

Atlantic Canada Must Cooperate to Compete in Global Asia

By Paul Evans and David Chan

Atlantic Canada has been debating the merits of an Atlantic Gateway strategy to boost container trade with Asia through the region's ports. On October 14, the four Atlantic Provinces and the federal government finally signed a Memorandum of Understanding on the Atlantic Gateway that lays out a 24-month program to further study the opportunity, consult the private sector and develop an action plan. Numerous studies, including one completed for the Asia Pacific Foundation in 2006, have already provided a wealth of information on trade and global supply chain trends that paints a bright picture for ports in Atlantic Canada. Consultation is always the Canadian way, but in this case, there should be a greater sense of urgency.

Trade with Asia, on which the Atlantic Gateway is premised, continues to play an ever-greater role in the lives of Atlantic Canadians. Already the shift in production outside the region brought about by the emergence of globe-spanning supply chains has transformed the lives of many workers. This new pattern of industry has also made available household wares, electronics, apparel, sporting goods and other industrial products at often surprisingly low prices. The impact of global Asia runs deep in the minds of decision-makers in boardrooms and home offices alike. How can Atlantic Canada benefit from this new production model?

Asian trade with North America will continue to rise rapidly and will not wait for Atlantic Canada to catch up. For an Atlantic Gateway strategy to be successful the region needs to address the nature of global supply chains and their players who are driven by varying combinations of time, cost and quality demands. It needs to accept that not all ports can be Gateway ports just by having container facilities. This will require leadership. Without taking some hard decisions, an Atlantic Gateway strategy will defeat its very purpose of closer economic relations with Asia.

South Korea, Hong Kong, Singapore and Taiwan are leaders in single-window trading platforms for shippers, freight forwarders, financial intermediaries, customs agencies, ports and supply chain operators. These platforms not only help manage trade; they also facilitate trade by reducing information asymmetries in assessing credibility, reliability and competitiveness.

Major global gateways like Rotterdam, Singapore, Busan and Hong Kong are increasingly competing in value-added activities, from simple packaging and warehousing to facilitating information flows among supply chain partners that stretch across Asia to North America. Like Atlantic Canada, few of these port cities have the population to command the world's highest container volumes, yet they do so by differentiating themselves with value-added offerings. Despite massive investments in transportation infrastructure in the past two decades, Hong Kong and Singapore had a clear vision that these were only elements of a broader strategy of economic development that included creating competitive advantages through development of service industries that support trade.

Distance, geography and inter-modal connections are still important. For Atlantic Canada, the question is how can ports cooperate regionally and nationally with other Gateways and Corridors to raise the overall Canadian transport profile to be one of the best in the world. How can individual ports in the region shape their local endowments into value-added offerings regionally and internationally?

An effective Atlantic Gateway strategy requires leadership at the federal, provincial and municipal level, high-level engagement with Asia, regional community support, private-sector intelligence, opportunities for SMEs, and tactical strategies devised from working closely with individual supply chains stretching across countries and oceans. Part of the challenge is to be comprehensive about the future of interactions with Asia. Trade and transportation will form the core of interactions. But university exchanges, international education and industry linkages are essential in strengthening human capital, innovation and networks in the knowledge-based economy that must support the Gateway. What goes on in a Gateway port is more important than what goes through it.

An Atlantic Gateway strategy needs to address services, marketing and technology innovation as much as transport infrastructure. As federal and provincial officials embark on a two-year plan for the Atlantic Gateway, Atlantic Canada should not forget that the effects of new global production systems are already influencing the daily decisions of ordinary Canadians, SMEs and major corporations. Asia is not waiting and the region needs to react competitively while thinking comprehensively about an Asia that is already on its doorstep.