

## **Manitoba and the Asia Pacific Gateway**

By Yuen Pau Woo

Asia, with its booming markets and dynamic manufacturing, represents an increasingly attractive opportunity for Manitoba. However, to take advantage of this opportunity and to maximize the province's strategic location in North America, Manitoba must ensure that it has the efficient transport systems and trade policies needed to mesh with the networks linking to the commercial centres of Asia. The province must also make sure that its education system, skills training, municipal planning and even provincial awareness have the necessary focus on Asia Pacific to support growing ties with Asia.

On October 11, the Prime Minister unveiled the federal government's Asia-Pacific Gateway and Corridor Initiative. Ottawa has earmarked \$591million for transportation infrastructure and other capacity-building projects in Western Canada to support Canada's ability to trade with Asia. This federal strategy will complement provincial and regional Asia-Pacific Gateway strategies across Canada, such as British Columbia's Asia Pacific Initiative and Halifax's Atlantic Gateway. In particular, this federal Asia-Pacific Gateway Initiative will complement Manitoba's own strategy, which seeks to establish Manitoba as a Gateway for trade between Canada and North America and increasingly, between Asia and the US. The logic of this strategy is clear enough: a container shipped from Shanghai through the new BC port of Prince Rupert and shipped by rail through Winnipeg to Chicago will arrive three days sooner than if it is shipped via Los Angeles.

Manitoba will benefit from the national strategy in several ways. The Asia Pacific Gateway seeks to alleviate the serious congestion around Canada's ports, and in particular British Columbia's Lower Mainland. This will directly strengthen Manitoba's position as a Mid-Continent Corridor between Canada and North America. As goods pass more quickly to and from Manitoba through Canada's West Coast ports, the province gains a competitive advantage over traffic through US West Coast transport hubs that are burdened by serious congestion. If Manitoba continues to develop its transport and logistics systems, it can become the hub of choice for moving goods between Asia and North America.

To realize this potential, Manitoba must ensure its shippers and freight forwarders are able to move goods efficiently. The province must continue to work in partnership with port authorities, the railways and other stakeholders to ensure goods can be moved efficiently to and through West Coast ports as part of a seamless supply chain. The province is considering building an inland terminal, which could help relieve congestion at Canada's western ports. The province also needs to ensure access to the appropriate equipment needed to ship products in and out, such as 20-ft shipping containers and refrigerated units.

Manitoba has the capacity to deliver other 21<sup>st</sup> century trade routes to Asia. In particular, Winnipeg is developing its capacity to handle air cargo. As costs decrease, air cargo is becoming an increasingly popular and viable means of transportation. Last year almost 31% of Canada's exports to non-US destinations went by air, while some 20% of imports arrived the same way. Development at Winnipeg Airport Authority is attracting the attention of both Asian investors and air carriers who are seeking access to US markets. The province is also well positioned both geographically and in its working relationships with Russia to develop polar air cargo routes to Russia.

However, to be successful, the Pacific Gateway strategy must extend beyond transport infrastructure to include the "software" of international commerce, the workforce skills and people-to-people contact that support trade. Manitoba already has a sizable Asian population: almost half of all immigrants to Manitoba are from the Asia-Pacific region. Increased business and exchange between Manitoba and Asia has the potential to bring more skilled immigrants to the province to help boost its population and spur economic growth. As the province develops education and immigration systems to attract and retain Asian entrepreneurs, its communities, universities and businesses will gain new expertise in and linkages to Asia from a new skilled labour force.

Despite these opportunities, Manitoba also faces challenges in gaining from a successful Asia Pacific Gateway strategy. The province has difficulty attracting Asian foreign direct investment, due to its small economy, difficult immigration and travel requirements, and relative lack of investment opportunities. Manitoba's firms are mostly small and medium-sized, which makes developing Asian expertise difficult and relatively costly. Local companies are less focused on the Asian market because of these difficulties, and are less able to act on new opportunities and trends. There is also currently little Asian language or cultural training available at Manitoba's schools and universities.

The province recognizes the need to act quickly. Working in partnership with the Asia Pacific Foundation of Canada, the province organized a meeting in Winnipeg on September 27 to discuss with key stakeholders these opportunities and challenges. Ron Lemieux, Minister of Transportation and Infrastructure, announced at this consultation new funding for the Manitoba International Gateway Council, an advisory body that will help the province work in partnership with the private sector to develop plans for the province's International Gateway Strategy. Hopefully, these types of partnerships and initiatives will move Manitoba toward becoming a vital link in the production networks that link Canada and the US with Asia.