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The Port of Montreal:
Combining Growth and Sustainable Development

To the 11th International Conference Cities and Ports
Stockholm, Sweden

June 24, 2008

Check against delivery

I'm delighted to be with you today, and to take the lead on this important discussion of how to reconcile economic growth with sustainable development.

But is it really a reconciliation or is it more appropriate to say that the timing is now right to develop a holistic vision of sustainable development as it relates to growth and development of ports?

It is an issue faced by every port in the world, and at the Port of Montreal it's at the heart of everything we do. At the heart of our operations. At the heart of our planning. At the heart of our dialogue with stakeholders, beginning with the public. And most of all, at the heart of our vision for the future.

We have developed a \$2.5 billion strategic plan entitled Vision 2020, an envisioned future for the Port of Montreal, which will, by 2020, triple our container capacity to 4.5 million TEUs per year, create \$3.4

billion of annual economic activity and generate more than 41,000 jobs in the region.

Our plan foresees not only the expansion of our capacity, but a new vocation for some of our highly prized land on/or adjacent to the waterfront. We also plan to enhance Montreal's role as a port of call for cruise ships. And all of this growth must pass two tests—first, sustainable development and, second, as we say in French, “concertation”, a process by which dialogue is established between the port and its stakeholders.

We are very focused on our mission, our vision and our values. Our mission is to run our business competitively and efficiently, promote trade and contribute to the prosperity of Montreal, Quebec and Canada, while respecting the environment. Our vision is to be the most reliable and secure port of choice for the North American continent. Our values include openness and communication, innovation and

performance. We are customer-driven, and our stakeholders include the public.

In the last quarter century, the Port of Montreal has shown impressive growth in the key container segment, adopted cutting edge new technologies, and adjusted to the security issues of a world that changed after the events of September 11, 2001. And for every one of the last 25 years, the Montreal Port Authority has operated at a profit. Though our shareholder is the federal government, we operate by the rules of the private sector.

In all, the Port of Montreal handled a record 26 million tonnes of cargo last year, nearly half of it in container cargo—we handled 1.4 million TEUs. Importantly, container traffic grew by 9.4 percent last year, about three times the growth rate of the Canadian economy. From here to 2020 we expect container growth to average 7 percent annually. It was only 40 years ago, in 1967, that Montreal received its first containerized

cargo, but my predecessors and the ports' partners saw it was the wave of the future and wisely invested literally billions of dollars in container facilities along most of the 26 kilometres of the Port.

Seventy percent of the world's international merchandise trade, and 90 percent of intercontinental trade, moves by maritime trade. At the Port of Montreal, 80 percent of our traffic is in international maritime transport. In all, nearly 90 countries ship products to North America through the Port of Montreal.

Learning from our history, we can see that the Port of Montreal has always embraced change, and has always made the investments necessary to achieve prosperity. Vision and innovation have been historical benchmarks of excellence at the Montreal Port Authority.

But leadership requires a new vision for a new century, a vision of renewal, in a challenging era of globalization, competition and change. We don't operate the Port in a vacuum, but in an intensely competitive environment. Montreal is the leading Canadian port on the East Coast, and one of the most important continental gateways to North America and particularly the American Midwest. That's true enough. But our leadership position can't be taken for granted.

Our competitors are on the move on the East Coast of the United States, investing in infrastructure and major improvements. Standing still is not an option.

Thankfully, Canada has begun to act. In 2007, the federal government, along with the governments of Ontario and Quebec, signed an MOU on the development of the Ontario-Quebec Continental Gateway and Trade Corridor, with a view to improving transportation systems and expediting the flow of

goods between Canada and the world. Ottawa has committed an initial \$2.1 billion to its Continental and Atlantic Gateways initiative, and we expect the Port of Montreal will be an important beneficiary of the Trade Corridor program.

SECOR, a leading Canadian strategy consulting firm, estimates the economic multipliers resulting from Port of Montreal activities for Quebec and Canada will more than double to \$2.2 billion and \$3.3 billion respectively. Altogether, that's a projected increase of 126 percent of value added economic activity for Canada—*provided* we make the necessary investments in new infrastructure. If we were to go forward with existing facilities as they are, with no upgrades or improvements, the study predicts an increase in the economic multiplier of only 51 percent. The numbers speak for themselves.

Fortunately, we begin any evaluation of the Port's future prospects from a considerable comparative

advantage. It begins with location, location, location. If there's one thing we have a lot of in Canada, it's geography--the second largest country in the world. The Port of Montreal enjoys strategic geography. The largest inland port in the world, Montreal is located one day by truck from the Northeast US, a market of 40 million people. It is located a day and a half by rail from the US Midwest hub of Chicago and a market of well over 135 million people. From Northern Europe this represents more than a two-day advantage over the ports of New York and Virginia; our major competitors on the East Coast.

We have other great strengths to build on, such as an excellent rail network right in the port and connected to two major North American railways, CN and CP. Our deep inland position and market proximity also permit us to balance our imports and exports. Every ship calling Montreal is fully loaded and unloaded at the port. And our strategic Vision 2020 will begin by reinforcing those strengths.

Last year, we handled a record 1.4 million containers, or close to 85 percent capacity. Given the projected 7.7 percent annual growth rate, our planned expansion over the next decade is right in line with growth forecasts. It's almost a Just in Time delivery concept!

The next question is where is the money, about \$2.5 billion, going to come from? Well, the Port of Montreal, as I mentioned, expects to receive its fair share of federal infrastructure money through Transport Canada's Continental Gateway program. Furthermore, we will invest in the future out of our own operating profits—remember we have been operating at a profit for the last 25 years. And with recent changes to federal legislation, strict limits on our borrowing capacity have been lifted. We have pretty good collateral—it's called the Port of Montreal, and it's not going anywhere. We will also enter into

partnerships for funding with the private sector, as we have done in the past.

These projects are about enhancing and expanding infrastructure in the Port of Montreal. The Port owns this prime real estate. But the Montreal Port Authority represents the public, who are the real owners. We are the trustees, acting on their behalf. Our role, and our responsibility, is to build bridges of trust to our public, and to create a consensus in support of our initiatives, including redevelopment of lands in or around the Port. We are reaching out to our public by creating “The Friends of the Port of Montreal”, and by friends we mean everyone in Montreal.

Let me put it this way. Not only do we live in the neighbourhood. We are the neighbourhood. For the public, who want a voice in developing the neighbourhood? For our suppliers, who do business in the neighbourhood? For governments, who rely on the prosperity of the neighbourhood? And for those

who count on us for the sustainable development of the neighbourhood. Our vision is to develop the port in the city by integrating it with our immediate surroundings – geographically, economically, environmentally, socially and culturally.

It is now 20 years since Dr. Gro Brundtland, the former Prime Minister of Norway, coined the term “sustainable development” in her landmark report to the United Nations.

We now discuss economic, social, and environmental impact studies in the same context. Not only are they equally important. They are essentially inseparable.

We are also evolving our environmental management to become a model of sustainable development. We are moving from a reactive to a proactive philosophy. In the traditional environmental management cycle, we would first measure a problem, and then respond to it, before planning and implementing a program of

action. Sustainable development implies a balanced approach to the environment, economic and social policy.

In recent years, there have been numerous accounts of established organizations stumbling upon contemporary issues, many of them social or environmental in nature. Such concerns, often perceived as problems, have the potential to either impede or create significant opportunities for these organizations with regard to their capacity to sustain and promote economic growth.

Labour shortages, natural disasters caused by climate change, reputation effects and new regulation enacted by governments are now part of ports' daily lives, and must be dealt with, in a holistic manner, in order to yield benefits. The maritime industry, being relatively "greener" than its rail-and-road counterparts, is indeed in a position to reap positive returns from its expansion. But to endure, such development must

follow a sustainable approach. Although significant efforts have been made around the globe towards implementation of such practices, much remains to be accomplished.

As a leader in the North Atlantic container market, the Port of Montreal has chosen to commit strongly towards sustainable development principles, integrating social, environmental and economic factors into a single, coherent strategic vision. To achieve this, we recently drafted a three-step initiative.

The first step consists in establishing a sustainable development framework identifying the potential issues that result from our 2020 vision and the adaptations required. As a second step, we plan to adjust accordingly our management structure, tools and policies. Our third step will seek the implementation of our development projects, which we want to be genuine “society” projects: supported

by a strong stakeholder involvement. The projects will triple commercial capacity. But there is also an important recreational and social component that will see the maritime passenger terminal transformed into a waterfront landmark that integrates artistic, cultural and tourist activities accessible to all Montrealers. The projects will generate 41,000 jobs while strongly contributing to preserving the environment.

As a groundbreaking set of initiatives, we are confident that the implementation of these practices at the Port of Montreal will set the pace for others to join in these efforts. Our success, combined with that of our stakeholders, will help make a strong business case towards increased sustainable development practices in the maritime industry throughout the world.

I know that people don't think of ports as being the most environmentally sustainable of economic activity. But while we begin from the admission that

we have much progress to make, we have made real progress. We have made attitudinal change, leading to policy change, leading to real results.

At the Port of Montreal, we have some significant success stories:

- We have persuaded ships to reduce their speeds in the St. Lawrence, to protect the riverbank against soil erosion.
- We are restoring bays, by dredging the River to remove 52,000 cubic feet of contaminated sediment.
- In the near future, ships that use cleaner diesel fuel will be charged correspondingly lower docking fees in Montreal
- In terms of wildlife, we have concluded a protocol for the Boucherville Islands, in which we are

investing \$600,000 to expand wildlife habitat preserves.

- In terms of lifestyle, and reducing what we call conflict of usage, we're going to respect schedules at riverfront beaches regarding noise and lighting of our facilities.
- On noise pollution, especially in the populated Old Port area, we are reducing the numbers of trains running at night.
- On our owned and operated rail line, we are purchasing five new locomotives that will reduce emissions by 40 percent.
- In our automotive fleet of vehicles, we are replacing more than 25 percent with hybrids, low on fuel consumption and low on emissions.

- We are making an inventory of greenhouse gas effects in the Port, along with Transport Canada and Environment Canada.
- We are making advances with our community involvement by: holding an open house; creating the “Friends of the Port of Montreal”; getting involved in various local associations that serve the community; and speaking with politicians and community leaders.

In summary, we are not talking the talk on sustainable development; we are doing something about it.

Which brings me to the main point I would like to leave with you—creating an economic and environmental consensus around our envisioned future for the Port of Montreal.

At the end of the summer, we’re going to be holding a first, an open house on August 31, inviting

Montrealers to come and see their Port. They come to the Old Port, to its many attractions, they skate there in the winter, just as Montrealers did two centuries ago. But we haven't really connected them with the Port of Montreal, and as such we haven't given them an opportunity to appreciate its historical and economic importance to the life of Montreal.

We need to foster a better understanding of what the Port is. We want Montrealers to recognize its importance and be proud of it. How do we do that?

We want to create a sense of identification with the Port, of the Port belonging to the people, and of the people taking pride in their Port.

How do we do that?

Well, bringing Montrealers into the strategic vision is part of it, creating buy-in by conducting genuine dialogue. We know that economic growth and

sustainable development are not mutually exclusive concepts, but perfectly harmonious ones.

We want the community to take part in the port's development. We would like them to recognize that a healthy, active port is an important economic lever that can help a society prosper and progress. And that a port's activities and expansion are not automatically in conflict with the principles of sustainable development.

Beyond the general public, we have three levels of government that have a genuine interest in the Port, its mandate and its mission. The federal government is our shareholder. But the Quebec government and the city of Montreal are major stakeholders in our future. It is always challenging to create a consensus among the three levels of government, because each has its own interests, but my sense is that they are working well together in the common interest.

I believe there is a capacity to foster a consensus on the major challenges we face and how to meet them. Here is my sense of those eight challenges.

First, we must have a capacity to grow. Since we have reached nearly 85 percent capacity in the container segment, which is *the* growth segment of our industry, we need to add container capacity. This is a transactional matter, not a question of vision.

Second, we need to be able to match the projected 7 percent annualized growth in the market, here to 2020.

Third, there's the question of finances. Where will the money come from?

Fourth, we have to develop a rail strategy, a bi-polar strategy with both CP and CN, to maximize efficiency and provide cost-effective solutions to our client base. As it happens, these companies are complementary,

not competitive, in our space. As the three new terminals enter service we must maintain connections with the two railways.

Fifth, security is an essential element of international maritime trade. In the years to come technologies will grow exponentially and coordination of communication between the various enforcement agencies, emergency providers, and the port will be a key success factor for our port.

Sixth, and this is very important, the stakeholders, all the stakeholders, must be part of the big picture. By stakeholders I mean just that—everyone with a stake in the Port. Our customers. Our suppliers. Our governments. And our publics. Our relations with the overall community are, and will continue to be, a key success factor for our growth and our future. The extent and integrity of our dialogue process will be critical.

Seventh, whatever we do must meet the test of sustainable development. The three axes of sustainable development – economic, social and environment. Of course every growth proposal must pass environmental review. On the environment, we have moved from philosophy to policy, to strategy and finally to action.

Eighth, and finally, I have a responsibility to ask if our organization is aligned with these objectives. For example, we have a vice president for growth and development, but we will also have a director of sustainable development.

Not only is our growth strategy multi-dimensional and multi-sectored but its timing is absolutely critical. We have to act now to positively impact the development of the port.

The new leader of any large organization is always challenged to strike a balance between continuity and

change. Continuity represents a proud legacy of achievement. Change represents opportunities for the future.

At the Port of Montreal, we stand on the shoulders of giants, from John Young in one century, to Nick Beshwaty and Dominic Taddeo in the next. I am proud to follow in their path, but my leadership of the Montreal Port Authority will be measured by the manner in which we respond to the economic, social and environmental challenges of our new century.

This is, most of all, why sustainable development constitutes the foundation of our future growth and success.

Thank you. And now we move on to our panelists for the presentations and our plenary discussion.