# Ensuring Canada's Export Readiness - A National Approach to Transport-Related Infrastructure

By: Kathleen Sullivan

Canada's economy is highly dependent on trade – with merchandise exports of $472 billion, trade represents more than 60 percent of Canada's annual gross domestic product and one in five jobs is directly linked to exports.

Canada has made trade a key economic priority. Since taking power, the federal Conservative government has concluded trade deals with 10 countries and is negotiating with a number of major economies including the EU, India, Japan, Morocco, and the countries of the Trans-Pacific Partnership.

In November 2013, the federal government reiterated its support for an ambitious trade agenda through its *Global Markets Action Plan* (the GMAP). Absent from the GMAP, however, was a discussion of how Canada will ensure it has the internal capacity and the domestic infrastructure, regulatory and financing support to take advantage of these trade opportunities.

Transport-related infrastructure, is particularly important in Canada's Export Readiness, as highlighted by recent disruptions and debate around national rail, port and pipeline service. This includes both the physical infrastructure assets as well as the regulatory environment that shapes the rules of their use. Efficient and effective transport-related infrastructure is essential to support Canada's current export activities and to remain competitive as Canada expands its exports in existing and new markets.

Studies have confirmed that infrastructure is an important determinant of trade performance. Poor infrastructure increases business costs through additional freight costs and time delays. A shortage of rail cars, weather delays, accidents, weak port infrastructure, line-ups at border crossings, and transportation-related labour actions can all add significant costs and uncertainty for exporters and reduce the competitiveness of exporting companies. Shipping issues can also impact the ability of companies to manufacture the products needed to expand their export business. In the manufacturing and extractive sectors, for example, businesses rely heavily on transportation to ensure they receive the equipment, manufacturing inputs, energy supply and, increasingly, labour that they need to manufacture their products and services.

While Canada's infrastructure rates compare well internationally, our competitiveness is slipping. In 2012 Canada ranked 12th on the *World Bank Quality of Trade and Transport-related Infrastructure Performance Index*, down from 10th place in 2010 and Canada ranked 13th on the *World Economic Forum's 2012-2013 Global Competitiveness Report Infrastructure Index*, down 7th place in 2009-2010.

Trade expansion will continue to test the limits of Canada's existing transportation systems. Canada will soon implement two new free trade agreements (Canada-Korea FTA and Canada-EU CETA) increasing pressure on interprovincial surface transportation systems and on marine and air infrastructure. As well, the Canadian government is in the midst of negotiating a number of additional free trade deals that could conclude in the next few years.

Given these pressures, the time is right to develop a National Approach to Canada's Transport-Related Infrastructure. Canada's Export Readiness – including the capacity of our transportation system - will decide whether Canadian exporters can take advantage of the new market opportunities that the federal and provincial governments are creating, or whether Canada will be left behind.

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