

## Ports in a storm over security costs

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**MONTREAL** - The maritime industry strongly supports the need to contain the threat of international terrorism with enhanced security regulations. The problem is that Transport Canada's new regulations treat port security in isolation from Canada's ability to compete in global markets.

While the U.S. government offers hundreds of millions of dollars to help **ports** in the United States adapt to new international security standards, the Canadian government has made no such commitment. As a result, Canada's **ports** will become more costly and suffer lost business as international shippers find more competitive service south of the border.

Canada, the U.S. and other marine countries are under a tight July 1, 2004, deadline to comply with the new International Ship and Port Facility Security Code. The international regulations have set the stage for marine nations to make their **ports** not only safer, but for some, more competitive as well.

American port operators already have a leg up on Canada's, having received nearly \$700 million in grants from the U.S. government to improve security measures. The Canadian government, on the other hand, has given no indication that any money will be provided to maritime industry stakeholders to protect Canada's **ports**.

Tightening security at port facilities is costly and will require an investment in surveillance, monitoring, fencing, gates, scanning equipment and personnel. Maritime operators have already incurred significant costs for security upgrades, but border security is a federal responsibility, so the burden of protecting and policing our **ports** should not fall solely on the private sector.

Canada is a trading nation that depends on the economic competitiveness and security of its **ports**. The need to maintain the highest international security standards cannot be overstated. But the expectation that the private sector should foot the entire security bill is harmful to maritime operators, exporters and the country's economic vitality.

Canada's maritime operators are looking at spending a minimum of \$100 million out of their own pockets for Transport Canada's security upgrades. But port facility operators are concerned that the burden of unfunded security costs will price our **ports** out of the market as exporters ship their goods through U.S. gateways instead. This would put jobs and coastal communities at risk, as many private-sector operators are expected to trade in their economic competitiveness for international security. Captive Canadian exporters will be forced to share the security-cost burden while other exporters absorb additional costs from arranging shipments through U.S. **ports**.

As gateways for Canada's export-oriented economy, **ports** are major economic engines that account for one-third of Canada's international trade. Any drop in exports will negatively affect our trade-dependent economy. The federal government must act without delay to match U.S. funding commitments. Such federal funding will reinforce Canada's competitiveness and increase the value of marine trade.

Meanwhile, competition with the United States will continue to intensify as more funding is expected for U.S. port operators. A recent bill introduced in the U.S. Congress would authorize \$4 billion U.S. over five years to fund seaport security projects.

Another bill introduced by New York Senator Hillary Clinton would authorize \$4 billion U.S. of annual spending for four years on homeland security projects, including **ports** security. Should the U.S. Congress pass even a fraction of these funding proposals, Canada's exporters and maritime operators will have relatively more costs to bear than their U.S. counterparts.

The race is on to not only meet the July 1 security compliance deadline, but also to keep pace with the U.S. on the funding side of the ledger. Maritime operators will do their part to comply on schedule with Canada's new security regulations. Now it's the turn of the Canadian government to meet its obligations to make our **ports** not only safer but to ensure they remain competitive as well.

Madeleine Paquin is a spokeswoman for the **Canadian Coalition for Maritime Security** and president and CEO of Logistec Corporation in Montreal.