



2017

## Government of Canada Designation of Vancouver Island as a Foreign Trade Zone Point

*Preface – This position paper developed by VIEA working with a working group of Island industry and transportation stakeholders is to inform the reader of circumstances and opportunities associated with obtaining designation of Vancouver Island as a Foreign Trade Zone Point so as to more effectively market our region as a destination for international investment and to develop competitive advantage for exporting Island products. This designation and associated opportunities are available to all regions, communities and First Nations with no government policy or regulatory implications whatsoever. We invite you to review this document (and the complete FTZ-VI application if you desire more detail) and to consider signing your name and your organizations name in support of the perspective and of taking action to better position Vancouver Island to benefit in the global trade economy.*

*Thank you for your consideration.*

*Darrell Paysen, Chair  
VIEA Board of Directors*

Over the last two years, the Vancouver Island Economic Alliance has convened a working group including representatives from Nanaimo Port Authority, Port Alberni Port Authority, Nanaimo Airport, City of Port Alberni, Seaspans Ferries, and private enterprise to develop a plan to improve competitiveness and facilitate expansion of export activity on Vancouver Island. Commitment to achieve FTZ-VI designation for Vancouver Island has emerged as part of this broader initiative.

Foreign Trade Zone designation for Vancouver Island (FTZ-VI) follows a natural progression of priority projects championed by VIEA on behalf of stakeholders Island-wide to mature and diversify a sustainable Island economy. The Economic Alliance is and has been working to help increase competitiveness for advanced manufacturers; improve retention of graduating college and university students; increase production volumes and distribution of Island-made products; develop and promote business cases for value-added wood manufacturing; enhance connectivity and utilization within the Island's intermodal transportation system; facilitate aboriginal and non-aboriginal business partnerships; amongst other initiatives.

The Vancouver Island Economic Alliance (VIEA) is unique in British Columbia as the only non-government, non-profit registered society with the singular mandate to facilitate vitality and sustainability of an entire regional economy.

VIEA consistently engages private sector stakeholders in projects designed to improve the economic climate on Vancouver Island. The very idea of applying for FTZ-VI designation came from a session at the 2015 'State of the Island' Economic Summit focused on improving competitiveness for Island advanced manufacturers.

Priorities at the local government level are focused on attracting family-sustaining jobs by bolstering, diversifying and modernizing traditional Island industries while attracting new enterprises to occupy a significant inventory of under-utilized commercial/industrial lands. For instance, the Cities of Nanaimo, Campbell River and Port Alberni along with the Cowichan Valley Regional District have priorities to develop wood manufacturing business clusters and have made financial contributions to VIEA's Wood Industries Initiative to develop business cases for new manufacturing opportunities. Foreign trade is critical to achieving success in this and other priority areas because cost-effective access to markets is an essential component in industrial business planning.

The social benefits alone of increasing export productivity and thereby creating a range of family-supporting jobs are aligned with local government priorities. Increasing employment opportunities can spur increased access to skills training, and a higher workforce participation rate.

Another factor in support of this regional approach is our observation that a more broadly distributed workforce creates more opportunity for business. A challenge that has now become epidemic is the cost of housing in major centres. The more industry is concentrated in these centres, the harder it becomes to attract qualified personnel from other regions when they look at housing prices.

Changes in resources industries on Vancouver Island have led to a land use gap. Our proposed FTZ-VI is part of our response to this change—to repurpose our industrial landscape to be more global in function. Major centres such as Vancouver, and even Victoria now, are experiencing something of an industrial land crisis. Property values especially for waterfront, have become so valuable for residential development that industry is being squeezed out. Realizing potential for industrial expansion in communities throughout the Island can alleviate some of this stress while dramatically increasing the GDP of Vancouver Island.

Another part of this reasoning is that existing Island-based exporters, available land to support growth, and the intermodal transportation network serving their needs are disbursed throughout multiple Island communities that alone, could neither justify nor afford development of a Foreign Trade Zone. FTZ-VI will provide a vehicle to enhance Vancouver Island export potential encompassing the interests of this entire network of industry and community.

The Vancouver Island economy has been transitioning from being dominated by primary resource industries (especially logs, lumber, pulp and minerals) to a diversified base which includes these primary industries along with technical innovation and manufacturing. All along the Island's coast are under-utilized industrial lands with deep water access—a result of decades of resources export activity. Deep water access to industrial land exists up and down the coast of Vancouver Island in almost every community—Mill Bay, Chemainus, Crofton, Ladysmith, Campbell River, Sayward, Port McNeill, Port Alice, Port Hardy, etc. Of particular significance is the fact that two of Canada's 18 Port Authorities operate on Vancouver Island—both with bold strategies for optimizing their deep water potential and building out their industrial lands.

Vancouver Island also boasts several airports (Victoria, Nanaimo, Comox, Port Alberni and Campbell River) with developable industrial land and cargo capacity. The Port Alberni Airport, for instance, was recently upgraded to support expansion of the Coulson Group and its international firefighting aircraft business.

VIEA is working to support industrial growth throughout Vancouver Island and FTZ-VI will be positioned to support the import/export activity essential to such growth.

We think it is important to note that growth trends on Vancouver Island are unlikely to remain geographically static. Industrial decentralization is part of the growth trend largely due to rising property values. This broadens opportunity for rural industrial development that is consistent with land use practices.

Interestingly, this significant, decentralized inventory of commercial/ industrial land combined with the issue of housing affordability that influences the availability of skilled labour, gives further credence to our proposal for a FTZ-VI. Our regional infrastructure is in position to support growth throughout the region in ways that are not and could not be feasible in the confined geography of a single municipality.

Not only does Vancouver Island have access to a multimodal transportation system, the system stakeholders are committed to a vision to strengthen the economy by continuing to improve connections; working for efficiencies to reduce greenhouse gas emissions; help solve waterway and roadway congestion; and support growth in advanced manufacturing to realize the Island's export potential.

CN Rail is bullish on growing cargo volume to and from Vancouver Island on its rail line that terminates on the Fraser River and serves all of North America. Seaspan Ferries is heavily invested in its short-sea container services connecting Island communities directly with rail, trucking and warehousing along the Fraser River.

FTZ-VI will feature the combined capacity of public and private facilities and established value chains served by numerous commercial transportation providers—all linked to the rest of North America and overseas. From domestic and international air passenger and cargo service capacity at our several airports to our short-sea and over-sea bulk and container freight capacity with direct ties to rail and road transport, Vancouver Island has ability to exponentially grow product volumes and GDP with no requirement for infrastructure expansion on the foreseeable horizon.

A successful Foreign Trade Zone on Vancouver Island will not only optimize the existing capacity of our extensive transportation infrastructure, but will further serve to justify any future expansion of the Island's intermodal capacity.

The proximity of the Island to the west coast of North, Central and South America is particularly relevant. The Island represents a perfect staging ground for goods bound for the west coast of the Americas and beyond. Vancouver Island has the opportunity to leverage its past as an exporter of natural resources and the associated infrastructure. Natural and protected deep water ports and hectares of developed seaport and airport infrastructure significantly reduce the capital cost of new ventures.

The world is full of highly successful island economies.

Vancouver Island promises to be the next bright spot in a rapidly changing global economy—an active participant in Canada's Global Markets Action Plan.

*I endorse and support the views contained in VIEA's position expressed broadly in its Position Paper and Application to have the Government of Canada designate Vancouver Island as a Foreign Trade Zone Point so as to effectively market Vancouver Island to attract foreign investment and to increase potential for Island-made products to find export markets.*

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