

# THE VANCOUVER SUN

## **B.C. expanding capacity to meet Asian trade growth: \$1.5 billion will be spent to deal with 200% deluge by 2020**

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British Columbia, already home to Canada's busiest port, is gearing up for an even busier shipping sector as all key ports are bracing for a deluge from the growing tide of Asian trade.

B.C.'s three major ports handled 122 million tonnes of cargo representing \$35 billion of Canada's worldwide trade in 2003. The three facilities supported 18,000 direct jobs.

However, the amount of trade could grow by almost 200 per cent by 2020, and in anticipation of that, officials are planning to launch a \$1.5-billion B.C. port expansion.

"You've got just a sea of containers moving in from India, China, Singapore and other places, driven by two things," said John Les, B.C.'s minister of small business and economic development.

"First of all, the rapidly expanding economies of those countries."

Second is the increasing use of containers as the means to move everything from imports of home electronics to exports of coal and wheat.

North America's existing West Coast ports are at or near capacity, Les said. In addition, the new container super-ships that are being built don't fit through the Panama Canal for easy access to the East Coast.

"So it's either increase the capacity of existing ports, including Delta Port and Vancouver and Fraser Port, or develop new [container terminals]," he said.

In B.C., ports are doing both. B.C. is in the midst of developing a ports strategy that will involve the cooperation of the federal government and ports officials to make sure the province capitalizes on the opportunities presented by the coming wave of trade.

"We expect to at least triple [the number of containers] we are handling," said Gordon Houston, chief executive officer of the Vancouver Port Authority. "By 2020, we'd be up to five million [20-foot equivalent units] per year."

A typical shipping container is the equivalent to two TEUs, or the size of a big transport truck's trailer, so the traffic will add up to three million containers, up from just over 500,000 moved in 2003.

"I think the business is going to come at us so quickly we aren't going to be able to handle it ourselves," Houston added.

The Prince Rupert Port Authority last year signed a deal with the U.S. terminal operator, Maher Terminals, and is building a \$500-million container facility to handle 1.2 million TEUs a year by 2009.

Don Krusel, CEO of the Prince Rupert Port Authority, said "all the elements in the economic landscape are now coming together [to make Prince Rupert] a gateway corridor for container traffic."

He added that Prince Rupert, via its CN Rail link, will give shippers a direct route to Chicago and the U.S. Midwest that is a day and a half shorter than the southern route.

The traffic, again, will be driven by trade with China.

Todd Hirsch, chief economist of the Canada West Foundation, a public policy think-tank, noted that while the U.S. and Japan are still Canada's biggest markets -- with Americans buying \$327 billion of the nation's exports in 2003 and Japanese buyers taking \$8.1 billion -- China is coming on strong.

In 2003, China bought \$4.8 billion worth of Canadian exports, compared with \$2.6 billion in 1999, Hirsch said.

Les said B.C. cannot lose sight of the fact that the province ships other things besides containers.

Bulk commodities -- coal, wheat, sulphur potash, iron ore and others -- still comprise the majority of cargoes shipped from B.C.'s ports. Some 60 per cent of material shipped through B.C.'s top three ports in 2003 consisted of bulk commodities.

The future, however, lies in China and in shipping containers -- the ubiquitous, rectangular metal boxes used to transport everything from stereos to socks.

In 2003, the 66.7 million tonnes of cargo shipments in and out of Vancouver, though on the increase, were still down by 13 per cent from the 76.7 million tonnes it handled in 2000.

Houston notes that the drop was tied to the recession in Asian economies such as Japan, which cut back on its imports of coal and other raw materials.

Over the same 2000 to 2003 period, container traffic in and out of Vancouver has done nothing but climb.

However, Houston cautioned that the grit in the gears for Vancouver's port expansion will be its road and rail infrastructure, designed at the end of the last century, which is already creating a bottleneck for shippers.

"If we don't manage to solve that, customers are going to look for other ways to get cargo through."

**ECONOMIC IMPACT:**

## **PORTS**

Workers 18,000

\$1.2 billion GDP\*

\*2003 figures, British Columbia Ports Strategy, draft, derived from InterVISTAS Consulting Inc. economic impact study for Port of Vancouver with figures adjusted to include Fraser River Port and Port of Prince Rupert