

Remarks

by

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To the uninformed observer there seems to be little in common between The City of Thunder Bay and the City I call home - Hamilton.

Citizens of Thunder Bay enjoy the panoramic vista of Lake Superior, that inland sea at the farthest reaches of the Great Lakes. Residents of Hamilton while enjoying the beauty of another of Canada's greatest natural harbours are constantly reminded that they are at the centre of Ontario's industrial heartland.

But delve a little further and you'll see that there are many similarities; both cities boast as major employers a thriving health care community, respected institutions of higher learning in Lakehead and McMaster universities and a key industry that acts as an economic catalyst for the entire region.

In Thunder Bay's case this single major industry is centered on forest products and the pulp and paper industry. In Hamilton's case it is steel production that feeds the engine of the Ontario economy, the auto industry. But there's another industry that we have in common. It is of course the transportation industry and being port cities it is marine transportation that has helped shaped both our past and hopefully our future.

Hamilton owes its position as the largest Canadian port on the Great Lakes to our role in bulk raw materials distribution primarily the iron ore and coal import that feed the mills of Dofasco and Stelco that so dominate our skyline.

As the second largest Canadian Lakes port Thunder Bay (in its previous incarnation as Port Arthur and Fort William) was founded on its strategic capability to act as an export warehouse for Canada's prairie harvest.

This import and export balance was quickly established and generally well maintained after the opening of the seaway in 1959. With the new class of Canadian laker capable of lifting a million bushels of wheat in one direction and 25000 tonnes of ore in the other Thunder Bay and Hamilton were inexorably linked together.

The deep sea vessels trading into the Great lakes with steel, machinery or other general cargo also got into the rhythm with shipping agents in Hamilton regularly clearing outbound vessels to "Lake Superior for orders" Most of the time this meant Thunder Bay.

While a shift in world grain markets has caused a decline in the volume in past years there is no doubt that as the world's populations continues to climb there will still be a place for grain exports out of the lakes.

In addition we have seen increases in both the type and volume of specialty crops being traded worldwide and the container phenomenon which transformed world shipping in the 60's and 70's is now taking hold on the agricultural sector. Commodities are now being shipped in big bags or supersacs and in a prime example of "inside the box" thinking, also in containers!

There are those who will try and diminish the importance of inland ports like ours due to the fact that world trade has shifted at least on a value basis to containerization. And yes these vessels are getting bigger and bigger with the number of ports capable of handling them getting smaller and smaller. But therein lies the opportunity.

At the Hamilton Port Authority we are working with our tenants, customers, as well as the SLSMC and ship operators to establish our port as a terminal for feeder container vessels. Imagine for one moment the possibility of a container feeder vessel delivering consumer goods to Hamilton and other Ports in the Great Lakes and that same ship picking up boxes of specialty crops in Thunder Bay. Flight of fancy? Right now perhaps but let's indulge ourselves.

What is real is the fact that for all intents and purposes the entire Great lakes region (US and Canadian) on account of its population base & industrial significance is effectively one market place. China, with other Asian manufacturing centers is building ports and terminals at a staggering rate to ensure a free flow of exports. Their vessel operators are moving from 5-6000 TEU vessels to 8-10,000 and even 12,000 TEU behemoths and they are demanding that we respond. However our deepwater coastal ports are already experiencing capacity issues.

The railways are having difficulty handling the current volume of trade and we all know the dire situation that truckers find themselves in. As a consequence every potential shipping channel into the consuming and industrial heartland of North America will be needed if we are to

accommodate this growth. Consequently I am convinced that there is a significant growth opportunity for the seaway and by extension for our ports.

This explosion in trade is not limited to container traffic. The growth will come in all market sectors and in evidence I would point to the fact that first class operators like Fednav and Canfornav have renewed their lakes capable Fleet. The recent announcement that the Polish Steamship Company has ordered a new series of Laker newbuildings is encouraging.

Your port and mine are also playing host to niche players like Wagenborg, Green Fleet and the specialized carriers like Jumbo, Spliethoff and Mammoet as they reaffirm their commitment to the Great Lakes. This resurgence of interest should give pause to those the critics who say the Seaway's glory days are behind it.

However it is not all plain sailing. There are in my opinion 3 main issues that should be addressed if the Seaway is to grow its traffic. Firstly, we must and I emphasize must adopt a pilotage regime that is both efficient and cost effective. Presently it is neither and with pilotage representing a significant percentage of the voyage expense for an ocean going vessel I would exhort all those with a vested interest in expanding trade to come together to find a solution to this very real problem.

Secondly, the current federal cost recovery program unfairly penalizes marine transportation. Customs charges for new marine services are a very real detriment to the establishment of any new service. Thirdly, marine service fees that go to pay for icebreaking have no road or rail equivalent. Yet this is the only mode with capacity to spare. Does it make sense to double tax it?

Our governments both federal and provincial need to recognize that marine transportation has a role to play in an effective goods movement strategy. The province agonizes over how to pay for roads; interchanges and bridges yet pay only scant attention to the potential of cross-lake ferry services.

Thunder Bay was one of ports on the great lakes to boast a true package freight service, many of you will recall the motor vessel Woodlands which used to trade in an out of the port with timber and other general cargo, essentially a short sea service which kept freight off the roads and put it on the water where it belongs.

Hamilton hopes to be one of the first ports to resurrect a true short sea shipping service. Working with leading domestic operator Seaway Marine Transport to market our Marinelink concept we will see trailer traffic cross lake Ontario between Hamilton and Oswego NY. A second service will link Nanticoke, Ontario with Erie, Pennsylvania.

If we are successful this may be the forerunner to other short sea services perhaps one day linking Thunder Bay with Duluth or Sault Ste Marie.

I mentioned earlier that a window of opportunity has opened for the St. Lawrence Seaway. We see evidence that the Seaway Corporation has recognized this fact and we applaud their resolve. The Hamilton Port Authority has believed in the HWYH2O initiative since its inception and we have acted as cheerleader for the Lakes ports, we believed it to be our duty to take a leadership role.

However we do need to see investment in the Seaway to extend the operating season as much as possible in the short term and following the completion of the current bi-national Navigation Study we need to see all year round service if we are to take full advantage of the waterway's potential. We remain enthusiastic supporters and we are pleased to see the TBPA under the leadership of Tim Heaney also take a more proactive role.

We look forward to working together with you to restore that delicate balance of two-way trade essential to our mutual prosperity.

Thank you for your attention.