



CILTNA NEWSLETTER

CILTNA
NEWSLETTER

The Chartered Institute of Logistics and Transport North America
275 Slater Street, Suite 900, Ottawa, Ontario K1P 5H9 CANADA

Spring 2009

| | |
|---|---|
| <i>Outlook 2009</i> | 1 |
| <i>Message from the Chair</i> | 2 |
| <i>New Members and Regional Notes</i> | 3 |
| <i>A History of Outlook Conferences</i> | 4 |
| <i>Elizabeth May at Ottawa Chapter.</i> | 6 |
| <i>Suez Canal Study</i> | 8 |

Special points of interest:

- Register now for Outlook 2009 !
- Meet our new Chair on page 2
- See a summary of our Suez Canal Study beginning on page 8

Transportation Situation and Outlook Conference 2009 - May 11, 2009

“Challenges and Opportunities facing the North American Transport Network in Turbulent Economic Times”

Sheraton Ottawa Hotel, Ottawa, Ontario, Canada

CILTNA is pleased to announce that James Blanchard will be the keynote luncheon speaker on the topic of ***Transportation and Trade Policy Issues Facing North America***. Mr. Blanchard has been a member of the US House of Representatives, Governor of Michigan, and US Ambassador to Canada(1993-96). Currently he is a partner in the Washington D.C. law firm of DLA Piper U.S.

CILTNA is also pleased to announce the following prominent speakers:

- *Richard Bickley, Manager, Transportation - East, RioTinto Procurements*
- *Helena Borges, Director General, Surface Policy , Transport Canada*
- *Richard Corfe, President & CEO, St. Lawrence Seaway Management Corporation*
- *Hazem Ghonima, FCILT, President & CEO, TAF Consultants*
- *Fred Gaspar, Regional Vice President, InterVISTAS Consulting Inc.*
- *Michael Grier. Sr. Manager, North America, International Logistics, Avon Products Inc.*
- *Peter Hall, V.P. & Chief Economist, Export Development Canada*
- *Jean-Robert Lessard, Vice President, Marketing and Public Relations, Groupe Robert*
- *Cliff Mackay, President and CEO, Railway Association of Canada*
- *Mike McCracken, Chair & CEO of Informetrica Ltd.*
- *J.R. Montero, Deputy Director for Canada, Ministry of Foreign Affairs, Mexico.*
- *Marta Morgan, VP, Forest Products Association of Canada*
- *Patrick Sherry, Director, National Center for Intermodal Transportation*
- *Richard Lande , FCILT Hon.; Richard Lande & Associates*

This one day conference is a unique opportunity for transportation managers, specialists, planners, regulators, carriers and shippers to gain a comprehensive perspective on the global supply chain and transportation infrastructure as it reviews and assesses the challenges faced by the transportation sector in the current and anticipated global economic climate.

For more information please consult : www.ciltna.com or contact:

Hazem Ghonima, CEO, CILTNA Phone: (613) 688 - 1438 E - mail: ghonima@ciltna.com

Ed Cuylits, Conference Chair E - Mail: cuylits@primus.ca.



From the Desk of Gilles Legault

Gilles Legault was elected as the new Chair of the Board of Directors of the Chartered Institute for Logistics & Transport in North America (CILTNA) for a two-year mandate on November 20, 2008.

Gilles Legault, already a member of the CILTNA since 2002 and on its Board of Directors since 2004, succeeds former Canadian Transportation Agency member Keith Penner. His objectives are to develop membership and presence in North America, including through partnership and collaboration with other organizations.

"I am very enthusiastic to follow in my predecessor's footsteps and be given the opportunity to build on the strong framework that he and the CILTNA Board have produced for the benefit of our members and stakeholders in all sectors of the logistics and supply chain," says Mr. Legault. "My focus will be to consolidate our position and move forward with the strate-



Gilles B. Legault FCILT
Chair CILTNA

gies that will allow us to grow and help us recruit those individuals for whom transport and logistics is or should become their passion. Taking, as an example, the skilled labour shortages looming over the transportation industry, all of our stakeholders can certainly benefit from the synergies and expertises emerging from the Institute and its numerous partners representing all modes of transport."

"There are plenty of things to do and I count on the support of all members," says Mr. Legault, who also invites members to look at his 7-point agenda on the institute's new website at www.ciltna.com.

Biography

Gilles Legault was named Senior Counsel, Global Legal Affairs at Canadian National Railway Company (CN) on July 10, 2007. He is also the senior legal advisor to CN WorldWide B.V., a new CN's international subsidiary located in





Rotterdam, which provides freight forwarding services in more than 12 countries including China, and to CN WorldWide North America, which offers door-to-door transportation and logistics services in North America.

Following his admission to the Bar in 1986, Gilles Legault began his career in Quebec City as an advisor to various Quebec government departments on the obligations stemming from the Canada-U.S. Free Trade Agreement. In 1990, he joined the Canadian International Trade Tribunal in Ottawa. From 1994 to 1998, Gilles Legault was temporarily assigned to the Department of Foreign Affairs and International Trade (Canada) to oversee the Canadian implementation of the new World Trade Organization (WTO), including its Dispute Settlement Body.

Gilles Legault, who is a member of the Infrastructures and PPP Committee of the Fédération des chambre de commerce du Québec (FCCQ) and of the North American Transportation Competitiveness Research Council (NATCRC), has been a lecturer in trade law at Laval University, Law Faculty. He is also an Executive Committee member of the Leukemia and Lymphoma Society of Canada, Montreal Chapter, Quebec Region and is active in his community, Saint-Lambert.

New Members

John Oldroyd
Hon. David Collenette
Raymond J. Kaduck
Pat Greaney
Vijay Thomas
David Gerald Nunis
Esmail Hussein
Sng Sabrina
Ryan Stein

Regional Notes

The Washington Chapter continues to focus on visits by students to major transportation installations.

The Quebec Chapter reports that the tour of the CN traffic control centre was quite successful and that a spring event is being planned.



Hold it and they will come!

A brief history of the Outlook Conferences

As we look forward to Outlook 2009 in about a month I was asked recently how it is that the Outlook Conferences have come to be such an important part of CILTNA's annual activities. Once I started asking a few questions I found that it is a fascinating story when one traces the development of the Outlook conferences back to the very first Outlook conference in 1997.

To get the whole story I met with Hazem Ghonima ^{FCILT}, our Chief Executive Officer, for lunch last week. With a little prodding Hazem admitted that the Outlook Conferences were basically his creation. He was Chair of the Ottawa Chapter when the idea first came to him.

At the time he was struck by the precarious financial situation of the Ottawa Chapter as there was only about \$1,000 in the bank. There was no regular income as member dues go directly to the CILTNA head office. As well there was no regular fundraising in place and no activity other than the holding of monthly luncheon-seminar meetings. (The local chapters do not need a lot of money as their main activities have been monthly luncheons with guest speakers— with any luck the entry charge for lunch covers the cost of the food and the meeting room – however there is not much cushion if there was poor attendance at any luncheon nor are there seed funds to undertake a more ambitious agenda.)

At the same time there was a decision by Transport Canada to discontinue its regular forecasting conference (with the exception of the air mode). Hazem, whose business expertise and personal passion was transportation freight analysis and forecasting, was quick to smell an opportunity. But, as he states, his overall motivation has been to “promote the discipline of forecasting as a vital tool for strategic planning, business development and policy decisions”. Transport Canada was very willing to give its blessing to the undertaking of a forecasting conference as they were keen not to lose a forward looking capability.

Amazingly he was able to convince the Board of Directors of the Ottawa Chapter to agree to hold a conference. This was an incredible display of confidence for there was no small risk associated with this decision. With all of the upfront costs of booking a venue and promoting a conference, the downside risk, if the conference had failed to elicit any response or had to be cancelled for any reason, could easily have cost the Ottawa Chapter ten to twenty thousand dollars.

However, with an enormous amount of careful planning, program development, speaker selection, endless promotion, tight control over costs and the commitment of the then Minister of Transport, David Collenette, to speak at the conference it was a tremendous success – the Ottawa Chapter reaped a net return of \$10,000 after all the expenses were taken care of. Hazem, supported by a planning group from the Ottawa Chapter, had found a niche for a transportation



conference with a focus on the future. Hazem attributes the success of the conference to a “new integrated conference structure and concept that attracted people and gave them a whole new perspective on forecasting”.

After Hazem’s year as Chair of the Ottawa Chapter, a new Chair and Board was in place. Hazem’s enthusiasm for the Outlook Conference was not shared to the same degree – they just could not see themselves as being able to put in the effort that Hazem had brought to the planning and execution of Outlook so they decided not to go ahead with a follow-up conference the next year.



Meanwhile other events were percolating at the CILTNA national level. The latter was facing a financial crunch due in part to a large loss resulting from a last minute decision to cancel a planned conference in Toronto. This financial success story of the Ottawa Chapter’s Outlook Conference obviously attracted the interest of the CILTNA head office, also situated in Ottawa.

Hazem was very interested in pursuing an opportunity to present further Outlook Conferences and was open to overtures from the CILTNA executive. An arrangement was struck with the CILTNA whereby Hazem was given a fair degree of autonomy and willing support from both the CILTNA office and from the Ottawa Chapter.

Following a tried and tested formula the second Outlook Conference proved to be a greater success generating a surplus of \$17,000. The Ottawa Chapter received \$3,000 for its assistance with the conference with the remainder going to the CILTNA.

The success of the second Outlook Conference helped to put CILTNA back on a secure financial footing and eventually led to the hiring of Hazem as our Chief Executive Officer. Each of the Outlook Conferences has had its notable achievements - one that stands out for Hazem is 2008 which gathered in one session speakers from the world major waterways: the Suez Canal, the Panama Canal and the St. Lawrence Seaway – a first in North America. And as they say, the rest is history – the string of successful Outlook Conferences culminating in Outlook 2009 has been key to the ongoing success of the CILTNA.



Hazem Ghonima FCILT, CEO, CILT North America



Elizabeth May speaks at CILTNA Ottawa Chapter

The Ottawa Chapter had as guest speaker, Elizabeth May, Leader of the Federal Green Party, at their regular monthly meeting on February 11, 2009. A smaller than usual group, about 15 members, received her enthusiastically.

Ms. May spoke on several topics related to transportation and the environment.

Her party is in favour of much increased spending for VIA Rail. While they applaud the increased spending by the current government, they feel it does not go far enough. The current rail infrastructure needs much improvement before passenger rail becomes a truly attractive option - for example longer sidings are required for meeting trains. They feel that there is a lot of public support for expanding passenger rail service. People want to get their trains back. She sees the conversion of abandoned rail rights of way to nature trails as a particularly perverse co-opting of the nature movement.

The Greens generally favour investment in improved intermodal transportation so that greater advantage can be made of the least environmentally harmful mode of transportation - particular attention needs to be placed on improved access of railways to container ports.

They want to see better mass transit in cities. Major investment in urban transit can act as an important economic stimulus.

The party has a real concern with rail safety feeling that safety has been compromised in the name of cost cutting.

They see the U.S. administration moving towards California standards for automobile emissions

and think that Canada should position ourselves by producing more fuel efficient vehicles.

In response to a question, she pointed out the need to put a price on carbon, which is now dumped for free. She favours a straight forward tax feeling that emission trading would be open to fraud.

She feels that Canada is missing opportunities to create environmental jobs, pointing out the benefits of initiatives in the U.S. and Germany. She made a comparison between U.S. incentives for retrofitting for energy efficiency and the Canadian tax credit for `marble counter tops`.



David Church, Chair of the Ottawa Chapter introduces Ms. May





PRESENT AND FUTURE POTENTIAL FOR NORTH AMERICAN EAST COAST PORTS TO HANDLE CONTAINERIZED CARGO FLOWS VIA THE SUEZ CANAL ORIGINATING FROM CHINA AND INDIA:PART I

EDITORS NOTE: This CILTNA study was prepared for Transport Canada in March 31, 2008. Hazem Ghonima ^{FCILT} was responsible for managing the project and the preparation of the final report. Mr. Keith Penner ^{FCILT} participated with Hazem Ghonima in the meetings with high officials of several marine Organizations in Egypt including the Suez Canal Authority in Ismalia, the Institute of International Transport & Logistics in Alexandria and the Sokhna Port in Sokhna.

SUMMARY

The objective of this study was to undertake an in-depth analysis of containerized cargo trade flows from China and India, through the Suez - Western Europe route, to North American Atlantic ports. The study assessed the future potential containerized traffic for these ports as a result of increased trade with China and India. Transport Canada wished to understand if container traffic originating in China and India and bound for North America, via the Suez Canal, will continue to increase to 2027.

This study examines the current and future potential trade growth of containerized cargo flows from China and India through the Suez Canal to ports located on the East Coast of North America (Canada and the United States).

Specifically, the study:

- Depicts and analyzes major Chinese and Indian containerized cargo trade routes and transshipment nodes through the Suez Canal to Western European markets and North American East Coast markets;
- Identifies the type and size of vessels handling Chinese and Indian containerized cargo trade via the Suez Canal to Western Europe and North America's East Coast;
- Identifies major shipping companies involved in this trade; and
- Assesses the present and future potential of containerized trade cargo originating from China and India and bound for major East Coast North American ports, via the Suez Canal. Forecasts are to 2027.

The containerized cargo forecasts in this study are based on the following major economic and trade assumptions:



- World GDP is expected to grow by an AAPC (Average annual percentage change) of 3.5% and 3.1% during the 2008-2010 and 2011-2027 forecast periods, respectively;
- World trade should grow by an AAPC of 3.9 and 3.8% during the 2008-2011 and 2011-2027 forecast periods, respectively;
- World containerized cargo trade is expected to expand by an AAPC of 6.2% and 4.6% during the 2008-2010 and 2011-2027 forecast periods respectively.

India is set to become a much bigger trading partner of North America East Coast ports and could benefit the Port of Halifax in the near future. Total Indian containerized cargo trade is expected to reach 21.8 MTEU, equivalent to 224.0 Mt by 2027, compared to 5.4 MTEU or 55.9 Mt in 2006. This is based on the assumption that the Indian economy, during the forecast periods, should grow by an AAPC of 8.5% and 6.5% respectively and that trade is expected to expand by 8.5% and 6.9% respectively.

The study found that presently more than 90% of the Indian-North American East Coast containerized trade moves via the Suez Canal Route. India-NA-EC containerized cargo trade via the Suez Canal is expected to reach 2.4 MTEU, equivalent to 24.4 Mt by 2027, compared to 0.4 MTEU or 3.9 Mt in 2006.

Total Chinese containerized cargo trade is expected to reach 433 MTEU, equivalent to 2,859 Mt by 2027, compared to 97.9 MTEU or 646 Mt in 2006. This is based on the assumption that the Chinese economy, during the forecast periods, is expected to expand by the AAPC of 9.8% and 6.7% respectively and that trade should grow by 7.6% and 6.7% respectively.

The study found that at present almost the entire Chinese-North American East Coast containerized trade moves via the Panama Canal Route. A potential future Chinese diversion via the Suez Canal could materialize. A Hong Kong - North American East Coast containerized trade moving via the Suez Canal could develop starting in 2010 assuming that the Panama Canal will have reached its handling capacity before its expansion project is completed and is subject to the upsizing the Suez-routed vessels of 6,000 TEUs and the ability of the North Atlantic ports to handle the Post Panamax large ships. Under the above scenario, China-NAEC containerized cargo trade via the Suez Canal could reach 3.3 MTEU in 2014 before declining to 1.65 Mt in 2015, as a result of the Panama Canal expansion, before rising again to 5.5 MTEU by 2027.

RECOMMENDATIONS

This study was able to demonstrate that the India-NAEC containerized cargo trade via the Suez Canal has a relatively significant potential for growth. In addition, more container traffic originating in Hong Kong may, in the near future, be moving through the Suez Canal and some of that traffic will be destined for the NAEC.

The question remains unanswered as to what further could be done to divert part of this potential Asian-NAEC traffic via the Port of Halifax. Are there impediments, obstacles or other difficulties that need to be overcome so that line carriers will consider Halifax as a favourable destination for container shipments? Due to the scope and budget limitations, the study did not answer these questions.



**Published by the
CILTNA**

**Editor
David Hinks**

CILTNA Head Office
275 Slater Street, Suite 900
Ottawa, Ontario
Canada
K1P 5H9

Phone: 613-688-1438
Fax: 613-688-0966
Email: Ghonima@ciltna.com

www.ciltna.com

Editor's Corner

Congratulations to our CEO Hazem Ghonima ^{FCILT} and his organizing committee for a very successful Transportation Situation & Outlook Conference held May 12, 2008 at the Ottawa Sheraton Hotel. This was the first Canadian Transportation Outlook Conference to gather representatives from the three major World waterways, the Panama Canal, the Suez Canal and the St. Lawrence Seaway and featured many top-notch speakers.

Our Annual General Meeting and Annual Dinner, was held November 17, 2008 at the Sheraton Ottawa Hotel. There was a great turnout at the dinner as people gathered to hear the Honourable David Collenette, former Minister of Transport and a long time Member of Parliament. Mr. Collenette has been a tremendous supporter of the CILTNA, speaking at several Outlook Conference. Mr. Collenette was named as a fellow of the Institute at the AGM.

The next CILTNA Transportation Situation & Outlook Conference will be held on Monday, May 11, 2009 at the Sheraton Ottawa Hotel. Circle the date in your Day-Timer now!!

As always remember that this is your newsletter - please send news of any events happening in the regions or significant events in the lives of any of our members.

The Chartered Institute of Logistics and Transport, founded in 1919 and headquartered in London, England, is the largest and best known transport institute in the world, comprising more than 30,000 members world wide. The Royal Charter encourages the Institute to promote, encourage and coordinate the study and advancement of the science and art of transportation in all its Branches. The CILT in North America has Regional Chapters based in large population centres with members from all modes of transport including the private sector, various levels of government, the academic world and armed forces.

CILTNA Board of Directors

- Gilles Legault
Chair
- Robert VanderClute
Vice Chair, U.S.A.
- Edmond Cuyllits
Executive Vice Chair
- Sam Barone
Treasurer
- Michael Paré
Secretary
- Hazem Ghonima
Chief Executive Officer
- Jean Patenaude

- Keith Penner
Past Chair
- George Adams
(Honorary)
- David Hinks
- Richard Lande
- Gilles Legault
- Thomas Maville
- Ed Courtemanch
- Chris Holloway
- Regional Chairs
- Don McKnight
(Québec)

- David Church
(Ottawa)
- Andrew Bowden
(Ontario)
- Jeffrey F. Moller
(Washington)
- James R. Patterson
(Vancouver)
- David Bibby
(Winnipeg)



