (iii) there is a lack of coordination of the import delivery appointment process vis à vis drayage and terminal capacity.

Following consultations with the importing, exporting and trucking communities in 2005, CPR began offering extended hours on the weekends. More recently, on August 15, 2006, CPR revised its import

storage policy, reducing the free time from three days and grace weekends to two days and grace Sundays. Extended weekend hours have had little impact on importer pick-up behaviour. CPR is currently monitoring the effects on importer pick-up behaviour of the recent change to its import storage policy.

CPR is seeking a process to smooth import pick-up behaviour in order to improve terminal efficiency and potentially reduce line-ups and truck wait times, rather than having to supply more resources or build new infrastructure. CPR is exploring alternatives such as a gate reservation system, a permitting system for peak hours, further modifications to its storage policy, and more variable pricing or variable gate charges, etc.

CPR is interested in learning from the trade community which of these approaches is preferred and why, which approach is considered least desirable and why, and any other options that CPR should be considering. CPR representatives stress that CPR is not committed to any specific alternative, and that indeed it has no plans to make any changes at this time.

Members are asked to submit their comments to Carol Osmond at: cosmond@iecanada.com.

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the four Atlantic provinces, organized two successful trade missions to the Chicago marketplace in the past year.

To carve out a niche, Egan says, Canadian exporters must be prepared to build awareness over time as well as to demonstrate in detail how they can contribute to the bottom line of a potential client.

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I.E.Canada and CITT Join Forces

Mary Anderson, president of I.E.Canada, and Catherine Viglas, president of the Canadian Institute of Traffic and Transportation (CITT), have joined forces to support and encourage professionalism. Both I.E.Canada and the CITT are not-for-profit organizations offering services to support those dealing with supply chain complexities.

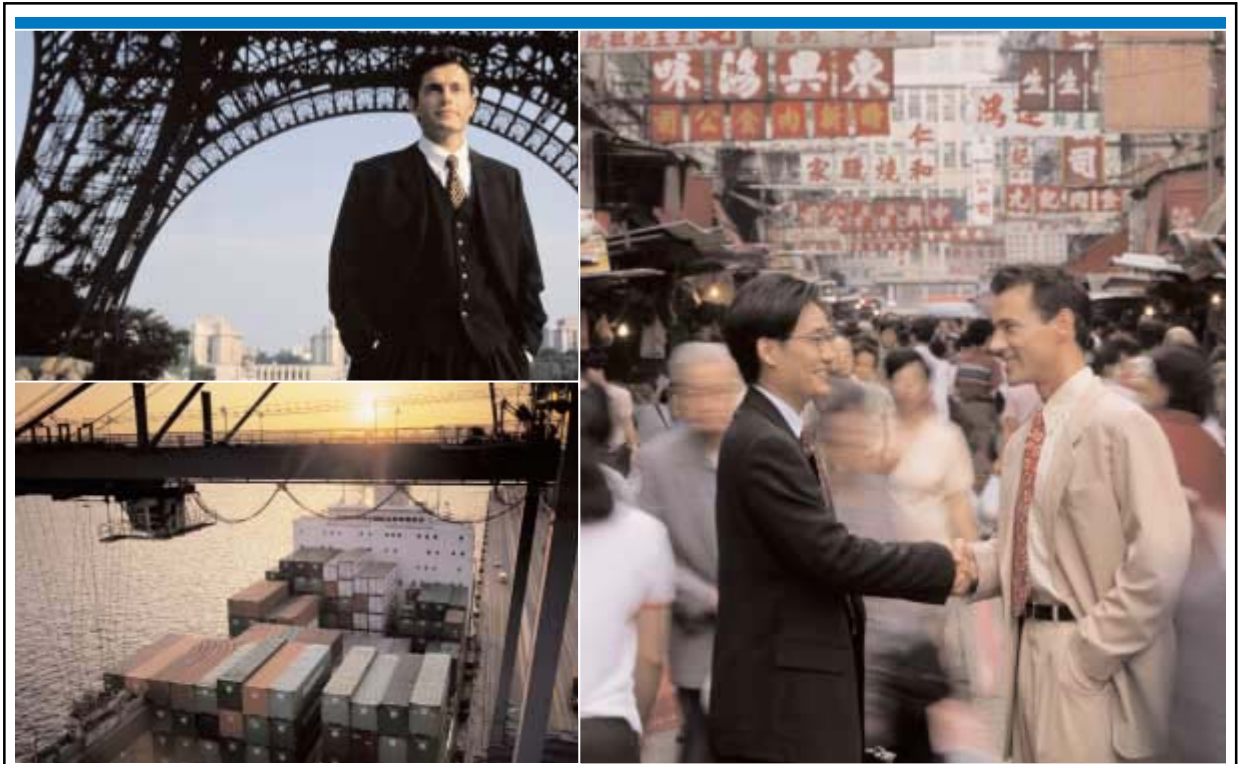
I.E.Canada and the CITT share a number of common objectives and offer a number of complementary services. I.E.Canada is a national association that represents and educates importers and exporters and advocates on their behalf to influence change. CITT is Canada's leading professional development organization in the supply chain and logistics sector and promotes excellence and advancement for logisticians by providing professional development opportunities, certification and networking.

CITT grants a professional designation, which requires CITT-certified professionals to accumulate 50 certification maintenance units (CMUs) over a two-year cycle. I.E.Canada's seminars and conferences offer up-to-date information for supply chain professionals, which qualify for CITT CMU units.

This joint initiative recognizes and fosters a mutually beneficial relationship and reinforces the common objectives of promoting greater professional development and networking.

Annual Conference - Hotel

The Doubletree International Plaza Hotel has completely sold out on our room block at the \$139 rate for single/double. The Radisson Suite Hotel Toronto Airport will offer delegates the same room rate of \$139. Please call 416-242-7400 or 1-800-333-3333 and book under "I.E.Canada."



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