

# St. Lawrence-Great Lakes Trade Corridor

Access road to economic prosperity



Winter 2013

Update of the 2008 study

Orders on behalf of SODES  
Prepared by Groupe IBI

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# Executive summary

In 2008, the St. Lawrence-Great Lakes Trade Corridor Study<sup>1</sup> was commissioned following a request from the Marine Industry Forum, composed of Quebec government and private sector representatives involved in transportation. The St. Lawrence Economic Development Council (SODES), which acts as goodwill ambassador for the marine community, was designated to coordinate this process.

SODES, a non-profit organization founded in 1985 with a mandate to protect and promote the economic interests of the marine community, represents about one hundred organizations whose economic activities are linked to the St. Lawrence. As in 2008, its unifying leadership made it possible to establish a collaborative approach so that stakeholders with differing viewpoints could work together on common goals and interests. Consensus building is the crux of this unique and mission-critical approach to planning the Corridor of the future.

The present study showed continuity in the needs of St. Lawrence-Great Lakes (SLGL) System users. In fact, the recommendations made in 2008 are still current. New issues related to the global economic situation and developing market trends have since emerged. Now, actions must be taken to make the Corridor an access road to Canada's economic prosperity for many years to come. To achieve this, a global concerted vision fostering the Corridor's competitiveness is called for, requiring support from all partners.

The solutions outlined by the Working Groups and discussed in this report cover a broad range of strategies to consider in future decisions and when implementing specific projects. However, to plan the Corridor of the future, a general recommendation arose regarding the need to develop strong leadership and consolidated governance.

“The Government of Canada is responsible for fostering the national transportation system's efficiency, safety, security and sustainability in all modes; [...] pursuing Canada's interests in international commerce, and positioning Canada to compete and prosper in the global economy.”<sup>2</sup> The St. Lawrence-Great Lakes Trade Corridor should be a preferred access road to ensure the success of this policy. This presents a unique opportunity to consolidate, enhance and promote the Corridor.

<sup>1</sup> St. Lawrence Economic Development Council (2008). *St. Lawrence-Great Lakes Trade Corridor* Consulted December 2012 <http://www.st-laurent.org/sites/default/files/files/Report-SLGLCorridor-SEPT2008.pdf>

<sup>2</sup> Government of Canada, *National Policy Framework for Strategic Gateways and Trade Corridors*, 2007, p. 12.

With this study, the private sector, via SODES, intends to make a serious contribution to the development of the St. Lawrence-Great Lakes Trade Corridor. This report does not aim to present final recommendations affecting specific investment projects. Instead, the intention is to enable consensus among System users in order to support the main priorities for making a bona fide trade corridor that will meet our economy's future needs.

The recommendations made herein, presented in Section 4, should be used to discuss a long-term plan in partnership with the public and private sectors. Ultimately, all agree on the objective to increase the SLGL System's competitiveness and to provide it with the infrastructure, policies and skills that will confirm its position as a centre of global commerce.

# Table of contents

<b>Executive summary</b>	<i>i</i>
1. Introduction	1
2. Progress report	2
2.1 Economic setting and opportunities for advancement	2
Emergence of new markets	4
2.2 Progress of the 2008 recommendations	5
3. Between change and new challenges, what are the prospects for the Corridor of the future?	8
4. The St. Lawrence-Great Lakes Trade Corridor: access road to economic prosperity	10
5. Conclusion	13
<b>Appendices</b>	
Appendix I - 2008 recommendations	15
Appendix II - Methodology	16
Appendix III - Survey	20
Appendix IV - List of workshop participants	30
<b>Tables</b>	
Table 1 - Estimate and comparison of tonnage and maritime traffic in quebec's principal ports in the first half of 2012 and 2011	3
Table 2 - Issues targeted in 2012 for the Corridor's future	9
Table 3 - Recommendations for the Corridor's future	11



# 1. Introduction

The St. Lawrence-Great Lakes Trade Corridor plays a strategic role in trade flows between North America, South America and Europe. It benefits from an exceptional location that provides Canadian importers and exporters access to a huge consumer market in the heartland of North America. Moreover, Canada and the United States share the largest bilateral flow of goods, services, people and capital of any two countries in the world<sup>3</sup>. To maintain or even surpass this level of trade flow, it is imperative to increase the competitive advantages of the St. Lawrence-Great Lakes system, reduce bottlenecks, and be able to count on transportation infrastructure that can support such trade flow. The St. Lawrence-Great Lakes Trade Corridor remains vital to the federal government's trade promotion program. To contribute to this government policy direction, System users are willing to agree on a common strategy that targets economic growth, including growth in local communities, that facilitates cargo flow and that promotes prosperity.

**Definition of the St. Lawrence-Great Lakes Trade Corridor system (SLGL):** The SLGL system covers a vast geographical area from the Gulf of St. Lawrence to the Great Lakes. Though the focus is on shipping, the Trade Corridor includes all modes of transportation.

Already in 2008, an initial study on the St. Lawrence-Great Lakes Trade Corridor made it possible to determine the main freight transportation trends on this course and to identify its bottlenecks. Fifteen recommendations prioritizing the actions to take in relation to infrastructure, regulatory structure and operations came from this study.

The forecasts made then for the coming years augured for strong, ongoing growth in the System. Unfortunately, between 2008 and 2012, the economic crises and the slowdown in international trade along with the resulting recession affected major industrial regions worldwide. This had the effect of reducing the volumes transiting through the Corridor and the investments made by the governments and private sector alike.

Over the past few years, shifts in traditional markets and the opening of certain others to new business opportunities brought other situations to light. Consequently, it was important to take stock of the St. Lawrence-Great Lakes system on this new continental and global chessboard.

<sup>3</sup> Government of Canada, *National Policy Framework for Strategic Gateways and Trade Corridors*, 2007, p. 6.

To do so, this study begins by tracing the progress of the recommendations contained in the 2008 study. It then assesses the extent to which those solutions advanced, or not, and whether they are ongoing. In other words, are they still relevant? And if not, what actions should be taken to improve the Corridor's competitiveness and meet the needs arising from new trade flows?

In short, this report is an update of the 2008 study and has the following objectives:

- Increase the Trade Corridor's competitive advantages by reducing the bottlenecks and improving the network's efficiency;
- Strategically position the Corridor on both existing and emerging markets on the continent and worldwide to fully contribute to the country's economic prosperity;
- Decide through consensus on development priorities;
- Support the creation of jobs and economic growth in local communities.

## 2. Progress report

### 2.1 Economic setting and opportunities for advancement

The year 2008 was marked by the start of an international financial crisis. This crisis led to major economic changes at a global level. Although the St. Lawrence-Great Lakes Trade Corridor was hit by the crisis and recorded less traffic than expected, it was able to adjust by maintaining consistent volumes.

Between 2009 and 2011, markets functioned at a slower pace and despite the investments made by the U.S. to support businesses and boost production, trade did not reach the estimated levels. In 2011, the summary of cargo tonnage handled by ports on the St. Lawrence showed that marine traffic was clearly picking up, with a 7% increase over 2010.<sup>4</sup>

According to the preliminary results of the first half of 2012, marine traffic is still in recovery mode in the St. Lawrence-Great Lakes Trade Corridor. As shown in the table below, between January and June 2012, tonnage handled in the major ports on the St. Lawrence totalled 56.4 Mt of cargo, or 9% more than for the same period in 2011.

<sup>4</sup> Fisheries and Oceans Canada. *Marine Outlook*. September 2012

**Table 1**  
**Estimate and comparison of tonnage and maritime traffic in quebec's**  
**principal ports in the first half of 2012 and 2011**

PORTS	Handled tonnage (tons)			Traffic (number of vessels in transit)		
	2012p jan-june	2011 jan-june	Variation 2012p/2011	2012p jan-june	2011 jan-june	Variation 2012p/2011
Québec	15 Mt	11,4 Mt	+ 31 %	598	526	+ 14 %
Montréal	13,1 Mt	13,8 Mt	- 5 %	567	637	- 11 %
Sept-Îles	11,8 Mt	10,6 Mt	+ 11 %	251	224	+ 12 %
Port-Cartier	8,1 Mt	7,5 Mt	+ 7 %	153	164	- 7 %
Port-Alfred	2,2 Mt	2,1 Mt	+ 5 %	49	56	- 13 %
Baie-Comeau	1,9 Mt	2,1 Mt	- 12 %	94	114	- 18 %
Trois-Rivières	1,6 Mt	1,4 Mt	+ 9 %	96	111	- 14 %
Bécancour	761 kt	845 kt	- 10 %	57	58	- 2 %
Sorel-Tracy	658 kt	727 kt	- 10 %	37	42	- 12 %
Havre-St-Pierre	586 kt	759 kt	- 23 %	34	30	+ 13 %
Port-Saguenay	157 kt	130 kt	+ 21 %	20	25	- 20 %
Rimouski	138 kt	149 kt	- 8 %	31	35	- 11 %
Valleyfield	125 kt	104 kt	+ 17 %	33	29	+ 14 %
Matane	93 kt	67 kt	+ 39 %	20	16	+ 25 %
Pointe-au-Pic	70 kt	58 kt	+ 21 %	11	9	+ 22 %
Gros-Cacouna	49 kt	48 kt	+ 1 %	15	11	+ 36 %
Gaspé	41 kt	45 kt	- 10 %	11	11	---
Chandler	---	0,08 kt	---	---	2	---
<b>Total</b>	<b>56,4 Mt</b>	<b>51,8 Mt</b>	<b>+ 9 %</b>	<b>2 077</b>	<b>2 100</b>	<b>- 1 %</b>

Source: Port Authorities and Transport Canada

Compiled by: Regional Policy and Economics Branch, Fisheries and Oceans Canada, Quebec Region.

M: millions; k: thousands; p: preliminary

This growth is partly due to transshipments of cargo coming from or headed for the Great Lakes and the mining development in Northern Quebec. The global demand for metals is rising and is directly tied to the growth of emerging countries such as China, where demand for raw materials is constantly climbing. In the longer term, the recent announcement of several mining exploration and development projects north of the 49<sup>th</sup> parallel confirms the increase in demand for metals and the interest of many mining companies in these deposits. Accordingly, the tonnages handled at major Quebec ports should continue to benefit from this strong international demand.

For its part, the St. Lawrence Seaway Management Corporation (SLSMC) expected a 3% increase of cargo in transit in 2012.<sup>5</sup> This increase of shipments essentially stems from iron ore and coal, which have become export products due to high demand overseas. As of June 30, 2012, the volume of cargo shipped on the Seaway totalled 13.2 Mt, up 1.3% from the same period last year.

Consequently, growth perspectives for ports in the System are on the upswing, but remain conditional on how capably the infrastructure accommodates the volumes of cargo and how efficiently the System can support the trade flows.

### *Emergence of new markets*

Canadian trade – both imports and exports – has been steadily increasing since 1995.<sup>6</sup> Traditionally, Canada and the United States are each other's most important trading partners. In 2010, bilateral trade between the two countries was close to \$CAN 645 billion, representing more than \$CAN 1.7 billion in goods and services crossing the border every day.<sup>7</sup>

However, some of Canada's main trading partners are increasingly in Asia, resulting in the shift of Eastern markets (Europe) to the West (Asia-Pacific). This has given rise to numerous challenges for the St. Lawrence-Great Lakes Trade Corridor to stay competitive in this new context, while continuing to engage in traffic with Europe, the Mediterranean and Latin America. The need to develop new markets and consolidate trade ties with European and other partners is imperative.

<sup>5</sup> Presentation by Terrence Bowles. SODES Conference-lunch, Montreal, November 2011.

<sup>6</sup> Transport Canada. 2011. *Transportation in Canada 2011*. Comprehensive Review, p. 62.

<sup>7</sup> Government of Canada. *A Unique and Vital Relationship* Consulted December 11, 2012  
<http://www.canadainternational.gc.ca/can-am/offices-bureaux/welcome-bienvenue.aspx?lang=fra&view=d>

The Canadian government is currently in talks with the European Union to implement a free trade agreement. If the agreement goes ahead, it is expected to bring a 20% boost in bilateral trade between Canada and Europe and a \$12-billion annual increase to Canada's economy.<sup>8</sup> Given that the St. Lawrence-Great Lakes Trade Corridor is the natural access road for traffic to and from Europe, its infrastructure must be able to meet the higher trade flow.

On the continental scale, Canadian ports are feeling the effects of heightened competition. In fact, in recent years major investments have been made in American ports and inland transportation corridors, improving their capacity and their efficiency, both of which are decisive competitive factors. These investments result in challenges for Canadian ports and supply chains, particularly for traffic to the U.S. Midwest and North America's industrial heartland.

Within the System itself, new opportunities related to the energy environment (major growth in liquid bulk) and restructuring supply chains (directional change of flow) are about to appear. Markets for liquid bulk and petroleum have shifted, notably with new export opportunities across the Corridor from Western Canadian production. The Corridor can play a leading role in the transportation and export of petroleum products by offering a wholly Canadian solution, without resorting to the infrastructure of our American cousins. For this, the "East" solution must be promoted with producers in the West. Significant investments in infrastructure must be made along with regulatory changes.

Other speculations suggest a growth in volumes in the Corridor. In such a case, restructuring supply chains or directional changes in cargo flows (such as for petroleum) will give rise to new needs near ports in terms of storage infrastructure or transshipment.

Just like the global reality in which it is developing, the St. Lawrence-Great Lakes Trade Corridor is changing. Despite the 2008 financial and banking crisis, the tonnage and traffic transiting through it remained substantial and crucial for the country's economic prosperity. In the face of these changes, it is important to both consolidate the gains to date and get set to meet current and future challenges beyond cyclical market fluctuations.

<sup>8</sup> Foreign Affairs and International Trade Canada. *Harper Government Highlights Benefits of Canada-EU Trade and Economic Agreement* Consulted December 5, 2012 [http://www.international.gc.ca/media\\_commerce/comm/news-communiqués/2012/12/05a.aspx?lang=eng&view=d](http://www.international.gc.ca/media_commerce/comm/news-communiqués/2012/12/05a.aspx?lang=eng&view=d)

## 2.2 Progress of the 2008 recommendations

The 2008 study was the result of a consultation process with transportation industry leaders. Conducting the study was an opportunity to establish a unique forum grouping together nearly 75 people representing more than 50 companies in the cargo shipping sector (marine, road, rail and intermodal) as well as a number of shippers. Within the four cargo groups (Dry Bulk, Liquid Bulk, Container and General Cargo), participants collaborated with consultants from IBI Group by sharing their expertise during consultations. Their efforts led to the identification of major bottlenecks in the System. By consensus, they came up with fifteen recommendations (Appendix 1) to focus project planning and development.

To date, actions and investments in connection with these recommendations have been undertaken by the public sector (federal, provincial and municipal) and the private sector. It is important to specify that the improvements to the transportation network were not limited to investments in infrastructure. *In many cases, improvements have been identified and implemented to reduce policy, regulatory and financial barriers, to improve the business environment for trade growth, and to enhance freight operations at key facilities by way of company- level agreements, application of new technology and establishment of innovative operational practices.*<sup>9</sup>

For example, the Montreal Port Authority (MPA), in collaboration with the Canadian Coast Guard, invested half a million dollars in electronic navigation to optimize use of the navigation channel and thereby increase the load could carry. The MPA also signed an agreement with CN to improve the efficiency of the container traffic supply chain.<sup>10</sup>

In Toronto and Montreal, monies were invested in the maintenance, repair or construction of certain road infrastructures.

On Quebec's North Shore, a \$30-million investment under the federal Infrastructure Stimulus Fund made it possible for the Sept-Îles Port Authority to leverage more than \$250 million of private sector investment for construction of a new terminal with deep water berths.<sup>11</sup>

At the Trois-Rivières Port Authority, Phase 1 of On Course for 2020 – a program to modernize the port authority's facilities – was launched on May 19, 2011. Over the previous year, 26,000 square meters of additional outdoor storage area was created, two new warehouses

<sup>9</sup> Transport Canada. 2011. *Transportation in Canada 2011*. Comprehensive Review, p. 143.

<sup>10</sup> Association of Canadian Port Authorities. 2011. *ACPA Manifest* (Volume 8, No. 4, Fall 2011).

<sup>11</sup> Association of Canadian Port Authorities. 2010. *Canadian Ports Magazine*.

were built, road access was improved and the port boundaries were properly defined for reasons of safety, security and productivity. Overall, this work has increased the port's capacity by 22%.<sup>12</sup>

At the regulatory level, it is important to emphasize the positive effect that resulted from abolishing the 25% import duty. In point of fact, waiving this tariff obstacle favoured the gradual renewing of part of Canada's aging fleet of commercial vessels. The replacement of Canada's aging vessels with cleaner, safer and more efficient vessels, often with greater capacity, results in social, environmental and economic benefits for Canada and its people, while positioning the country's marine transportation system to be more competitive and sustainable.<sup>13</sup>

2011-2012 were therefore favourable for commissioning new Canadian vessels, and other additions are planned for the Canadian fleet in the coming years.

The review of the Canada Marine Act also positively contributed to increasing the System's competitiveness. In fact, the amendments made to this legislation created a more flexible financial regime for Canada Port Authorities, allowing them to increase revenue generation options.<sup>14</sup>

So in four years, some of the 2008 recommendations were achieved. Such is the case, for example, in the construction of a new pier at the Port of Sept-Îles and the abolition of the 25% import duty. However, despite certain advances and investments made by the various levels of government and the private sector, the needs are still great.

Certain critical issues raised in 2008 remain challenges, and not much headway has been made on them (notably the Detroit/Windsor tunnel and the navigation season). Furthermore, the projects initiated in the Corridor since 2008 were not subject to integrated, consensual planning as hoped for by St. Lawrence-Great Lakes users. The collaborative approach when the 2008 study was carried out made it possible to bring a range of divergent voices and views to the table for a discussion of common interests and goals. This unique, mission-critical approach to planning the Trade Corridor has not been fully tapped.

In the current economic setting, where market shifts are tangible, diversifying Canada's international trade is more than ever necessary, and the need to address these new realities is more deeply founded. That is why all agree that it is becoming imperative to act, and to do so by putting forward concerted public-private initiatives.

<sup>12</sup> Association of Canadian Port Authorities. 2011. *ACPA Manifest* (Volume 8, No. 3, Summer 2011).

<sup>13</sup> Transport Canada. 2011. *Transportation in Canada 2011*. Comprehensive Review, p. 75.

<sup>14</sup> Transport Canada. 2011. *Transportation in Canada 2011*. Comprehensive Review, p. 67.

### 3. Between change and new challenges, what are the prospects for the Corridor of the future?

The results presented in this report are drawn from a survey of economic leaders of the St. Lawrence-Great Lakes system. Sent electronically during the summer to 60 organizations, this survey was completed by more than half of the recipients. It is important to point out that the respondents were representative; they included the major ports of the St. Lawrence, port services, marine carriers, shippers, cities and rail carriers. As in 2008, the survey results were validated through workshops with these leaders representing Corridor users, and each cargo sector was studied.

Four workshops were held (Container, General Cargo, Dry Bulk and Liquid Bulk). Each workshop was structured as follows:

- Presentation and validation of the results of the survey to determine the ongoing relevance of the 2008 recommendations
- Identification of new issues for each cargo group
- Adoption of recommendations

The survey and workshops clearly showed that the 2008 recommendations that have not yet been achieved are still topical.

From the analysis of the answers and discussions with the participants, six priority areas emerged to support a common strategy for the Corridor's future:

- 1. Infrastructure**
- 2. Governance and leadership**
- 3. Human resources**
- 4. Land use and urban cohabitation**
- 5. Regulatory structure**
- 6. Performance indicators**

For each area identified, Table 2 targets the elements to be corrected or improved for the Corridor to maintain and increase its competitiveness, efficiency and flexibility.

**Table 2**  
**Issues targeted in 2012 for the Corridor's future**

Areas	Issues
<b>Infrastructure</b>	<p>Lack of an integrated intermodal network for the Corridor</p> <p>Additional needs arising due to the emergence of new markets (higher volumes and larger vessel size, development of mining projects in Northern Quebec, directional changes in cargo flows)</p> <p>Inadequate funding for the maintenance and upgrading of aging System infrastructure</p> <p>Preservation and improvement of the Corridor's rail infrastructure</p>
<b>Governance and leadership</b>	<p>Absence of collaborative governance</p> <p>Need for a common, long-term vision to ensure the promotion, viability and development of the Corridor</p>
<b>Human resources</b>	<p>The shortage of skilled labour is curbing growth (aging, retirement, new needs related to fleet renewal)</p> <p>Succession and retention problems</p> <p>The issue of geographic accreditation adversely affects labour recruitment in the handling sector</p>
<b>Land use and urban cohabitation</b>	<p>Municipal and recreational pressures have increased around port and logistics zones, and could negatively impact the development and competitiveness of multimodal terminals and urban transportation</p>
<b>Regulatory structure</b>	<p>Proliferation of inter-jurisdictional regulations, inconsistencies and different regulations within the same province complicate and slow down operations – a trade deterrent</p>
<b>Competitiveness and performance indicators</b>	<p>The absence of performance indicators for the Corridor makes it difficult to measure its competitiveness and compare it with other major transportation axes around the world</p> <p>Availability of long-term forecast data on water levels</p> <p>Need to develop electronic navigation to face competition from U.S. ports and inland transportation corridors</p> <p>Consideration of sedimentary cycles when dredging the navigation channel</p> <p>Need to expand the Traverse du Nord to accommodate larger vessels</p>

By addressing the issues related to each area, it will be easier to ensure a proper level of services, boost competitiveness and improve the flow of cargo and people. The ultimate goal is to stimulate trade and encourage new traffic, as the Corridor is part of a broader geographical whole than the St. Lawrence-Great Lakes system.

## 4. The St. Lawrence-Great Lakes Trade Corridor: access road to economic prosperity

After going over trends and issues, this report presents a list of solutions that will make it possible to target priorities and direct the financial investments necessary to position the Corridor of the future.

At first glance, it is apparent from the work carried out in the last few months that the 2008 recommendations yet to be applied are still priorities for St. Lawrence-Great Lakes Corridor users. In 2012, new business opportunities began to emerge, confirming the need to act and invest. It is therefore crucial to become equipped with the tools needed to profit from these likely benefits.

The solutions presented here were determined according to a strong consensus within the Working Groups. The recommendations are based on target projects that are in the best interests of a multitude of users, that benefit the industry as a whole and that support the country's economic prosperity.

**Table 3**  
**Recommendations for the Corridor's future**

**Legend:**

Black = 2013 recommendation / Grey = 2008 recommendation / Blue = 2008 recommendation implemented or soon to be implemented

Area	
<b>Infra- structure</b>	<b>General recommendations</b>
	Increase port capacity (marine, land and intermodal connection capacities) to be competitive on current and future markets and to be able to accommodate larger vessels
	Improve port capacity and promote access to general cargo in the ports serving specific markets (niche ports) throughout the network
	Improve road and rail infrastructure for freight transportation
	Concentrate on the Port of Montreal as the hub for international container traffic
	Finance the implementation of infrastructure dedicated to short sea shipping (example: Ro/Ro ramps)
	Maximize road connections to reduce congestion and delays in major urban centres (specifically Montreal and Greater Toronto)
	Replace aging infrastructure to meet the needs of stakeholders, facilitate movement and improve transit times
	Agree on the infrastructure needs for the ports on Quebec's North Shore to handle the growth in volumes from mining projects
	<b>Specific recommendations</b>
	Improve and expand the dry bulk transshipment facilities at the Port of Quebec
	Improve and expand the liquid bulk transshipment facilities at the Port of Quebec
	Improve the intermodal connection to the U.S. Midwest by developing a tunnel under the Detroit River
	Construct a new pier at the Port of Valleyfield
Build rail grade separations at various points in the Quebec-Sarnia-Windsor corridor	
Build a terminal with deep water berths to ship iron ore from Sept-Îles	
Foster the implementation of preferred interface zones (hubs) in Québec City and Montréal for the transport and handling of Eastward-bound oil from Western Canada	
<b>Gover- nance and leadership</b>	<b>General recommendations</b>
	Create a single window to ensure common governance of the Corridor, oversee its operation, promote it and secure its competitiveness
	Develop strong leadership to represent and defend the St. Lawrence-Great Lakes system
	Plan a common strategic vision of transportation to ensure the future of the St. Lawrence
	<b>Specific recommendations</b>
Ensure the presence of at least one representative of commercial navigation, user of the St. Lawrence-Great Lakes Corridor, on the International Joint Commission	
Promote short sea shipping, notably by implementing programs that factor in the direct and indirect costs (social costs) of freight transportation	
<b>Human Resources</b>	<b>General recommendations</b>
	Establish a public-private initiative to handle labour shortage problems and develop programs to attract, train and retain workers
	Assess the possibility of Corridor-wide workforce management (interchangeable labour pool to counteract the variability of demand)
Promote, together with the various levels of government, the marine sector and its occupations	

**Table 3 (suite)**  
**Recommendations for the Corridor's future**

**Legend:**

Black = 2013 recommendation / Grey = 2008 recommendation / Blue = 2008 recommendation implemented or soon to be implemented

<b>Axes</b>	
<b>Human Resources</b>	<b>Specific recommendations</b>
	<p>Consider improvements to geographic accreditation to reduce the impact on competitiveness</p> <p>Ensure recognition of qualifications acquired abroad for positions where there is an acute shortage</p>
<b>Land use and urban cohabitation</b>	<b>General recommendations</b>
	<p>Dedicate corridors for freight transportation in urban areas (road and rail)</p> <p>Protect the spaces around ports and create buffer zones securing the sustainability of their operations and future developments</p> <p>Raise awareness at the municipal level and in the general public about freight transportation operations in urban areas</p>
	<b>Specific recommendations</b>
	<p>Ensure that metropolitan development plans include freight transportation needs in urban areas</p>
<b>Regulatory structure</b>	<b>General recommendations</b>
	<p>Speed up inter-jurisdictional approval times to encourage private investment</p> <p>Initiate steps towards consistent overarching policies regarding terminals and trade corridors, particularly in urban areas and at critical border crossings</p> <p>Harmonize regulations and border practices between federal, state/provincial municipal levels in Canada and the U.S.</p>
	<b>Specific recommendations</b>
	<p><b>Harmonization of regulations on air emissions and ballast water</b></p> <p>Abolish the 25% import duty on foreign vessels</p> <p><b>At the federal level, support electronic navigation through appropriate regulations</b></p>
<b>Competitiveness and performance indicators</b>	<b>General recommendations</b>
	<p>Establish performance indicators for the St. Lawrence–Great Lakes system (based on indicators developed by Transport Canada for Western Canada and adapted to the system's specific characteristics)</p> <p>Establish performance indicators for the St. Lawrence–Great Lakes system (based on indicators developed by Transport Canada for Western Canada and adapted to the system's specific characteristics)</p> <p>Minimize fees to ensure the maximum competitiveness of the system</p> <p>Promote the Corridor on the international stage by highlighting performance criteria (development of a dashboard and promotional tools)</p>
	<b>Specific recommendations</b>
	<p>Improve the quality of data used to predict water levels in the Corridor</p> <p>Improve navigation channel utilization and port access via dredging to increase vessel loads</p> <p>Increase the presence of electronic navigation technologies by capitalizing on stronger support from Transport Canada</p> <p>Foster greater collaboration between government and industry to extend the navigation season of the St. Lawrence Seaway</p> <p>Welcome larger ships by expanding and dredging the navigable waterway, in particular the Traverse du Nord, when needed</p>

As in 2008, the main issue concerns the need to continuously increase and improve the network's capacity. This approach is crucial to support trade flows from the perspectives of growth and the emergence of new markets. The current age and state of infrastructure in the Corridor raise tremendous concern among users. With a view to future prospects and market development, one prerequisite must be met: facilities must be upgraded and a budget for long-term maintenance must be provided.

A new issue related to governance and leadership was added as a necessary condition for the Trade Corridor's long-term success. Study participants firmly believe that this variable is a key component to ensure ongoing spinoffs from the consensus achieved.

## 5. Conclusion

Carrying out this study showed continuity in the needs of users of the St. Lawrence-Great Lakes system. In fact, the recommendations made in 2008 remain current. New issues related to the global economic situation and developing market trends have since emerged. Now, actions must be taken to make the Corridor an access road to Canada's economic prosperity for many years to come. To achieve this, a global concerted vision fostering the Corridor's competitiveness is called for, requiring support from all partners.

The solutions outlined by the Working Groups and discussed in this report cover a broad range of strategies to consider in future decisions and when implementing specific projects. However, to plan the Corridor of the future, a general recommendation arose regarding the need to develop strong leadership and consolidated governance.

"The Government of Canada is responsible for fostering the national transportation system's efficiency, safety, security and sustainability in all modes; [...] pursuing Canada's interests in international commerce, and positioning Canada to compete and prosper in the global economy.<sup>15</sup>" The St. Lawrence-Great Lakes Trade Corridor should be a preferred access road to ensure the success of this policy. This presents a unique opportunity to consolidate, enhance and promote the Corridor. Rapid implementation of concrete actions will send a strong message to users and clients and, in the long run, serve to position the Corridor as an efficient, safe passage of choice.

<sup>15</sup> Government of Canada, *National Policy Framework for Strategic Gateways and Trade Corridors*, 2007, p. 12.

# Appendices

## Appendix I - 2008 recommendations

Solutions
Concentrate on Port of Montreal as the hub for international container traffic
Improve intermodal connection to the U.S. Midwest by developing the Detroit River Tunnel
Construct rail grade separations at various points in the Quebec-Sarnia-Windsor corridor
Maximize road connections to mitigate congestion/delays in major urban centers (especially Great Toronto and Montreal)
Build deep-berth terminal to handle iron ore in Sept-Îles
Improve and expand dry bulk transshipment facilities based at the Port of Quebec
Improve and expand liquid bulk transshipment facilities based at the Port of Quebec
Government and industry should work together to extend the effective navigation season in the St. Lawrence Seaway
Improve navigation channel utilization and port access by dredging to improve load carried by vessels
Improve port capacity and access for general cargo in niche ports along the system
Abolish 25% import duty on foreign ships
Harmonize regulations and border practices between federal, state/provincial and municipal levels in Canada and the US
Initiate steps towards consistent overarching policies regarding trade corridors and terminals, particularly in urban areas and at critical border crossings
Establish a public-private initiative to address labour shortage issues and to develop programs to attract, train and retain skilled workers
Minimize fees to ensure maximum competitiveness of the system

## Appendix II - Methodology

The main objective of this study was to update the report on the St. Lawrence-Great Lakes Trade Corridor presented in 2008. To this end, two major stages structured the process:

- A dynamic survey sent to members of the marine industry and Corridor users.
- Workshops to validate the proposed directions and achieve consensus among industry members and users on the actions to be implemented in the short, medium and long terms in order to increase competitiveness and trade in the Trade Corridor.

The survey and workshops were an opportunity to take stock of the situation related to the progress made on the 2008 recommendations, and to identify the needs, challenges and issues for the Corridor's future.

### *Survey*

The survey revolved around four sections:

- Progress of the recommendations from the 2008 study
- Challenges, initiatives and priorities in the Trade Corridor
- Land use and port interfaces
- Obstacles and deterrents due to regulations or policies

The questionnaire included common sections for all respondents and specific sections (update recommendations of the 2008 study) by cargo group in order to obtain both general and specific answers. The survey consisted of a total of 23 multiple-choice and open-ended questions. Of the 23 questions, 16 were multiple-choice, but included a space where respondents could explain their point of view and/or suggest actions or make recommendations.

### *Workshops*

Following the analysis of the survey results, workshops (by cargo group) were set up to confirm the areas that emerged from the analysis of results, and to prioritize what directions to take to maintain and increase trade in the Trade Corridor.

Four workshops were held (Container, General Cargo, Dry Bulk and Liquid Bulk). Each workshop was structured as follows:

- Presentation and validation of the results of the survey conducted to determine the ongoing relevance of the 2008 recommendations
- Identification of new issues for each cargo group
- Adoption of recommendations

The workshops allowed participants to exchange their points of view and reach consensus on the priorities for action.

### *Results of the survey and workshops*

The survey was sent electronically to 60 people; 31 responses were received. The survey was conducted during the summer (July-August 2012) and the response rate was 52%. The respondents' representativeness was assured because the main ports along the St. Lawrence, port services, marine carriers, shippers and rail carriers all answered the call.

The following table presents the results of the question on which cargo categories best matches the respondents' business activities. There was a choice of several answers.

**Cargo category corresponding to respondents' business activities**

<b>Container</b>	<b>General Cargo</b>	<b>Liquid Bulk</b>	<b>Dry Bulk</b>	<b>Other</b>
10	20	14	20	4

The Other category includes respondents from municipalities, passenger transportation activities and specific vessel operations.

The table in the following page is a compilation of the answers obtained from the multiple-choice questions (yes, no).

Answers obtained (yes, no)	Answers obtained (yes, no)			Total
	Yes	No	Rather not say	
Question 1 – In 2008, prolonging the navigation season in the St. Lawrence Seaway was a priority. In 2012, is this still a topical need?	24	6	1	31
Question 2 – In 2008, a recommendation was made to improve navigation channel utilization and port access by dredging to improve load carried by vessels. In 2012, are you of the same opinion?	22	4	5	31
Question 3 – In 2008, labour-related issues were considered a priority. In 2012, has the situation changed?	8	22	1	31
Question 5 – The matter of harmonizing regulations and border practices between federal, state/provincial and municipal levels in Canada and the U.S. was raised as a trade obstacle. Is this still the case today?	23	3	5	31
Question 6 – In 2008, it was hoped that steps would be initiated towards consistent overarching policies regarding trade corridors and terminals, especially in urban areas and at critical border crossings. In 2012, is this still a topical need?	22	1	8	31
Question 7 - In 2008, the various fees required for commercial navigation were deemed too high to support the System's competitiveness. In 2012, is this still the case?	25	1	5	31
Question 8 - In 2008, the Container Group made a priority recommendation to make the Port of Montreal the hub for international container traffic. Is this recommendation still as topical?	11	1	19	31
Question 9 – One solution proposed to improve the intermodal connection with the U.S. Midwest was construction of a rail tunnel under the Detroit River. Is this recommendation still as topical?	12	0	19	31
Question 10 – To improve cargo flow, the construction of rail grade separations at various points in the Quebec-Sarnia-Windsor corridor was suggested. Is there still a need for this in 2012?	11	1	19	31
Question 11 – In 2008, it was suggested that road connections be maximized to reduce congestion and delays in major urban centres (specifically Montreal and Greater Toronto). In 2012, has the situation improved?	8	4	19	31
Question 12 – In 2008, the Liquid Bulk Group identified the need to improve and expand bulk transshipment facilities (as a whole) at the Port of Quebec. In 2012, is this still a topical need?	5	3	23	31
Question 13 – In 2008, the Dry Bulk Group identified the need to improve and expand bulk transshipment facilities (as a whole) at the Port of Quebec. In 2012, is this still a topical need?	11	3	17	31
Question 14 – Construction of a terminal with deep water berths so that iron ore could be shipped to Sept-Îles was a priority. In 2012, construction got underway. Do you believe that this project will adequately meet future needs?	9	2	20	31
Question 15 – In 2008, it was suggested that road connections be maximized to reduce congestion and delays in major urban centres (specifically Montreal and Greater Toronto). In 2012, has the situation improved?	11	11	9	31
Question 20 – Do you have any access constraints to port interfaces?	12	8	11	31
Question 21 – Are there any management and organization challenges in the areas around or near port zones?	12	8	11	31

Questions 1 to 7 dealt with the recommendations from the 2008 study. The objective was to identify the changes/advances carried out for each recommendation. The results obtained are conclusive. The majority of respondents (more than 70% for all questions, and up to 80% for the question on navigation fees), found that the situation had changed little since 2008. Although projects have been carried out, the 2008 recommendations as a whole remain topical in 2012.

The specific questions (numbers 8 to 16) for each cargo group were used to measure users' interest in each recommendation. For example, of the Container Group's questions, close to 90% of the respondents were of the opinion that the 2008 recommendations are still in effect. For Liquid Bulk, 63% of respondents consider the 2008 recommendations to be still a priority, and between 78 and 82% of respondents deemed that the recommendations for Dry Bulk are still necessary. Lastly, 50% of respondents rated the implementation of the recommendation for general cargo as important.

The questions addressing new issues (numbers 17 to 23), notably the multimodal interface, respondents tended to answer that it does not interfere with their operations. However, analysis of their comments revealed that professionals are concerned, in the long term, about growing municipal pressure that could disrupt their development activities.

Response analysis made it possible to identify six priority areas that can assure a proper level of service in the Corridor, increase competitiveness and improve traffic conditions in the Corridor, in order to stimulate trade and encourage new traffics.

## Appendix III - Survey



### St. Lawrence - Great Lakes Trade Corridor Study Update

Date \_\_\_\_\_

#### Respondant Information

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Mailing Address \_\_\_\_\_

Telephone \_\_\_\_\_

E-mail \_\_\_\_\_

Business Sector (choose one)

Business Sector \_\_\_\_\_

***The survey contains four distinct sections addressing the different categories of freight. To facilitate the navigation through the survey and to direct you to the questions corresponding to the freight categories, we have pre-programmed the order of the questions to which you should respond based on the freight categories which you choose from the following list.***

***You may use the TAB button to navigate through the questions.***

Which of the following freight categories correspond the best to your business activities (choose all that apply)?

Container

General Cargo

Liquid Bulk

Dry Bulk

Other

Specify \_\_\_\_\_

## Part 1 - Update on the Recommendations from the 2008 Study

In 2008, 15 solutions were identified by the study participants as priorities to strengthen the competitiveness of the St. Lawrence-Great Lakes Trade Corridor. Progress has been made on some of these solutions. The objective of the 2012 study is to understand if the recommended solutions are still pertinent and which new challenges should be taken into consideration to support the growth and competitiveness of the Corridor.

The following 7 questions are general in nature and are addressed to all respondents. Later sections focus on recommendations specific to each freight group (container, liquid bulk, dry bulk and general cargo).

Question 1 - In 2008, extending the navigation season of the St. Lawrence Seaway was identified as a priority project. In 2012, is this still a current priority? \_\_\_\_\_

Explain

(Max. 500 characters)

Question 2 - In 2008, it was recommended to improve the use of the navigation channel and port access by measures such as dredging to allow ships to carry heavier loads. In 2012, do you still agree with this statement? \_\_\_\_\_

Explain

(Max. 500 characters)

Question 3 - In 2008, labour challenges were identified as a priority. In 2012, has the situation changed? \_\_\_\_\_

Explain

(Max. 500 characters)

Question 4 - In 2008, the removal of the 25% import tax on foreign built ships was a priority. Shortly after the first Corridor study this tax was eliminated. In your opinion, what were the effects of this change?

Explain

(Max. 500 characters)

Question 5 - In 2008, the need to harmonize federal, provincial and municipal government regulations and border practices between Canada and the United States was raised as a barrier to trade. Is this still the case today? \_\_\_\_\_

Explain

(Max. 500 characters)

Question 6 - In 2008, the adoption of consistent policies with respect to port terminals and trade corridors was required, particularly in urban areas and at key border crossings. In 2012, is this still the case? \_\_\_\_\_

Explain

(Max. 500 characters)

Question 7 - In 2008, the various navigational fees charged were considered too high to support the competitiveness of the system. In 2012, is this still the case? \_\_\_\_\_

Explain

(Max. 500 characters)

**For respondents in the CONTAINER GROUP**

Question 8 - In 2008, the Container Group recommended that the Port of Montréal become the hub for international container traffic. Is this recommendation still valid? \_\_\_\_\_

Explain

(Max. 500 characters)

Question 9 - In 2008, a solution was proposed to improve intermodal service and optimize the choice of shippers in the East/West rail corridor (Montreal, Toronto, Detroit, Chicago). Is this recommendation still valid? \_\_\_\_\_

Explain

(Max. 500 characters)

Question 10 - In 2008, it was suggested that goods movement would be improved by the construction of at-grade rail crossings on the two major railways (CN and CP) of the Québec City-Windsor-Sarnia Corridor. Is this still a need in 2012? \_\_\_\_\_

Explain

(Max. 500 characters)

Question 11 - In 2008, it was suggested that connections in the road network needed to be improved to reduce congestion and delays in key urban centres (specifically the Greater Toronto Area and Montréal). In 2012, has the situation improved? \_\_\_\_\_

Explain

(Max. 500 characters)

**For respondents in the LIQUID BULK GROUP**

Question 12 - The Liquid Bulk group identified, in 2008, the necessity to improve and expand the facilities for liquid bulk transshipment at the Port of Québec. In 2012, has the situation improved? \_\_\_\_\_

Explain

(Max. 500 characters)

**For respondents in the DRY BULK GROUP**

Question 13 - The Dry Bulk Group identified, in 2008, the need to improve and expand the transshipments facilities for freight (in general) at the Port of Québec. In 2012, is this still the case? \_\_\_\_\_

Explain

(Max. 500 characters)

Question 14 - In 2008, the construction of a terminal with deep water berths to support the shipment of iron ore from Sept-Îles was a priority. In 2012, construction started on this project. Do you think this work will be sufficient to meet future demand? \_\_\_\_\_

Explain

(Max. 500 characters)

**For respondents in the GENERAL CARGO GROUP**

Question 15 - In 2008, it was suggested that connections in the road network needed to be improved to reduce congestion and delays in key urban centres (specifically the Greater Toronto Area and Montréal). In 2012, has the situation improved? \_\_\_\_\_

Explain

(Max. 500 characters)

Question 16 - In 2008, the General Cargo Group identified the need to improve port capacity and improve access for general cargo at ports serving specific markets (niche ports) throughout the network. In 2012, at which ports does capacity need to be improved and at which ports does access (for general cargo) need to be optimized?

Explain

(Max. 1000 characters)

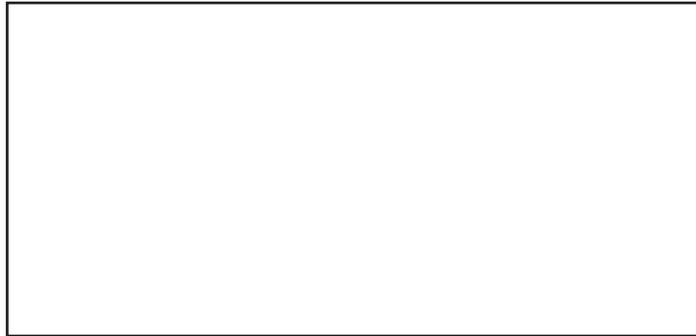
## **PART 2 - Challenges, Initiatives and Priorities in 2012**

Since 2008, various changes have occurred affecting the global shipping industry, trade and economic development in Québec and Ontario, and the Corridor. In this context, it is important to note that the forecasts made in connection with the 2008 study were not necessarily wrong but were significantly affected by the 2008-2009 recession. The following section is therefore intended to collect relevant information to position the Corridor and support its growth in volume and tonnage for the next 20 years.

Question 17 - In 2012, what obstacles are limiting the growth of your company?

Explain

(Max. 1000 characters)



Question 18 - In 2012, what obstacles are limiting the growth of traffic in the St. Lawrence-Great Lakes Trade Corridor?

Explain

(Max. 1000 characters)



Question 19 - What are the prospects for economic development in the Corridor? What would you estimate as the demand for your business' services in the Corridor? How do these prospects translate into a growth in demand for marine shipping services in the Corridor?

Explain

(Max. 1000 characters)

**PART 3 - Land Use Planning and Port Interface**

Land use planning and port interface are very important for the competitiveness of ports and freight transportation networks. This section of the survey aims to collect information on these matters

Question 20 - Are there any constraints restricting your access to the port interface? \_\_\_\_\_

Explain

(Max. 1000 characters)

Question 21 - Are there management or organizational challenges with the space around or near the ports in the Corridor? \_\_\_\_\_

Explain

(Max. 1000 characters)



Question 22 - What measures should be undertaken to address the situation identified in question 21?

Explain

(Max. 1000 characters)



## **PART 4 - Regulatory Barriers and Challenges**

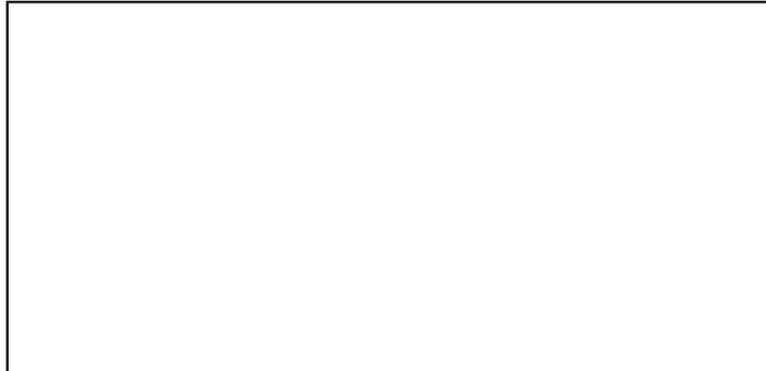
In this section, we are interested in your views on regulatory barriers and challenges.

Question 23 - Which laws or regulations do you feel are barriers to your business activities?

List the regulatory barriers and/or legal challenges that your business faces:

Explain

(Max. 1000 characters)



## Appendix IV - List of workshop participants

### Container Group

<b>Company</b>	<b>Contact</b>
Canadian National	François Bélanger
Canadian Pacific	Gianni Piovesan
Hapag-Lloyd	Donald Poirier
Logistec	Daniel Falaise
Maersk	David Cardin
MTQ	Rachid Raffa
Port of Montreal	Daniel Olivier
Port of Montreal	Jean-Luc Bédard
Port of Quebec	Anthony Kish
Port of Quebec	Marcel Labrecque
Port of Trois-Rivières	Gaétan Boivin
Port of Trois-Rivières	Jacques Paquin
St. Lawrence Seaway Management Corporation	Jean Aubry-Morin
Transport Canada	Patrick Gosselin
SODES	Nicole Trépanier
SODES	Mélissa Laliberté
IBI Group	Michael Kieran
IBI Group	Susanne Glenn-Rigny
IBI Group	Magali Amiel

## General Cargo Group

<b>Company</b>	<b>Contact</b>
Canadian Pacific	Carla Pin
Fednav	Michel Tosini
Groupe Desgagnés	Paul Côté
Logistec	Daniel Falaise
Logistec	Richard Daneau
Maersk	David Cardin
MTQ	Rachid Raffa
Port of Montreal	Daniel Olivier
Port of Montreal	Jean-Luc Bédard
Port of Quebec	Anthony Kish
Port of Quebec	Marcel Labrecque
Port of Trois-Rivières	Gaétan Boivin
Port of Trois-Rivières	Jacques Paquin
Quebec Stevedoring	Geoff Lemont
St. Lawrence Seaway Management Corporation	Jean Aubry-Morin
Transport Canada	Patrick Gosselin
SODES	Nicole Trépanier
SODES	Mélissa Laliberté
IBI Group	Michael Kieran
IBI Group	Susanne Glenn-Rigny
IBI Group	Magali Amiel

## Dry Bulk Group

<b>Company</b>	<b>Contact</b>
Canadian Pacific	Carla Pin
Canada Steamship Lines	Dan McCarthy
Canada Steamship Lines	Mariève Tremblay
City of Sept-Îles	Denis Clément
Fednav	Marc Gagnon
Fednav	Mark Pathy
Groupe Desgagnés	Paul Côté
Logistec	Richard Daneau
McKeil Marine	Peter Grayton
MTQ	Rachid Raffa
Port of Montreal	Daniel Olivier
Port of Montreal	Jean-Luc Bédard
Port of Quebec	Anthony Kish
Port of Quebec	Marcel Labrecque
Port of Sept-Îles	Pierre Gagnon
Port of Sept-Îles	Raynald Ouellet
Port of Trois-Rivières	Gaétan Boivin
Port of Trois-Rivières	Jacques Paquin
Quebec Stevedoring	Geoff Lemont
Somavrac	Éric Boisvert
St. Lawrence Seaway Management Corporation	Jean Aubry-Morin
Transport Canada	Patrick Gosselin
SODES	Nicole Trépanier
SODES	Mélissa Laliberté
IBI Group	Michael Kieran
IBI Group	Susanne Glenn-Rigny
IBI Group	Magali Amiel

## Liquid Bulk Group

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<b>Company</b>	<b>Contact</b>
IMTT-Québec	Marc Dulude
Petro-Nav	Jean Kake
Somavrac	Éric Boisvert
MTQ	Rachid Raffa
Port of Montreal	Jean-Luc Bédard
Port of Quebec	Marcel Labrecque
SODES	Nicole Trépanier
SODES	Mélissa Laliberté
IBI Group	Michael Kieran
IBI Group	Susanne Glenn-Rigny
IBI Group	Magali Amiel

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