

The Nova Scotia Gateway: My Vision

Halifax, May 30, 2007



Four corridors:
Can Nova Scotia
Become a Bigger
Gateway to North
America?



Agenda

Gateways are More than Just Transfer Points (or nodes in the flow of goods)

Infrastructure is Both Physical and Soft (everyone else today will talk about hard support)

Key issues:

- The Rationale for Support
- The History of Soft Support
- Where We Are Today
- Where Should We Be in 10 Years?

The Critical Linkages

One of the major factors facing ... the world at the beginning of the 21st century will be globalization. ... In private sector transportation endeavors, organizations provide products, services, and research capabilities to a diverse world community that is becoming more competitive. In public sector transportation endeavors, governments at various levels are responsible for the development, implementation, and maintenance of existing and evolving transportation infrastructures. Transportation education acts as the catalyst to bind these forces together by supporting innovation.

The History of Soft Support

- 1970s: the government of Canada established specialized transportation centres across Canada to grow transportation expertise in the country. The funding for the Transport University Programs (TUP) was managed by Transport Canada.
 - UBC Transport Centre
 - Manitoba’s Transport Institute
 - Dalhousie’s Canadian Marine Transportation Centre, and others (Queen’s, York)
- 1985: Brian Mulroney looked south; TUP funding discontinued; centres without endowments or provincial support closed.
- 1991: ISTEA (and later TEA-21 and SAFETEA-LU legislation). The U.S. has recognized the importance of transportation education to its national competitiveness. US Government funds are supplemented by research funds from transportation-related agencies.

A Simple Truth

- Students choose careers:
 - Where They Expect Jobs (who was hired last year...)
 - Where There is Scholarship Funding (yes they can be bought...)
 - Where They Hear About Interesting Classroom Experiences (course projects)

Conclusion: The next generation to support an Atlantic Gateway won't be there without

- funding to encourage the choice
- the current labour gap means we won't be able to hire the CFAs

University Programs Today (1)



Inspiring Minds

Name of School	Degree or Diploma	Courses	Accredited by CITT
Sauder School of Business (UBC)	Degree	Focus in 3 rd and 4 th year; 5 core major courses, 3 major electives	Yes
Haskayne School of Business (U. of Calgary)	Degree	Focus in 3 rd and 4 th year; 3 core major courses, and 3 electives	No
I.H. Asper School of Business (U. of Manitoba)	Degree	6 courses match the CITT curriculum	Yes
McGill University	Certificate (Cont. Education)	2 co-requisites and 10 courses that match the CITT curriculum	No
Seneca College of Appl. Arts & Tech.	Diploma	2 years, four semesters of pre-selected courses	No

University Programs Today (2)



Name of School	Degree or Diploma	Courses	Accredited by CITT
Dalhousie University	Degree (Major in Marketing Logistics)	Focus is in 3 rd and 4 th year; 7 courses match the CITT curriculum; with 5 Commerce electives.	Yes

This list of six can be accompanied by six more specialized programs in aviation.

The US funds 65 programs providing transportation education (Manning's missing link) at US universities yet there is still a growing skills gap in the US.

The Dal Program (Teaching Support for the Gateway)



- Commerce program for Marketing Logistic majors:
 - COMM 3408: Transportation Modes & Policies
 - COMM 3407: Logistics Management
 - COMM 4401: Marketing Strategy
 - COMM 3401: Buyer Behaviour
 - COMM 3404: Marketing Research
 - COMM 3405: Export Marketing
 - COMM 4413: Marketing Informatics
- Seven of 10 B. Comm. courses are accredited for advanced standing by CITT.
- Only one Marketing Logistics grad Class of 2007 was hired in Atlantic Canada (apologies to ACL, NYK and OOCL who have hired in the past—we appreciate your support).
- Only two Co-op placements in Logistics were found in Atlantic Canada.

Research Support for the Gateway (1)

The World is Not Flat But Round...

Route	Distance	Transit Days
Hong-Kong to New York via Panama	11,301 N. Mi.	22-31
Hong-Kong to New York via Suez	11,632 N. Mi.	Min. 24

Source: Drewry, 2005

And China is not the only game...

Research Support for the Gateway (2)

- As China's influence is growing, Mexico has already lost position as a source for imports. Canada needs to decide what it wants in its relationship with the US, and in its relationship with the rest of the world. It can be a gateway to North America.
- As Chinese wages encounter inflation and FDI moves west to India, Russia and Brazil, the "Tipping Point" also moves west. Long term, the east coast via Suez rebalances some of the west coast congestion.
- China is not the only game... UNCTAD (2006): growing investment in Eastern Europe; Atlantic Canadians should consider investing in India and South Asia.

Dal has been involved in Gateway supporting research.

Example: Port Policy & Governance (2007) (A Comparison of Financing Practices*)

Investment Activities	No Cost Recovery	Partial Cost Recovery	Full Cost Recovery
Berth or sea-lock capital investment	52	26	22
Financing of organizational restructuring and associated labor compensation	50	25	25
Land acquisition, disposal	54	25	21
Leasing, concessioning of terminal operations	33	26	41
Maintenance of port access roads	48	33	19
Waterside maintenance (e.g., dredging, channel maint.)	48	30	22

Source: Cullinane and Brooks (2007)

*42 large PAs, 9 countries

Example: Policy Research for Short Sea Development

- Rectification of policy, costing or process impediments (i.e. environmental costing, unique marine safety regs) that disadvantage the marine mode relative to land alternatives.
- Some form of shipper stimulus to explore SSS use (perceptions and inertia play a role).
- More substantive cooperation between Canada and its NAFTA partners on
 - A harmonized marine regulatory framework
 - Harbor maintenance tax exemption
 - Advanced notification and documentation requirements.
- Improved data.
- Identifying ways in which liability insurance might be rendered more commercially competitive.

Research Support for the Gateway (3)

Additional Studies of Relevance

- APEC (2006 with Brooks) concludes that
 - Halifax offers the best opportunity in the container trades
 - Canso has a role as an energy gateway
 - Halifax has a short sea opportunity (funded by APEC)
- Brooks, Hodgson and Frost (2006) drew conclusions about what needs to happen to make a short sea service work (already mentioned, funded by Transport Canada)
- Brooks and Hodgson (2007) have investigated cabotage legislation impediments (funded by Transport Canada)
- Brooks and Trifts (2007) have examined shipper requirements to make short sea work (funded personally)
- Brooks and Kymlicka (2007) have examined the road impediments to developing the gateway (funded by AIMS)

These studies needed partnerships and funding.
Research does not just happen.

Where Are We Today?

- The Gateway has excess capacity the market has not yet chosen.
- Halifax is a “promise”—a risk diversification option that is neither the first choice nor the last of the great shippers.
- Everyone in Canada wants to be “the next Prince Rupert”
- There is no federal support or vision for universities as Gateway partners; provincially support exists only in Vancouver and Winnipeg. As illustrated by the US, universities can and do support these types of initiatives in both training the next generation and doing pre-business case and public policy research to support those who do.

What the Faculty of Management is Thinking...

We could:

- Develop and execute strategic programs of education in logistics and transportation management in partnership with like-minded educational institutions.
- Conduct action-oriented policy research in logistics and transportation management in support of improving Canadian competitiveness in the field.
- Actively disseminate research findings in collaboration with partners and agencies and impact public policy in order to improve Gateway prospects
- Comment on regulatory, administrative and governance issues that present obstacles to the development of trade and transportation issues for Atlantic Canada and Canada.

Where Should We Be in 10 Years?

- There are enough jobs supported by Gateway development that Dalhousie Logistics Majors don't leave every May for Mississauga (education).
- The research program at Dalhousie is vibrant and assists Gateway partners in the research needed to bring new business opportunities to Atlantic Canada.
- The Gateway at Halifax supports jobs in manufacturing and transportation services throughout Atlantic Canada.
- Halifax is a major transshipment and transload centre for cargo bound not only for Central Canada and the Mid-West but also for New England and the mid-Atlantic States.
- Atlantic Canadian manufacturers are supporting the growth and development of India and Eastern Europe as strategic partners to replace China.

Thank You!



Let's Make the Most of the Opportunities!