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Vancouver's China syndrome: This year's 56% rise in volume has only worsened cargo, rail and road congestion at Canada's chief West Coast port

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VANCOUVER - Anyone who doubts the existence of the economic boom in China need only take a tour of the Port of Vancouver to see tangible evidence.

Over the past year, Canada's biggest marine trade hub has been hit with a virtual tidal wave of new business that has left it struggling with congestion and delays.

Long lines of freighters sit in the harbour, biding their time until a space at a terminal becomes available, while record stacks of containers sit on the docks, waiting to be loaded on to trains for the trip to markets in the East.

Cargo volume both to and from China has been growing for the past few years but recent figures are staggering. According to Gordon Houston, chief executive of the Vancouver Port Authority, volume is up 56% this year. Exports of lumber are up 46%, sulphur, 63%.

"The shock waves of China's economic expansion have definitely hit our shores," Mr. Houston said in an address to business leaders in Vancouver last week.

The Port of Vancouver handles about \$29-billion worth of goods a year, generating about 62,000 direct and indirect jobs. It is one of North America's most important gateways to Asia.

The ships from China arrive laden with consumer goods -- everything from shirts and bicycles to furniture -- all destined for retailers across North America. They make the return journey packed with raw materials, mostly from Canada -- coal, sulphur, paper -- to feed China's burgeoning factories.

But the congestion around the port is having serious repercussions.

Last spring, at the height of the troubles, containers that should have taken 26 days to get from Hong Kong to southern Ontario were taking twice that long, according to Steve Valentine, president of Cargo Alliance Ltd., a Toronto-based freight forwarding company. Not surprisingly, customers were up in arms.

Vancouver is not alone. The explosion of trade from China has disrupted the entire transportation system on the West Coast, not only ports but also railways and even roads.

All of the Vancouver port's major competitors, Los Angeles, Long Beach and Seattle, are looking to fix the problem.

Vancouver recently announced plans to spend \$1.4-billion on new infrastructure to triple its container capacity by 2020.

But that won't be enough unless the railways, which deliver most of the freight to and from the port, follow suit with investments of their own. Railways are where the bottleneck is as well.

"You can build a bigger terminal but if you can't carry goods inland, you aren't achieving anything," said Morley Strachan, vice-president of business development and strategic planning at TSI Terminal Systems Inc., which operates two of the port's container terminals.

The stakes are high. The Port of Vancouver has an economic impact that goes far beyond the revenue it generates. For Canadian companies, it is a doorway to the massive Chinese market.

China already consumes 20% of the world's copper and aluminum, 25% of the steel and 50% of the cement. The growing demand has sent prices for most of those commodities skyrocketing.

British Columbia's beleaguered coal industry is already benefiting, with a string of new mines set to open to take advantage of the higher prices.

Forest products companies are starting to see interest in their products as well, given China's huge population and booming housing industry. Canada now supplies only a sliver of China's total imports, about 1.1%, according to Mr. Houston.

But that sliver could be at risk if the Port of Vancouver and the railways fail to sort out their logistical woes. Mr. Houston said that if the port can't deliver, the Chinese will simply direct their trade through different ports in the United States or even Australia, leaving Canadian producers out of the picture.

If, on the other hand, the port and the railways can work together to build the necessary capacity, the benefits could be staggering as well.

"Imagine the implications for our economy if we were to double our market share," Mr. Houston said. "Imagine if we could increase it to 3%, 4% or 5%."

"We're on the threshold of this new growth and we need action now to make sure it happens," added Rick Bryant, president of the Chamber of Shipping of British Columbia. "We're either part of it or we're not. The Chinese are not going to sit around and wait for us."