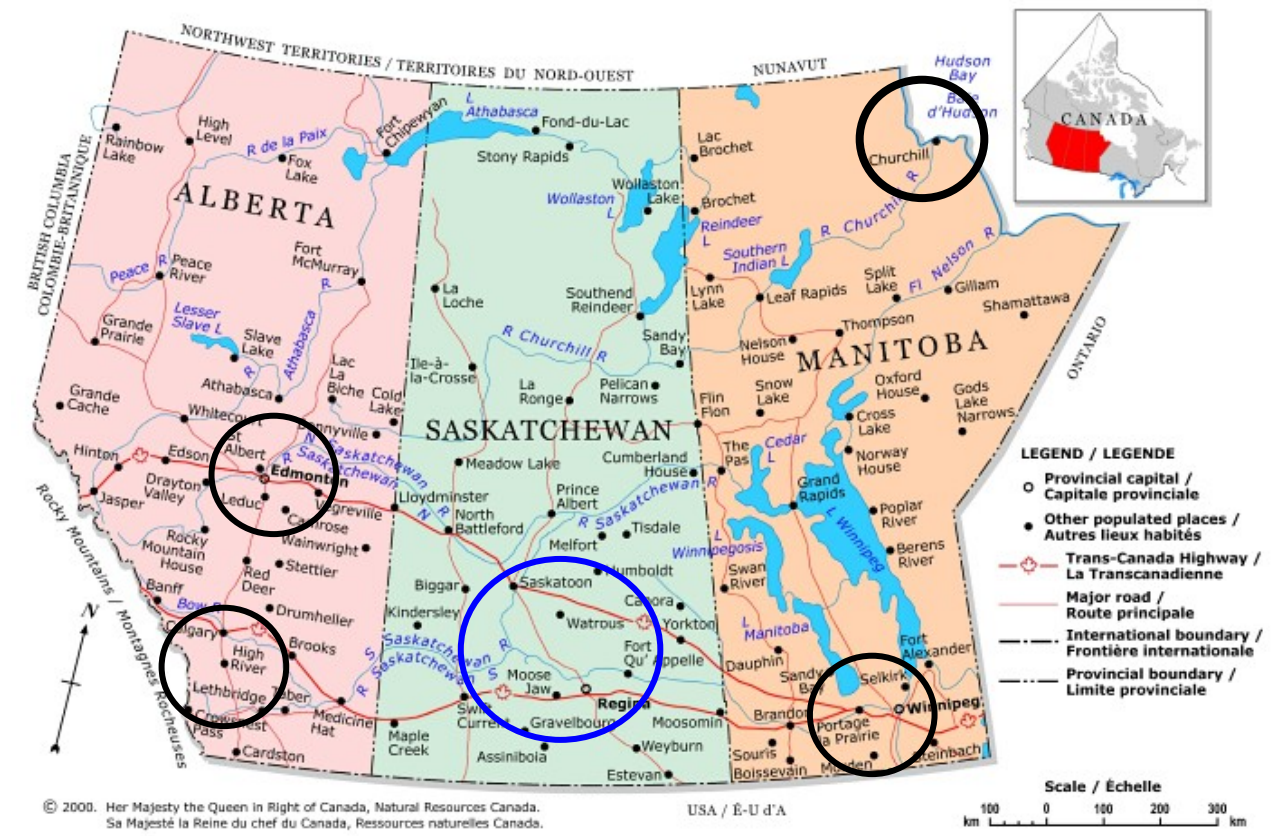


Prairie-to-Ports Gateway & Inland Port Project Overview



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Introduction

Globally, the trade and transportation infrastructure is in transition from a 19th century system of moving bulk commodities from warehouse to warehouse, to ship and then to more warehouses at destination. In stark comparison, the 21st century system transfers goods, in containers, from the point of manufacture directly to the end user in less time and at lower cost.

Wal-Mart, in particular, is leading the transition of the global transportation and logistics infrastructure through their efforts to continually drive down costs. All the big retailers are demanding predictable “just-in-time” delivery, which effectively eliminates the costs of many of the traditional warehouses, distribution centres and logistics agents along the supply chain.

The result has been to accelerate the transition towards a nimble and responsive global intermodal logistics system that is creating rapid, high traffic transportation corridors across oceans and continents, to quickly move products from the manufacturer directly to the consumer.

Ocean ports and ships have increased in both size and capacity in an effort to increase system efficiencies, reduce cost and transit time. Rail companies are converting to more long-hauls with fewer stops. More high-value products are moving by air every year. These changes in the scale of operations have created new pressure points and gaps along the transportation system.

From a global perspective, key pressure points are developing along the western coast of North America. Ocean ports are struggling to handle the rapidly increasing volumes of in-bound intermodal traffic, primarily from Asia. There is very little opportunity to expand the size of coastal port facilities due to environmental challenges and lack of available land.

From the Canadian prairie and U.S. great plain area perspective, as an export-based, rural economy, the region is being passed-over / eclipsed by a land transportation system focused on moving large volumes of “in-bound” consumer goods from western coastal ports to large urban centres in the Toronto and Montreal and into the U.S. distribution hubs of Minneapolis, Chicago and Memphis. This is the reversal of the national mandate, which was initially to design a transportation system for exporting products from the interior through the Great Lakes seaway system into Atlantic markets.

While the existing rail corridors cross the Canadian prairies on the CP and CN mainlines, there are no “off-ramps” where container traffic can easily stop for unloading and reloading with out-bound goods destined for export. This is creating a large market access gap for prairie exporters, many who are rural-based agrarian producers, light manufacturers and processors.

Like the Interstate highway system that criss-crosses the US mid-western states, these transportation corridors could be a tremendous benefit to prairie exporters, if there were “on” and “off” ramps. Currently, the intermodal transportation system is not working for Saskatchewan’s benefit, or the surrounding provinces and U.S. states, primarily because there is no commercially compelling reason to stop.

Part of the problem is that there is very little “in-bound” global container traffic destined for Saskatchewan and, consequently, very little access to the large number of containers required for moving our value-added products to export.

The Paradox

There is a system imbalance in Canadian container traffic flow. From a global perspective, twice as much product is “in-bound” into the Canadian west coast ports from Asia, as there is in “out-bound” exports. Most of the in-bound intermodal traffic crosses the prairies, two-thirds destined for the large eastern cities (Toronto / Montreal) and one-third destined to Chicago. As a result, approximately 50% of the containers returning to the west coast, destined for quick return to Asia, are empty.

The paradox is that the container traffic imbalance is the reverse in Saskatchewan, which is the centre of the Canadian prairie region. The question is how to match the volume of west-bound empties crossing the province on the rail corridors, with the rising demand for those empties to stop in Saskatchewan for export-destined value-added goods.

The answer is that a win-win solution must be identified. Otherwise there is little hope for the export-oriented economy of Saskatchewan and neighbouring provinces and U.S. states, which is shifting from a traditional bulk commodity exporter to a preferred high value, specialized global market.

The Prairie Solution

The search for the right solution included investigating and visiting the Kansas City Inland Port. The concept for the prairie solution is based partly on the success of the Kansas City Inland Port. It will be a continental hub that coordinates bulk and intermodal distribution centres across the prairie region, the nation and internationally. It will be based on the road, rail and air assets and networks within the region. The solution is to create a “prairie gateway” as a smart port in the centre of Saskatchewan.

Historically, Canada’s well-being was built on focussing attention to the east and now there is the growing Asia-Pacific traffic. There is an emerging link between the two coasts called CISCOR. CISCOR stands for the “Canadian Intelligent Super Corridor”, which is a national east-west transportation corridor from Vancouver and Prince Rupert to Montreal and Halifax. CISCOR connects with three major North American north-south corridors; North American SuperCorridor (NASCO), Canada American Mexico Corridor (CANAMEX) and River of Trade Corridor Coalition (ROTCC) as shown in Appendix A.

The Prairie-to-Ports Gateway & Inland Port is centred in the Tri-City¹ region of Moose Jaw, Regina and Saskatoon. It will serve similar functions as a coastal port including: receiving unit trains of marine containers via rail, security and custom clearance, transloading and other in-bound distribution functions. The Prairie-to-Ports Gateway & Inland Port will facilitate quick turn around of in-bound containers, re-stuffed with full loads of out-bound goods destined for the export market. This includes pre-custom clearance and marshalling the containers on unit trains to the coastal ports and directly on to ships. In addition, the

¹ The Prairie Gateway port services will be provided by the existing cluster of infrastructure and service assets within the tri-city region of Moose Jaw, Regina and Saskatoon.

Prairie-to-Ports Gateway & Inland Port will develop foreign trade zones [FTZ] to attract manufacturers and distributors that rely on imported component parts.

The immediate task is to verify the cost savings and efficiency gains in intermodal positioning at an inland port in central Saskatchewan. These gains must be relevant to all stakeholders in the supply chain and it must include seamless “off and on ramps” on to the continental super corridor systems that are running through the province.

This innovative solution is being developed by a group of industry leaders, economic development agencies and municipalities, working together for a solution that addresses the key pressure points and gaps in the intermodal system.

Some global transportation and logistics experts suggest the prairies are the right location for a large, northern, North American inland port and distribution center. This would complement similar initiatives such as the Kansas City Smart Port. This will become the “Prairie-to-Ports Gateway & Inland Port” initiative.

The Benefits

The primary benefits will be to reduce the pressure points of container turn around in the major ports, such as the Ports of Vancouver and Prince Rupert. Reducing the dwell time of a container at a coastal port saves money and effectively increases port throughput capacity at that port.

The benefits include reducing the coastal port congestion (a major pressure point), reducing the dwell time at port, facilitating a faster turn around, solving the imbalance of loaded vs. empty containers with high quality Canadian export products from the Canadian prairie and northern U.S. great plain region and to improve the reliability and predictability of intermodal movement across the continent.

Summary

Admittedly, a Prairie Gateway is a big, audacious idea for many people. Fortunately, the idea is gaining traction among key stakeholders across the North American transportation system, which has provided encouragement to the project leaders.

One of the key goals of this initiative is replicating the success of the Kansas City Smart Port concept. It is imperative that the Prairie-to-Ports Gateway & Inland Port supports and benefits emerging intermodal nodes of road, rail and air across the Canadian prairie and northern U.S. great plain region.

Prepared by:

Al Scholz, PAg, CAC
Executive Director
Saskatchewan Agrivision Corporation Inc.

For more information go to

www.prairiegateway.ca

Appendix A:

PRAIRIE-TO-PORTS GATEWAY & INLAND PORT

Part of the Canadian Intelligent Super Corridor [CISCOR]



Appendix B:

PRAIRIE-TO-PORTS GATEWAY & INLAND PORT

Part of the Great Plains International Corridor

