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15 April 2019

Review Panel Secretariat  
Roberts Bank Terminal 2 Project  
c/o Canadian Environmental Assessment Agency  
160 Elgin 22<sup>nd</sup> Floor  
Ottawa ON K1A 0H3

Dear Sir / Madam,

The Shipping Federation of Canada, incorporated by an Act of Parliament in 1903, is the voice of the owners, operators and agents of ocean ships trading at ports across Canada, from the Atlantic to the St. Lawrence and Great Lakes to the Arctic and West Coast. Our members are extensively involved in all of the international shipping markets, whether as the owners or Canadian representatives of ships that carry major commodities such as grain, coal and forest products from Canadian ports to export markets overseas, or as the operators of container shipping lines that serve Canadian ports by delivering intermodal containers to and from the rest of the world.

All of these ships play a key role in the Canadian economy by enabling Canadian companies to access global markets at competitive prices and providing Canadian consumers with access to a wide range of competitively priced consumer goods. Indeed, without ocean ships, Canada's ability to engage in international trade would come to a virtual standstill and the country's prosperity and economic sustainability would be severely compromised.

We have a strong interest in ensuring a robust, well-structured Canadian transportation system that is fully equipped to channel Canada's current and future trade volumes in the most efficient and cost-effective manner possible, and are therefore strong proponents of the need for additional terminal capacity at the Port of Vancouver, which is a key element of Canada's busiest and fastest growing trade gateway. Given the foregoing, we would like to offer the following comments with respect to the Vancouver-Fraser Port Authority's (VFPA) proposed Terminal 2 (T2) expansion project at Roberts Bank.

### **The Need for Future Capacity**

As a starting point for our comments, we concur with the container traffic forecasts that have been commissioned by the VFPA, which indicate that containerized cargo volumes through Canada's west coast ports will increase by 2.1 to 3.7 percent between now and 2040. Not only do these figures support long-term trends in global markets and trade, they also reflect Canada's ongoing efforts to implement an ambitious trade growth agenda that is strongly focused on increasing trade with Asian markets and diversifying its current export strategy.

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### **SHIPPING FEDERATION OF CANADA**

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Indeed, in its Fall 2018 Fiscal Update, the federal government announced spending of \$1.1 billion over the next six years to help Canadian businesses access new markets, with a view to increasing Canada's overseas exports by 50 percent by 2025. The same document also allocates \$184 million towards helping Canadian businesses capitalize on the opportunities afforded by Canada's new trade agreements, including the CETA agreement between Canada and the European Union, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which provides Canada with access to key Asian economies and benefits a wide range of sectors, including fish and seafood, forestry, agriculture and agri-food, and metals and minerals.

Given that all of this points to an increase in waterborne trade through Canadian gateways in general - and through the Asia-Pacific gateway in particular - it is essential that the transportation system be able to effectively handle this growth from both a capacity and an efficiency perspective. We believe that the construction of new terminal capacity at the Port of Vancouver is an essential and necessary first step in this respect, and that this will have positive reverberating impacts on the efficiency of the system as a whole.

The level of interdependence among the various elements of the transportation network is such that the efficiencies gained by increasing capacity in one segment of the network are likely to translate into efficiency gains within the network's other segments as well. Thus, if the addition of new container terminal capacity at Roberts Bank has the effect of reducing instances of terminal congestion, this will likely have an impact on the efficiency of the intermodal network overall - with benefits accruing to a wide range of the network's users. Of course, the reverse is also true, and we have only to look at the experience of recent years to appreciate the impact that congestion at the Port of Vancouver has on the ability of Canadian importers and exporters to get their goods to market, regardless of whether the root cause of such congestion is inadequate terminal capacity, efficiency or labour issues, or operational challenges along the rail network.

### **The Need for Competitive Terminal Options**

We strongly support the need for additional terminal capacity on the west coast of Canada and believe that the Vancouver-Fraser Port Authority's T2 project is well-positioned to meet that need. There has been some concern expressed in our industry over the fact that the VFPA has not yet concluded an agreement with an external party to operate the new facility, and that any infrastructure costs which are incurred before concluding an agreement will result in higher costs for all of our members. This being said, we have been assured by senior management of the VFPA that the port will not proceed with construction of T2 until an agreement with a terminal operator has been concluded.

We would also note that the selection of a new operator for T2 is particularly crucial in a context where the Port of Vancouver is currently served by only two terminal operators - one of whom handles over 70 percent of existing trade volumes - and where, due to lack of space, very few incentives for competition between the two parties currently exist. The introduction of a third terminal operator would break this duopoly and its negative effects and create new incentives not only for more competitive pricing, but also for optimizing terminal operations, increasing efficiency and driving innovation from both an operational and a technological perspective. This would not only benefit the shipping lines and other trade chain partners who have a direct stake in the port and its terminals, but also lay the groundwork for potential new opportunities by enhancing the reputation of the gateway overall.

## **The Need for Supporting Infrastructure**

One of the major benefits of the T2 project is its planned location in Roberts Bank, which is a deep-water port that will be able to accommodate the ever-larger vessels that are expected to characterize the west coast container trade. Roberts Bank is also part of an established trade corridor that has strong intermodal connections, which may help minimize the need for future investment in additional road and rail infrastructure by providing opportunities to further optimize the connections that already exist.

In this respect, we would reiterate the comments we submitted to Transport Canada last December as part of the Ports Modernization Review, wherein we noted that in a context where the availability of physical gateway capacity is an ongoing challenge (particularly in the rail sector), the ability to manage information and use data as effectively, seamlessly and innovatively as possible will become an increasingly important means of meeting our capacity needs in the future. We therefore believe it will be incumbent upon Canada's major port authorities to play a leading role in developing and implementing concepts such as the "port community system" and "maritime single window," and to fully leverage their potential for not only streamlining logistics processes and expediting cargo flows, but also providing better visibility (and potential predictability) into the performance of specific supply chains and trade corridors.

Another benefit of the T2 project from an infrastructure perspective is that it involves the construction of up to three berths, which will help alleviate congestion and could lead to a reduction in the number of container ships being sent to anchor. Given that the use and location of anchorages on Canada's west coast is a significant issue from both an environmental and operational perspective, the importance of any move that reduces the need for anchorages cannot be underestimated.

## **Environmental Considerations**

In addition to our comments on T2's potential impacts from a capacity, competitiveness and infrastructure perspective, we also take this opportunity to offer the following views on the project's impacts from an environmental perspective.

### Vessel Underwater Noise:

The impact of shipping activity on Southern Resident Killer Whales (SRKW) and other at-risk mammals is a subject we take very seriously. Indeed, the shipping industry has worked closely with the VFPA's ECHO program over the last few years to better understand the cumulative effects of marine traffic on whales and explore ways of minimizing the effects of vessel underwater noise on the SRKW population in particular. More specifically:

- In 2017, the ECHO program led a voluntary vessel slowdown trial in Haro Strait, under which vessel operators were asked to voluntarily slow their ships over the summer months when the whales returned to the area to feed. The results of the trial indicated that overall - for an important portion of the traffic - underwater noise from ships and total sound in the underwater environment are reduced when ships slow down.
- Building on the 2017 trial, in 2018 the ECHO program supported an industry led-voluntary vessel slowdown in Haro Strait, which was designed to test the level of industry participation when

vessel slowdown speed is optimized based on vessel type. This trial resulted in a cumulative participation rate of over 88 percent over 16 weeks.

- In 2018, the ECHO program team also worked with Transport Canada on a trial under which operators were asked to move their ships to the furthest edge of the shipping lanes in the Strait of Juan de Fuca, away from known SRK feeding areas.

The high voluntary participation rate and data gathered from the ECHO program's underwater noise reduction initiatives has helped to increase understanding of the relationship between vessel speed and underwater noise – and to provide directions for further voluntary mitigation measures. Another vessel slow-down initiative is expected to take place in 2019, under which the slow-down area may be extended to include not only Haro Strait, but Boundary Pass as well.

The shipping industry is also in the process of developing a 5-year conservation agreement with Transport Canada and the Canadian Coast Guard wherein the parties are committing to undertake best efforts in implementing voluntary mitigation measures for the protection and recovery of SRKW during the life of the agreement.

#### Greenhouse Gas Emissions (GHGs):

On the issue of greenhouse gas emissions from vessels, the International Maritime Organization (IMO) adopted an initial GHG reduction strategy in 2018 to reduce total annual GHG emissions from international shipping by at least 50% by 2050 compared to 2008, while simultaneously pursuing efforts to phase out GHG emissions as soon as possible this century. IMO member states are currently in the process of negotiating short, medium, and long-term measures to deliver on these initial GHG reduction targets. Work is also underway on considering the feasibility of strengthening energy efficiency requirements for the container sector, under which newer container vessels would be 40% less carbon intensive by 2022 compared to vessels built between 1999-2008. Both of the above efforts represent a strong level of environmental commitment on the part of the shipping industry, with particular emphasis on the development of zero-carbon technologies and fuels.

Several of the world's major container carriers - some of which are potential customers at the new T2 terminal at Roberts Bank - have already significantly reduced their GHG emissions through energy efficiency enhancements and emission reduction technologies. This includes the implementation of measures such as hull and propeller optimization, the development of high-efficiency ship engines, and the use of air lubrication and friction-reducing hull coatings, as well as slow steaming. Some of these carriers have reduced their CO2 emissions per container by close to 50% over the last decade and continue to set additional ambitious reduction targets. As an example, one of our largest container carrier members has an objective of being carbon neutral by 2050.

Before closing, we would note that following extensive consultations with stakeholders of the Asia Pacific Gateway several years ago, the Vancouver Fraser Port Authority identified two issues as being essential to the port's continued ability to provide Canadian exporters and importers with efficient access to international markets – increased container capacity and greater terminal competition.

As illustrated in our comments above, the Roberts Bank Terminal 2 project addresses both of these issues head on, through the creation of an additional 2.4 million TEUs of capacity at the port and the

introduction of a much-needed third terminal operator – and this for the benefit not only of the gateway and its stakeholders, but of the Canadian economy as a whole.

We trust that the comments provided in this submission are helpful to the review panel and are available to provide any additional information as required.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. Broad". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Broad  
President  
SHIPPING FEDERATION OF CANADA