

Vancouver chief:

Canada needs national strategy to optimize trade with China

By Alan Daniels

Canada must develop a national strategy for optimizing trade relationships with China or the Port of Vancouver.

British Columbia risks losing business as China's economy continues to expand, Gordon Houston, Vancouver Port Authority president and chief executive, recently told the Vancouver Board of Trade.

Houston, who recently led a 25-person trade delegation to Asia, said Canada's ambassador to China raised the issue of Canada's lack of a strategy.

"The fact that a nation like Canada does not have a cohesive strategy to optimize economic opportunities with the world's fastest-growing and most dynamic trading economy is just not acceptable," he remarked.

He said he was encouraged that Prime Minister Paul Martin spoke to the Canada-China Business Council in Ottawa last month. "And I would encourage the Vancouver Board of Trade to add its voice to ours in calling on Mr. Martin to make the development of a China trade strategy a priority for his administration," Houston said.

"The people in Asia are hell-bent on business. And I believe the growth we're seeing today will not slow down or flatten out in the foreseeable future. If anything, it will increase. And the implications for Canadian business and the Canadian economy will only intensify.

"Either we create effective strategies to benefit from the growth of China and other Asian economies, or we will be left behind, and our domestic industries and our national economy will suffer."

Houston said the Port of Vancouver's Asian customers would double the container volumes they put through the port tomorrow if they could.

"Our issue is capacity," he emphasized. "Our bulk and breakbulk infrastructure is currently able to handle the expected volumes. But the lack of container capacity is why we have a \$1.4-billion program at the Port of Vancouver that will more than triple our container terminal capacity by 2020."

He said China has become the world's fastest-growing consumer of natural resources, including forest products, mineral products and petroleum products commodities produced in western Canada and shipped through the Port of Vancouver. The total volume of Canada's trade with China shipped through Vancouver grew 56 percent in the past year.

"So it's not just talk and speculation anymore," he said. "The shock waves from China's economic expansion have definitely reached our shores."

Houston said it's not just Chinese demand for Canadian export goods that's driving the increase in Asia-Pacific trade. There is a corresponding increase in the flow of Asian manufactured goods into North America.

"In addition to enhancing the flow of Canadian bulk export goods, container expansion represents an influx of Asian manufactured goods, textiles, electronics, consumer durables, automobiles and food. So it's not just Canada's export industries that benefit. It's our import businesses, retailers, manufacturers and consumers as well.

"The other beneficiary of our growing Asia-Pacific trade, of course, is the transportation sector."

Houston said container traffic represents about 19 percent of total tonnage shipped through the Vancouver, the second-largest commodity after coal. It is the fastest-growing segment of the port's business, generating nearly 50 percent of cargo-related revenue.

"But the container business has another important characteristic that makes it a critical part of our future at the Port of Vancouver," he noted. "While our bulk cargo business is almost entirely export-related, the container business is equally balanced between import and export goods.

"The same containers that import manufactured goods from China, Japan, Korea and Taiwan are also shipping Canadian export products to market.

"And so the growth in container volumes presents an opportunity for the Port of Vancouver to do more than just facilitate western Canada's resource economy. We now have an opportunity to serve as a transportation hub for all of North America."

Houston said about 38 percent of Canada's gross domestic product is derived from international trade. In China, it's 55 percent, and in a nation of 1.3 billion people where land and natural resources are constrained, the percentage of China's GDP derived from international trade will continue to grow.

"Right now, Canada provides about 1.1 percent of China's imports and receives about 1.3 percent of its exports," he said. "Imagine the implications for our economy if we were to double our market share. Imagine if we could increase it to 3, 4 or 5 percent?"

"The point I'm making is that Asia-Pacific trade is a major driver for economic growth in our province and our country today, and that's with a 1 percent exposure to the world's fastest-growing economy.

"I think we can do much better, and that we should be developing strategies and programs to tie our economic growth to our trade relations with China and other Asian nations."