

Competitiveness of the Region

There are 6 billion people in the world. 1.3 billion in China. 1.1 billion in India. 280 million in the US. 110 million in Mexico. 31 million in Canada.

7 % of the world's population lives in North America. We are not big and we cannot afford inefficiency.

Staying with numbers, lets review some world TEU stats for 2005.

Singapore – 23, 200,000 TEUs
Hong Kong – 22, 602,000
Rotterdam – 9,286, 000
Los Angeles, California 7,484,000
New York/ New Jersey – 4,793,000
Vancouver – 1,767,000
Montreal – 1, 254,000
Halifax – 550,462 TEUs

Now let's talk about capacity. In terms of Ports west coast ports are at or near capacity. With respect to trade routes the Panama Canal – very near capacity in terms of passages and the size of vessel it can handle.

There is discussion of expanding the Panama Canal but that is a multi-year multi billion dollar project. The Suez Canal has lots of capacity. Both in terms of passages and just as importantly, it can accommodate the largest containerized cargo vessels afloat as well as those 10 and 12,000 TEU vessels currently in the planning stages.

Halifax is currently operating at 60% capacity. We have capacity at the berths on the terminals and with rail. Halifax can easily accommodate double the number of TEUs and with continued strategic capital investment we could manage a few hundred thousand more through optimal use of existing facilities.

As the popularity of containerized cargo continues to increase by double digit percentages the opportunities for Ports like Halifax also continues to increase.

But we aren't talking field of dreams here.
Not field of dreams by a long shot.

Just because we have capacity, Just because we have great access to the highly lucrative central North American markets just because we have deep, ice free waters and just because we have a great location doesn't mean container ships will just keep coming.

We have to work at it every single day. We have to be very clear with our message and we have to keep saying it over and over.

Not long ago we made our first trip to India. We were there with one of the Port's newest customers the Canadian Retail Shippers Association, CRSA. This group includes retail giants like Sears, Sony, Reitmans and Eddie Bauer.

Almost a year ago CRSA began using Halifax as their east coast hub entering an agreement with Armour Transportation to provide transload and distribution services. CRSA purchases a lot of their product from manufacturers in India.

During the visit we talked with a number of manufacturers and shippers. Initially they thought Halifax was small port in Quebec. Once we cleared up the geography and determined that Halifax and ports on the west coast of India created bookends for the Suez Canal, they became quite interested in the fact that we currently had capacity and could get their products into the heartland of North America.

That trip was a great start in building a business relationship. And that is exactly what it was - a great start. We will need to have someone in India every 6 months and we will look at creating a relationship with an agent there to work on our behalf.

We believe there is tremendous opportunity with India. And we know it requires significant effort to transition the opportunity into more containers moving over the Port.

Just two weeks ago our chairman, Ian Oulton and VP Business Development, Michael Cormier returned from Asia.

This was the third time in a 12 month period we had someone from the Port visiting customers and potential customers in Asian countries. And it is likely we will be back there again in the fall. We see that we are starting to gain some traction with global shipping lines and freight owners but in terms of relationship building we are still in the very early stages. Because, and this is a very important because we aren't the only port traveling to Asia, India, Europe and elsewhere trying to attract business.

The frequency of travel by other ports, shipping lines and shippers is so great that we are actually bumping into people we know in cities with populations into the millions. The competition is very significant. Even ports that are at capacity are actively selling because with more business they can finance expansion.

So what do we do. First we have a clear understanding of our assets. Not just those in Halifax, but transportation assets throughout the region

Next, we fully understand our value proposition. And then we stay on message. It is incredibly important that we continue to find ways to work together as a region. Because if we compete amongst ourselves our message gets fragmented.

The global shipping industry is highly competitive and to capture a bigger piece of the international trade pie we need to be very deliberate, very focused and continually demonstrate our ability to do the job that we say we can do.

Providing top service to shipping lines is essential as a starting point. But focusing solely on shipping lines is not enough in today's hugely competitive market. It is the difference between incremental growth and radical growth. Incremental growth is fine. It's okay.

Radical growth takes much greater effort, much greater focus, much greater cooperation and much greater investment in time and money.

But the economic prize, locally, regionally and nationally, is significantly bigger.

So the question is how does a Port go about creating radical growth? I can't tell you what others are doing but I can tell you what we have been doing to get this economic engine running at full throttle.

First, we're making the absolute most of our natural attributes, our deep water.

Next we are broadening our focus we are including the freight owners and manufacturers as well as the shipping lines.

We are learning about our customer's customer so we have a better handle on all their needs.

We are saying yes to opportunities as they come our way at the same time as we're creating opportunities of our own. We are working closely with our partners so that together we can both expand our reach.

So how does this approach translate into the real world.

Let me give you a few examples.

In 2005 we completed the deepening project at Fairview Cove. We are 55 feet deep along the length of the two berths, deeper than any other port along the eastern seaboard of North America.

We worked alongside the Halifax-Dartmouth Bridge Commission and the Harbour Pilots to install a GPS system on both bridges so we could work with real time information regarding air draft.

For 15 years this region has talked about Post Panamax ships calling. In January, that talk became reality we welcomed the first call of a regularly scheduled Post Panamax ship. Within the first five months of OOCL's service we had more 30 calls.

This was made possible only by working with our partners to get these ships in and out of the harbour as safely and efficiently as possible.

So what is the big deal about Post Panamax? Bigger ships mean a bigger piece of international trade for the region and the markets who consider Halifax as their gateway Port.

Consider by the end of 2008 the world's Post Panamax fleet will increase by 241 vessels with 1/3rd of them looking for new trade routes.

So that's the big deal about our Port being able to handle these vessels. The Port of Halifax is a 24/7 operation because ships operate on a 24/7 schedule. The sooner they can get in and turned around the better for both the shipping line and the freight owner.

Within minutes of ships arriving at either the Ceres or Halterm terminals cranes swing into action unloading containers. Because for each container ship that calls on our Port it generates 3 person years of work.

With our partners throughout the region we're committed to continuing to lead the growth initiative for the Port of Halifax.

We willingly set the stage, put the wheels in motion. But we need you and others to stand beside us. It is essential that we work together. Build cooperation, not create competition.

Containerized cargo is growing by leaps and bounds in other parts of the world, the numbers are there. But not yet for this part of the world.

We do not have a huge, easily recognizable consumer population like New York for example. What we do have is a good variety and collection of assets. We have heart, we have perseverance, And we have tenacity.

We understand that we must work very hard to get every little container. And we are prepared to do so.

One of our goals is to be looked upon as the Vancouver of the East Coast – but without congestion. That is why we have become that much more aggressive in our business development initiative, That is why we collaborate on our marketing efforts with partners and customers. Why we are moving forward with further development of logistics park services.

That is why we approach everyday with a play to win philosophy.

One of our goals, as I said is to become the Vancouver of the East Coast where eventually there will be a need to build other terminals.

But we aren't there yet and we can't just build it believing they will come.

But we can believe, in fact we must believe, that by working together we can and we will do it.

Our region and our country are depending on us.

Thank you.