

**Don Krusel, President & CEO
Prince Rupert Port Authority**

**BC Chamber of Commerce Transportation Summit
2012
Fairmont Hotel Vancouver
Tuesday June 5, 2012**

10:30am - 2nd Panel - "Shipping and Jobs for BC"

Good morning.

It's a great pleasure to be here today with my fellow panellists.

I'd like to thank the BC Chamber of Commerce and all of the sponsors for making this event possible and for inviting me to participate.

In the interest of time and in leaving room for discussion and questions, I'm going to jump right in to my remarks.

I'm going to narrow my comments to two specific themes:

- ONE – the current role the Port of Prince Rupert plays in enabling trade, the Port's growth, and the economic benefits of that growth for the region in northern B.C.
- And ... TWO – the safe, responsible and sustainable approach we at the Prince Rupert Port Authority are taking towards this growth.

The Port of Prince Rupert is playing an increasingly important role in growing trade for all of western Canada.

Whether it's exporting coal from northeast BC or wood products from the province's interior, grain from Alberta...

or potentially ... potash from Saskatchewan, the Port of Prince Rupert is growing trade..... and supporting economic growth and job creation throughout the West.

Last year's numbers speak for themselves-- Total port traffic was a record-breaking 19 million tons in 2011, which was up 18% from 2010.

The Port experienced considerable growth in all sectors of our business activity.

What that means from a trade perspective is important to keep in mind.

Last year, the Port of Prince Rupert exported in excess of \$5 billion worth of Western Canadian goods and resources.

And I want to make the point that the Port's role in trade...the transportation of Canadian goods to international markets...BC's role as GATEWAY... means jobs for this province.

The more trade we facilitate, the more jobs we create.

We recently released an Economic Impact study that showed that more than 2,300 “direct” jobs at the Port and along the northern rail corridor are supported by the Port’s cargo activities.

Shipping that cargo has created 900 new jobs in the last two years alone.

That is quite a remarkable feat when you sit back and think about it...

There are 900 people in northern B.C. right now that have a job because of the activities of the northern corridor through the Port of Prince Rupert.

900 new jobs that did not exist 2 years ago.

That number means new jobs in railroading and trucking in communities like Terrace, Smithers and Prince George....and new marine, longshoring and terminal jobs in Prince Rupert.

The employment growth is a result of Prince Rupert’s transformation from a once modest, regional Port... into a world-class North American trade gateway.

It would not have been possible without an integrated alliance that includes CN Rail, our terminal partners, the federal and provincial governments....

And perhaps most importantly, our strong relationship with labour and the committed men and women that work, each and every day, in gateway activities.

Today, the Port of Prince Rupert and the Northern Transportation Corridor connect western Canada and North America's heartlands to Asia's fast-growing economies.

And in case you hadn't noticed, Asia's appetite for our natural resources is increasing year over year.

As a result, export capacity at our ports in British Columbia is critical to our ability to capitalize on Canada's Asia Pacific opportunities.

Huge private-sector investments are planned and well underway in Western Canada's natural resources, including potash, coal, minerals, forest products, and biofuels—to name just a few.

These investments, and the thousands of new jobs associated with them, are depending on the availability of new West Coast export capacity.

Let me use our Fairview Container terminal and BC's forest industry as an example.

Fairview was developed on the site of our former break-bulk product terminal, and opened in 2007 in partnership with Maher Terminals.

It was a bit of an innovative proposition because it was based on a very unique supply chain model that did not depend on the presence of a local domestic market.. a pure trans-shipment model.

Instead, its development was based on a value proposition –and a successful one, I might add –

that emphasized speed and reliability in the delivery of IMPORTS from Asia to the North American heartlands.

It was all about IMPORTS back then.

In fact, annual container EXPORTS from the terminal were below 40,000 TEUs as recently as 2009.

However, since then, things have changed considerably.

You all know the story of how BC's forest industry was able to pivot and focus on the Chinese market. The slide you are looking at highlights this shift.

What you may not be as familiar with is how the forest industry was able to get that much product to market so quickly.

Our annual container exports at the Port of Prince Rupert jumped all the way to 233,000 TEUs in last year, in 2011, an increase of over 500% in just two years.

The slide you are looking at shows the types of goods that were exported in containers from the Port in 2011.

73% of the containers exported through Fairview last year were lumber, pulp, logs, and other wood products.

The forest industry was able to respond with significant volume increases very quickly—through the available capacity at the Port of Prince Rupert.

The ability to rapidly respond to China's demand had a direct and positive effect on BC communities.

This was at a time when economic conditions in the traditional U.S. market would have dictated a disastrous employment story in BC's interior.

Would that have been the case without the development of new port container capacity on the north coast? I would suggest not.

Although the U.S. will always be a critical market for Canada, the spotlight now is clearly on China and the emerging Asian markets, which are now driving global economic growth.

This is good news for British Columbia and western Canada.

But this good news depends on our ability to get our products to China and to other emerging Asian markets in a timely and cost effective way.

To this end, the key objective of the Port of Prince Rupert is to facilitate this trade and unlock the economic opportunities it affords.

And I can tell you that both the Port of Prince Rupert—and Port Metro Vancouver—have plans to make sure this happen.

As far as Prince Rupert is concerned, our “2020 Gateway Development Plan” has identified and

prepared expansion opportunities, and we are ready to grow Canadian trade with Asia.

A Road Rail Utility Corridor will make sure the Ridley Island Industrial Area is ready and able to maximize development potential.

A public-private infrastructure partnership-- in which both the provincial and federal governments will invest \$15 million, CN will invest \$30 million, and the Prince Rupert Port Authority will invest \$30 million -- will see this through.

And a foundation will be in place to ensure that 400 plus hectares of waterfront lands at the Port of Prince Rupert will be ready for port terminal development.

I won't get into the details of each of these terminal developments.

Instead, let me summarize by saying that the development of this bulk terminal infrastructure is critical to the development of the coal, potash, natural gas, forestry and mining industries in Canada.

Integrated with this development, Phase 2 expansion of Fairview Container Terminal is expected to bring an additional 500 thousand TEUs of container capacity online before 2015.

Our 20/20 Gateway Development Plan gives us the tools we need to line up the right infrastructure, terminals, and partners required to find the best solution for Canadian industry seeking access to Asian and world markets.

The full build-out and realization of this plan would make Prince Rupert the second largest port in the country.

It would expand the Port's annual throughput capacity to well over a 100 million tonnes to support Canadian trade.

It represents over \$10 billion in capital expansion.

It would also provide in excess of 4,000 new, permanent, full-time jobs.

Those are exciting prospects and developments, but let me now turn to the "HOW" of our expansion plans, because this may be the biggest challenge to reaching that full potential.

With the anticipated expansion of the Port comes our commitment to MANAGE our growth:

- Safely;
- Responsibly;
- And Sustainably.

... for the benefit of the environment and the communities who grant us the social licence to operate.

Let me take a minute to first talk about Marine Safety

The Port of Prince Rupert is truly blessed when it comes to offering a safe and secure port-of-call for vessels from around the world ... no matter what their size and no matter what cargo they are carrying.

We have one of the deepest and safest natural harbours, and one of the simplest navigational approaches, in the world.

And we are well equipped to deal with the expected growth in vessel traffic, regardless of how large these ships get.

Our reputation as a port-of-call is all about “safety and security” and it’s our highest priority as we move forward and plan for the ever-increasing levels of traffic flowing through the Port of Prince Rupert ...

And in the same way, we’re also very serious about sustainability and environmental stewardship.

At the Port of Prince Rupert, we’re proactively applying sustainability principles to how we operate.

That's why we became the first West Coast port to join the Green Marine Environmental Program two years ago in 2010.

The Green Marine program is transparent and credible and requires us to adopt concrete practices and measurable actions to ensure we operate in a sustainable manner.

It also requires us to undergo rigorous external verification audits—one of which we recently just passed with flying colours.

We're determined to achieve sustainable success at the Port by exercising leadership and continuing to strive toward the highest standards.

[Pause]

Finally, let me turn to another critical component of our operations ... and that is our commitment to our local communities.

Relationships with the citizens of Prince Rupert and the other local surrounding communities —as well as local First Nations communities — are vital to the Port of Prince Rupert.

We are keenly aware that while our activities benefit communities significantly from an economic perspective, our operations also impact them through increased traffic and industrial activity.

We consider the on-going support of local communities for the Port's development as one of our most important strategic assets.

We take pride in our operations and the communities in which we live ... and we're very active in our engagement and investment in those communities.

We truly want to make our communities a better place, to not only work in, but also to live in, play in and raise a family in.

We also continue to engage with local communities and our First Nations partners in a meaningful and transparent manner with respect to our future development plans.

And on that last note, and before I close, I think it is worthy of special mention of the historic agreement the Port of Prince Rupert reached last year with the Lax Kw'alaams and Metlakatla bands of the Coast Tsimshian First Nation.

We are extremely proud of this balanced agreement that provides for the economic participation of the Coast Tsimshian people in the many opportunities presented by the Port today...and the very exciting growth opportunities that are now on our collective doorstep.

To CONCLUDE, let me reiterate the point that western Canada and indeed the entire country is in the midst of a great opportunity borne of growing industrial and consumer demand in China and other Asia Pacific markets.

These markets are hungry for our natural resources.

Many of those resources are found right here in BC – be it timber, coal, copper, or natural gas.

Seizing these opportunities means new jobs, economic development and a better quality of life for all of us.

But to seize these new opportunities we need strategic investments in new terminal capacity to get our commodities to market.

Through our 2020 Gateway Development Plan, the Port of Prince Rupert has a roadmap and a plan to deliver the necessary infrastructure within the required timeframe.

But “how” we achieve our vision is also important.

The Port of Prince Rupert’s commitment to marine safety ... environmental stewardship ... and community partnerships ... will ensure we can deliver

on our vision, and do it in a sustainable manner that allows us to turn our potential into reality ...

... and create new economic opportunities throughout our province and country ...

... and we intend on doing itSafely. Responsibly. And sustainably.

Thank you.