

WESTERN CANADA TRADE GATEWAY & CORRIDOR INITIATIVE (WCTG&CI) **'Look West - Canada's Port of Entry to Asia'**

Introduction

Economic revival is Canada's top priority. The trade-based nature of Canada's economy, however, means that a return to prosperity will not be fully realized without a strategic trade gateway and corridor investment initiative.

An important first step can be made via the proposed *Western Canada Trade Gateway & Corridor Initiative (WCTG&CI)*.

Western Canada is strategically situated to raise Canada's export profile and potential. It is:

- a vast, resource-rich, value-add manufacturing region with significant, pent-up capacity to produce the goods that are in demand, domestically, continentally, and globally.
- at 32% of Canada's population, it contributes 37% of its exports and nearly 38% of Canada's real GDP.
- Western Canada's GDP per capita was \$56,000 in 2017, 18% higher than the national average.
- The region is book-ended by geographically advantageous port jurisdictions:
 - o Manitoba is a trade hub, connected to all cardinal points for trade (Emerson is the busiest land crossing west of Windsor; Churchill is Canada's only Arctic port served by a Class A railroad)
 - o British Columbia has two deep-water ports, acting as Canada's primary tie to significant Asia-Pacific global markets.

Canada's economy depends on international trade: exports to the U.S. alone are estimated to support about 2 million Canadian jobs.¹ In 2019, Canada's trade-to-GDP ratio 65%, a relatively consistent annual share of national economic activity.

Manitoba's reliance on trade is no less dramatic: 53% of provincial GDP is tied to trade, generating roughly \$37 billion in business, and supporting an estimated 240,000 direct and indirect jobs.

Given our economy's historical and projected reliance on trade, the investments in trade gateways and corridors will pay dividends for years to come. They will deliver sustained economic growth, build stronger communities, and create well-paying jobs for Canadians.

For Canada's economy to rebound from COVID impacts, it must be prepared to overcome protectionist policies of our largest trade partner to the south and China's weaponization of trade. The threats continue with the growth of China's global economic footprint and the Biden administration's promotion of 'Buy America'.

Canada must prepare for future global trade disruption while recognizing opportunities arising from crisis. Most immediately, Canada must prepare to exploit the global pent-up global trade potential when the pandemic shutdown lifts.

Context

Canada's recognition of the value of global trade to our domestic economic and social welfare is reflected in the priority attached to executing recent international trade agreements like the Canada-United States-Mexico Agreement; Canada-European Union Comprehensive Economic and Trade Agreement; and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

Domestically, Canada's recognition of the critical need for modern trade gateway and corridor transportation infrastructure to support our global trade profile has seen excellent results from previous nation-building investment programs like the Asia Pacific Gateway and Corridor Initiative (APGCI); the National Policy Framework for Strategic Gateways and Trade Corridors; the Ontario-Quebec Continental Gateway; and, the Atlantic Gateway & Trade Corridor, to name but a few.

The issue

¹ Source <https://www.international.gc.ca/trade-commerce/consultations/nafta-alena/toolkit-ouils.aspx?lang=eng>

These and like programs helped elevate Canada's global reputation. By 2008-09, Canada was ranked 10th globally in the World Economic Forum's Global Competitiveness Index for transportation infrastructure reliability. However, with the expiry of programs like APGCI, which specifically targeted trade corridors, by 2019 Canada's reliability reputation precipitously dropped to 32nd².

Canada has signed a series of trade agreements since the last major infusion of trade corridor and gateway investment, which have ramped up the expectations of our trade partners and potential demands on these corridors.

The trade potential residing within our new trade agreements – focusing on emerging Eastern and European markets – cannot be realized without a new trade transportation infrastructure policy framework so that prior investments bear fruit across the West, to the greater benefit of all of Canada. Significantly, the Trans-Pacific Partnership (2018) alone opens opportunities to new and expanded markets, which will challenge the capacity and reliability of Western Canada's trade corridors.

Proposal

Now is the time to recapitalize investment to drive the region and Canada's economic growth and protect our national security interests. Now is the time to look West, to Canada's port of entry to Asia.

Canada's only existing dedicated national infrastructure program, the \$2 billion National Trade Corridor Fund (NTCF), incentivized many helpful gateway improvement projects, but is now fully subscribed. The recent (April 19, 2021 federal budget) commitment to recapitalize by \$1.9 billion this same fund whets the appetite for a more ambitious agenda and investment vision.

To demonstrate recognition of the historical and future role linking investments in trade to our economic and social well-being, it is proposed that the federal government be encouraged to launch a Western Canada Trade Gateway & Corridor Initiative (WCTG&CI) to complete the work started by the APGCI.

The initiative is critical to increasing trade productivity in the West and raising its trade profile nationally, continentally and globally. It recognizes the indispensable role Western Canada plays in efficiently connecting all of Canada to trade opportunities in Asia, and beyond. Its implementation relies upon the significant recapitalization of the federal trade corridors program, and the support of provincial governments across the West.

General background information

NAME: Western Canada Trade Gateway & Corridor Initiative (WCTG&CI)

INVESTMENT: Federal contribution of \$5 billion over seven years (2022/23-2029/30); expectation of additional public and private sector investment in the order of an additional \$6 billion based upon the leveraging success of the APG&CI.

TRADE GATEWAYS & CORRIDORS:

For the purposes of this program, Western Canada's trade gateways and corridors include existing and new marine, inland ports, road, rail, and air modes supporting freight and passenger flows of regional and national significance for international commerce.

STRATEGIC OUTCOMES: A globally recognized, efficient network of trade gateways & corridors system in Western Canada, which support sustained trade-based economic growth through regional trade productivity, competitiveness, and global trade reach.

OBJECTIVES: The program primary objectives include

² World Economic Forum Global Competitiveness Report 2019
http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

- Support economic revival in Western Canada focusing on post-pandemic returns of lasting value, harnessing the return on investment of trade, and in the process, promote our national security interests
- A multi-year sustained national program addressing strategic investment required in Western Canada's multi-modal trade transportation network focusing on growing domestic, continental and international trade.
- Support and leverage investment in existing and new trade gateways and corridors that expand connectivity to international trade; and
- Attract public and private investment in trade-transportation assets.

ELIGIBILITY:

The WCTG&CI program would fund projects that:

- Incent domestic and foreign investment in trade-enabling, value-add commerce of the region, including the needs of Arctic and northern communities.
- Support realizing economic growth benefits of international trade agreements signed by Canada which diversify our global trade profile, help shield economy from over reliance on any single market and mitigate against the weaponizing of trade by large market jurisdictions.
- Criteria for eligibility could include:
 1. International commerce strategy - align system investments with most important challenges and opportunities tied to global commerce and emerging markets covered in recent trade agreements.
 2. National/regional system capacity– supported by evidence-based projections of significant levels of trade Increase the value and /or volume of goods exported in and out of Canada to overseas markets; and
 3. Future patterns in global trade and transportation - forward looking, addressing significant trends in international trade and transportation, based upon empirical evidence and analysis.

EXPECTED RESULTS:

Expected long-term results include:

- Expanded trade activity and, therefore, economic growth (investment, jobs, revenues to governments) through the investment in strategic trade gateways and corridors that relieve critical trade bottlenecks, capacity constraints and related impediments to the flow of regional and domestic trade.
- Increase existing or generate new overseas trade.
- A restored global reputation for Canada as a reliable, global-trade partner and, therefore, desirable market in which to invest.
- Diversified global trade that helps shield economy from over reliance on any single market and the weaponizing of trade by large market jurisdictions; and
- Measurable GHG emission reductions across the entire trade transportation system.

TARGETED PARTNERS:

The federal program seeks to partner with the four western provinces; territories; municipalities; First Nations; public transportation entities including agencies, commissions and boards; private-sector business and transportation organizations; for-profit organizations; port authorities.