



Address to the Greater Vancouver Board of Trade

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I'd like to start by acknowledging that we're gathered on the traditional territory of the Musqueam, Squamish and Tsleil-Waututh Peoples, and to offer them our thanks.

I'd also like to thank Bridgitte and the Greater Vancouver Board of Trade for the opportunity to provide my 13th address to the Vancouver business community, on the state of the port.

As the Vancouver Fraser Port Authority, we are an arms-length federal agency and our role is to enable Canada's trade through the Port of Vancouver, while protecting the environment and considering local communities.

Before I start in to my remarks, I'd highlight that B.C. of course remains under a state of emergency as a result of flooding from the storm that swept over the region a week and a half ago, and we've seen more rainfall this week.

The port has been directly affected, and rail service was halted for eight days— but as of today, both major railways are operating on CP's line, and CN expects to have their line back in operation within 24 hours.

That's a tremendous accomplishment on the part of the railways and emergency crews and on behalf of the port authority, and I think all of us here today, I'd like to offer our sincere kudos and appreciation.

Seeing Canada's trade moving again so quickly, after the scale of impacts we've seen from recent flooding is testament to the incredible capabilities of the companies and individuals who work within the supply chain and the port system every day.

To everyone joining us from industry today, thank you for everything you do, every day, to support Canada's trade, and this gateway's resilience, in the unique times we are living through.

On that note, let's turn to the state of the port.

The extraordinary flooding we've just experienced, as a province, underlines one of two critical takeaways for the Port of Vancouver over the past 20 months: that takeaway is the urgent challenge of climate change, and with that, the imperative for better adaptation, and more fundamentally, for climate action.

The second takeaway from the last 20 months is the need to build capacity as well as resilience into global and local supply chains, to find the balance between "just-in-time" and "just-in-case."

Today, I'll talk about what we can clearly understand as we reflect on the last 20 months on these two critical fronts, supply chain and climate change, to inform our work at the Port of Vancouver.

What I hope you'll take away is that this tumultuous period has given us key insights on how to future-proof the port, and a pandemic-honed capacity to act on that decisively.

Let me start with the supply chain.

If we look back about 20 months to the early days of the pandemic, supply chains shot to public attention with the scramble for PPE.

I remember receiving a call from the Public Health Services Authority, asking how they could track a container of PPE that was critical to B.C.'s pandemic response.

In those first days and weeks, with jurisdiction after jurisdiction locking down, the global challenge was just keeping the supply chain running amidst the day-to-day uncertainty of a pandemic nobody knew much about (and as I spoke about last year, it's a challenge that this gateway rose to, thanks to all the stakeholders and partners involved).

Fast-forward a year or so, and the supply-chain picture had changed dramatically.

The world had normalized a bit, but with travel still shut down, consumer demand for goods surged in Europe and North America.

Supply-chains, designed more for efficiency and cost-savings than for resiliency, became very congested.

In North America, we saw images of the twin ports of LA/Long Beach, hemmed in by up to 100 waiting container ships, and docks stacked high with backlogged containers.

Here at the Port of Vancouver, companies and the workforce across the port and its supply chain have met these global challenges with tremendous resourcefulness and hard work.

To the credit of our partners, many of you joining us today, the port has remained very fluid and trade has actually grown, through this uniquely challenging time in its history. I want to thank everyone here for the role you have played, for this port and for Canada, at this critical time.

So what have we learned, as a port community, through these 20 months?

I would argue three things:

First, we've seen the payoff in the investment we've made, collectively as a gateway, in corridor infrastructure and in data to understand the supply chain.

It's well-known that over the last decade, as the port authority, supported by government and industry, and in partnership with the railways, we have led significant investments in debottlenecking the rail corridors to the port.

This has created the environment where terminal operators have made major investments in terminal capacity, and together, this has critically underpinned the ability of the gateway to continue to operate, fluidly, through the volatility of the last two years.

Less well-known are our investments in data.

For example, several years ago we set up system to provide cargo forecasts to terminals, two weeks before vessels arrive, to support supply chain planning.

That system was complex to set up, but effectively, we're able to access and share container volume information from CBSA preclearance data that's sent through as ships leave Asia.

That's just one of the data streams we share with industry through our ehub app, to support everyone's planning and the port's fluidity.

And as West Coast ports have struggled to handle a surge in cargo, in Vancouver, corridor infrastructure and our data-informed supply chain have been key strengths driving our enviable fluidity.

To put some numbers on that, contrast the fluidity achieved here with what's been happening in LA/Long Beach:

In LA/LB they've seen an average of 60-80 ships at anchor; in Vancouver, we've typically seen three or four ships.

There, container ships are staying at anchor an average of 12 days; here, for those waiting, it's been about a third of that (under four days).

There, the rail dwell time is 12 days; here, again, it's been less than four days.

So the value of our collective focus on optimization has been a first big takeaway—and one that strongly validates our continued work on optimization as a gateway

A second takeaway, regrettably, has been the growing impact of the Lower Mainland's industrial land shortage for the port, for the region, and for Canada.

While, amidst global challenges, we've basically avoided highly-visible problems such as a harbour full of ships, we have faced a major, though less visible, problem from a shortage of available empty shipping containers, critical for Canadian companies to export specialty grain, lumber and other products.

With global challenges, these containers have been difficult to access, and in Vancouver, this problem has been significant because we don't have sufficient land for container storage and transloading.

With a constrained global supply of containers, shipping carriers are not prepared to wait for export containers to be filled elsewhere in Canada.

Without land close to the port to do this quickly and efficiently, shipping lines are simply rushing containers back, empty, to Asia, leaving Canada's exporters empty-handed.

It all comes back to land.

Because of our industrial land shortage, instead of being able to meet a global challenge and mitigate it with a resilient local supply chain, supported by land, we are instead disproportionately vulnerable.

And the problem is getting more acute.

One of the few remaining container storage facilities in the region, Delco in Delta, has just been sold for other purposes because its underlying land value makes it no longer economic for the business to continue.

So let's take a hard look at industrial land.

For more than a decade, I have been sounding the alarm about a coming industrial land crisis.

But in the last 20 months, as a region, we have run down the clock.

This is midnight, the crisis is here.

According to the CBRE, our region has only 1 million sq. ft. of industrial buildings supply left, which is three months' worth of normal take-up in this market.

We have the lowest availability of industrial buildings in North America, at 0.5%.

And as the world, and our region, have become increasingly reliant on e-commerce throughout the pandemic, which requires logistics/distribution buildings of 100,000 square feet or more, here in the Lower Mainland, we don't even have buildings half that size available, or land to put them on.

Major third-party logistics companies are seeking many millions of square feet of warehousing, which is just not available, causing significant inefficiency to our supply chains.

Amazon cannot find the space they need in our region; most of our Amazon packages are getting routed through Toronto and flown here by air—which is inefficient and causing unnecessary greenhouse gas emissions—something we should surely be concerned about.

And this crisis is affecting many industries, not just distribution.

We're hearing, for example, that clean-tech hydrogen startups would like to locate here but can't find the land—and will be bypassing our region and taking their investment elsewhere.

Yet with all this, there are no actioned recommendations, at any level of government, to protect industrial land and create additional land supply.

The crisis is real, it's here, it's affecting us as residents, affecting our regional economy, and it's having an outsized impact, because we are the hub for Canada's key supply chains.

Our land-planning failures here are failures for our whole country, just as the flooding here, right now, is affecting our whole country.

Our region's land situation is dire, and in the coming months, those with a stake in this issue will need to step up, innovate, and take action to meet this challenge.

Moving to our third major takeaway on the supply-chain front over the last 20 months, we have seen, all too clearly, how a surge of demand exceeding capacity can overwhelm a trade system

That should give us serious pause for thought, here in Canada.

We have known for years that our container trade is on a strong growth trajectory. If anything, that trade is accelerating, we have just seen four years of growth in two years.

Yet as a country, we are simply not getting ready for it.

Right now, between the ports of Vancouver and Prince Rupert, we have no approved projects that can meet the scale of Canada's coming trade needs.

We are clear in our view that the best project to meet Canada's trading needs is Roberts Bank Terminal 2.

This project has been in Canada's Environmental Assessment process for over eight years and we anticipate that a decision could finally be made as early as this spring.

Critically, this is the only project nearing a federal decision that can meet this need in Canada.

As a country, we are working against the clock because, if approved, Roberts Bank Terminal 2 will still take six or more years to build—and Canada will run out of container capacity before then.

That will not only affect the Lower Mainland, but as we've just seen with the floods here, it will affect Canadian businesses of all sizes and sectors, consumers and the economy across the country.

So a crunch is coming. The question is: will Canada have a way out?

Right now, in our country and our region, we're experiencing a global supply-chain problem, but in five years' time, we'll see all these same backlogs and issues, and it will be a made-in-Canada problem.

And if, as a country, we have failed to approve and advance Roberts Bank Terminal 2, we risk having no path out for a very long time.

These have been key takeaways on the supply chain front over the pandemic timeline.

Now, I'd like to turn briefly to climate change.

In the past 20 months—and in a very concerning and tragic way over the last two weeks, here in B.C. we have seen mounting impacts of climate change.

We've seen this globally, with wildfires across Europe and California and typhoons in Asia.

And we're seeing these impacts right at home, as B.C.'s responds to the impacts of an atmospheric river storm event; following a heat dome this summer that caused significant fatalities; and a major wildfire season.

Globally, we've seen more, and very sobering, science coming forward indicating that the window of opportunity to limit global warming to 1.5 or even 2 degrees is closing, and we need to act now.

In the shipping industry, pressure is mounting for the IMO to strengthen its carbon-reduction targets.

Brands such as IKEA and Amazon recently pledged zero-carbon shipping by 2040.

And increasingly, supply chain partners are being chosen with environmental stewardship in mind.

Globally, and in the ports and shipping industry, we know that the future must be decarbonized.

Let's look at two key takeaways that emerge from all this, through the past 20 months:

First, and we're seeing this in real-time in B.C., there's a growing urgency for discussions about climate adaptation, and in particular, climate-resilient infrastructure and supply chains.

As one example of this, the federal and provincial governments have set up a joint supply-chain recovery working group, which the port authority is a part of, to respond to B.C. flooding impacts, but also, to look at how to prepare for any future climate events.

So climate adaptation is an active conversation, and one we'll be closely involved with, for the port and its supply chains.

The second, and core, takeaway on climate change is, of course, the urgent need to move forward towards a zero-carbon future, at the port, as elsewhere.

At the port authority, we've been working to reduce port emissions for more than a decade, and we have committed to a goal of zero emissions across the port by 2050, which aligns with Canada's goal and current climate science.

We're looking at every opportunity to lower our emissions. For example, we just installed high-efficiency boilers at Canada Place, significantly reducing our CO₂ emissions.

But bigger picture, we're trying to create a framework that supports and enables industry across the port & its supply chain, to switch to cleaner fuels.

We're doing this in various ways, let me mention two:

First, on the shipping side, we're working to facilitate LNG bunkering in the port.

LNG isn't the end goal. We expect the future of shipping to transition to a mix of low-and zero-carbon fuels that include green ammonia and hydrogen.

But those fuels simply are not there yet. And as we work towards that, LNG is ready, it's realistic, and it can reduce greenhouse gas emissions by up to 26% today.

That's an opportunity we shouldn't pass up.

Second, we're partnering with the B.C. government on a terrific new program called the Clean Technology Initiative as a broader support for terminals, trucking and other sectors.

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This program offers funding to support the trial and adoption of low and zero-emission fuels and technologies across the port.

We've recently partnered with Seaspan Ferries on two pilot projects: one to test out a biodiesel ferry fuel, and one to test out two battery-electric powered terminal tractors.

This is a great program, and I encourage port industry attendees today to have a look at it, and consider how we might partner with you, to support your path to zero.

So to close out on this topic, I'd highlight that the Port of Vancouver is poised to be very successful in a zero-carbon future.

As a jurisdiction, we have key advantages: we have clean, competitively-priced hydropower; and we have feedstock for biofuels.

Fundamentally, our transition to a zero-emissions economy and a zero-emissions port enables a bright future of continued trade growth and long-term prosperity for our port community and for Canada.

Let me pull all these themes together.

By any assessment, the past 20 months have been extraordinary for global health, for supply chains, and for climate change.

This period has tested the Port of Vancouver, and thanks to everyone's remarkable efforts, the port has proved resilient, for all of us, and for Canadians across the country.

In tandem, this period has provided key insights about where we need to focus our efforts to future-proof the port:

We need to keep advancing corridor infrastructure and data & optimization work that has helped us outperform competitor ports on fluidity at this time of global challenges.

We need to find a way through our industrial land crisis.

As a country, we need to approve and deliver Roberts Bank Terminal 2, to avoid a made-in-Canada supply-chain crisis starting in just five years' time.

We need to closely monitor and engage on work on climate adaptation.

And we need to collaborate, across the port, towards a zero-carbon future.

As a final comment on the last 20 months, we have all, personally, experienced significant change.

Our organizations have engaged in pandemic re-sets; most of us have learned to work remotely; many of us are transitioning to hybrid workplaces.

I want to thank all the people at the port authority, and throughout the port system, who have worked so hard to keep our complex and critical agenda moving forward, to enable Canada's trade.

Fundamentally, I think we have all learned that we can innovate much faster than perhaps we thought we could, so let's use that ability to future-proof the Port of Vancouver, for all of us and for Canada.

Thank you.