



Association of
Canadian Port
Authorities

Association des
administrations
portuaires canadiennes

*The leading voice of Canadian ports
La voix principale des ports canadiens*

Via Email: chrystia.freeland@fin.gc.ca

Ottawa, February 25, 2022

The Honourable Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Finance
90 Elgin Street
Ottawa, ON K1A 0G5

Re: Well-Resourced Port Infrastructure Essential to Supply Chain Resilience, Trade and Decarbonization

Dear Deputy Prime Minister,

Supply chain resilience, decarbonization and trade facilitation as we recover from COVID-19 are top of mind for your government and Canadians, and Canada Port Authorities (CPAs) are here to help. As you prepare the government's 2022 Federal Budget, I am pleased to offer recommendations on behalf of the Association of Canadian Port Authorities (ACPA), that can support you in addressing these priorities.

As we have previously conveyed to Prime Minister Trudeau, Canada Port Authorities are in an era of transition and are facing critical decisions that could position our country as the global leader in green, inclusive, digital, and resilient ports and supply chains. This transition in supply chains is global, because of how the world is adapting to the demands of climate change, trade and decarbonization. Shipowners are replacing their fleets with more efficient vessels and ports around the world that were already innovating pre-pandemic have accelerated their investments.

These trends, and the trade-enabling role of ports, are driving the need to build port infrastructure for Canada's net-zero trading future. There's an urgency for this investment as infrastructure takes time and the window for ports to build the infrastructure needed to receive larger and more advanced ships, as well as to bunker and export these future fuels, is upon us now.

Canada's competitors and trading partners are investing. Governments globally have pledged additional support and stimulus for port infrastructure to meet the demands of sustainable shipping. U.S. Maritime Administration announced just last week nearly \$450 million (USD) in grant funding for projects to help U.S. ports speed cargo flows. This is part of \$17 billion (USD) from the Biden administration recently passed for ports and waterways. Canada cannot afford to be left behind.

Our recommendations represent tangible solutions that would enable Canada Port Authorities to contribute fully to Canada's sustainable post-COVID economic prosperity. ACPA respectfully submits

the following recommendations for a well-resourced port infrastructure to support decarbonization, trade enablement and supply chain resilience:

- **Develop a dedicated financial support to scale green shipping corridors at Canadian ports.**

We were pleased to see the government become a signatory to the Clydebank Declaration for green shipping corridors and urge the government to scale this support to Canada Port Authorities across Canada. This initiative is important recognition of the role of ports within decarbonization. Our members are keen to support this initiative, however, to do so, CPAs will need dedicated financial supports for Canada to meet its commitment as a signatory through available green corridor infrastructure.

- **Revive the Shore Power funding program offered by Transport Canada.**

As more vessels seek to avail themselves of shore power and ports work to reduce emissions for local communities, funding for its provision will assist in decarbonization and emissions reduction. This funding will cover the costs of infrastructure at ports to allow vessels to operate with electricity.

- **Develop Dedicated Funding for Port Infrastructure Focused on Decarbonization and the Energy Transition**

The National Trade Corridors Fund (NTCF) has been a hallmark for your government and a clear success in identifying and funding key infrastructure investments, with CPAs being clear beneficiaries of the program. While we are pleased to see continued support for the fund, it has been focused on trade-enablement. We see a need for a new fund or an NTCF envelope, dedicated to port decarbonization. This fund could support the infrastructure needed to receive vessels operating with more sustainable fuels of the future and develop port hydrogen and fuel hubs, consistent with your government's Canadian Hydrogen Strategy.

- **Continue Focused National Trade Corridor Funding to support supply chain resilience.**

As we publicly responded following your 2021 Fall Economic and Fiscal Update, ACPA was pleased to hear of your direction to dedicate \$50 million to strengthen supply chains and tackle bottlenecks via a new call for proposals under the NTCF. By enriching the NTCF with additional funds this will assist ports in building the sustainable infrastructure they need to meet future demands.

In addition to these specific budget requests, we would like to draw your attention to another item that, if addressed through policy and process enhancements, could permit risk-based access to private sources of capital, and accelerate major infrastructure project completion without as much need for federal funding. First, borrowing limits within CPA Letters Patent, many set decades ago at the formation of the CPAs, are insufficient to raise capital needed for infrastructure investment and amending those limits is such a lengthy process that interested private capital often walks away. This has certainly delayed the development and innovation of Canada's trade infrastructure and postponed private investment. Your support to increase borrowing limits within an accelerated time frame, using state of the art industry risk frameworks would provide access to available private capital required to meet port infrastructure needs and alleviate the need for federal funding at many ports.

ACPA also recommends that the government revise the current formula that establishes borrowing limits and that these criteria be determined by commercial financial institutions. We would also suggest that in lieu of borrowing limits the government establishes a minimum credit rating and/or reasonable debt servicing metrics for each CPA which would permit borrowing within normal market ranges. While Canada Port Authorities are federal assets, they are nevertheless operated by entrepreneurial business leaders driven to innovate and maximize the value of these assets for the Canadian economy and Canadians.

Canadians are now looking to the future and how we will emerge and prosper. The COVID-19 recovery is a unique and critical opportunity to transition or even catapult Canada into the position of global leader in green, inclusive, digital, and resilient port supply chains. The recovery will require trade and global connections to build wealth. And, Canada Port Authorities, empowered with enhanced financial instruments, can be central to facilitating our country's sustainable recovery.

Once again, Deputy Prime Minister, we would be delighted to answer any queries and provide additional information on our Budget 2022 proposals. We would welcome the opportunity to discuss with you or your staff how we can assist in enabling Canada's economic prosperity through trade.

Yours sincerely,



Daniel-Robert Gooch
President and CEO
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