



Marine Outlook

Highlights of the Marine Industry

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PORTS OF QUÉBEC

2010 REVIEW

In 2010, the major Ports of the Québec Region handled a total of 118.1 million tonnes (Mt), for an 11 % increase over 2009 (see table on the following page), although 11 % less than the 128.4 Mt of 2008. This being said, marine traffic in Québec is clearly picking up, as does the global economy.

Increase in Tonnage Handled

At the Port of Montreal, tonnage increased by 6 %. The three key drivers of this growth were containerized cargo, iron ore and petroleum products. Elsewhere on the St-Lawrence, tonnage increased at all ports specializing in the transshipment of minerals and metals (iron, ilmenite, bauxite, alumina, aluminum, nickel). This is primarily the case for the ports of Sept-Îles (+ 26 %), Port-Saguenay (+ 31 %), Havre-Saint-Pierre (+ 25 %), Baie-Comeau (+ 19 %), Sorel-Tracy (+ 16 %), Trois-Rivières (+ 16 %), Québec (+ 11 %) and Port-Alfred (+ 4 %). Strong demand from China for raw materials

explains this high tonnage growth for a large part.

Increase in Marine Shipping

Despite this increase in tonnage handled in Québec's ports, marine traffic growth was moderate, 5 % higher than last year's.

Fragile World Economic Recovery

The world's economic recovery remains fragile. In developed economies, consumer confidence, responsible for part of the global demand, is slow steadying given high unemployment rates and household debt. Also, public finance in Greece, Ireland and Portugal remain a concern in spite of the salvage plans put forward by the IMF and the European Union.

Fortunately, U.S. exports took off again in 2010. This is good news for the world's economy. In addition, China still remains one of the very few drivers on which global economy can rely, because of the Chinese's strong demand for raw materials.¹ The North-Shore mining sector places on the front row to meet such demand and will greatly contribute to an increase in marine shipping on the St-Lawrence over the coming years.

¹ Hall, Peter G., « Reprieve from the Relapse », [Export Development Canada](#), January 27, 2011.



2010f REVIEW

Estimation & Comparison of Handled Tonnage/ Marine Traffic in Québec's Major Ports
2010p and 2009

PORTS	Handled Tonnage (tons)			Traffic (Number of vessels in transit)		
	2010p Jan.-Dec.	2009 Jan.-Dec.	Variation ² 2010p/2009	2010p Jan.-Dec.	2009 Jan.-Dec.	Variation 2010p/2009
1. Montréal	25,9 Mt	24,5 Mt	+ 6 %	1 221	1 241	- 2 %
2. Sept-Îles	25,1 Mt	19,8 Mt	+ 26 %	562	487	+ 15 %
3. Québec	24,5 Mt	22,1 Mt	+ 11 %	1 172	1 206	- 3 %
4. Port-Cartier	17,9 Mt	18,3 Mt	- 2 %	392	340	+ 15 %
5. Sorel-Tracy	6 Mt	5,2 Mt	+ 16 %	300	259	+ 16 %
6. Baie-Comeau ³	5,4 Mt	4,5 Mt	+ 19 %	249	235	+ 6 %
7. Port-Alfred	4,5 Mt	4,4 Mt	+ 4 %	118	123	- 4 %
8. Trois-Rivières	2,9 Mt	2,5 Mt	+ 16 %	216	161	+ 34 %
9. Havre-St-Pierre	2,4 Mt	1,9 Mt	+ 25 %	86	91	- 5 %
10. Bécancour	1,6 Mt	1,7 Mt	- 5 %	167	130	+ 28 %
11. Valleyfield	410 kt	421 kt	- 3 %	98	92	+ 7 %
12. Port-Saguenay	384 kt	292 kt	+ 31 %	73	69	+ 6 %
13. Rimouski	348 kt	307 kt	+ 13 %	81	81	---
14. Gaspé	329 kt	433 kt	- 24 %	36	43	- 16 %
15. Matane ³	214 kt	99 kt	+ 117 %	37	23	+ 61 %
16. Gros-Cacouna	137 kt	174 kt	- 21 %	39	50	- 22 %
17. Chandler	5 kt	4 kt	+ 21 %	13	17	- 24 %
TOTAL	118,1 Mt	106,6 Mt	+ 11 %	4 885	4 670	+ 5 %

Sources: Port Authorities and Transport Canada.

Compiled by: Regional Policy and Economics Branch, Fisheries & Oceans Canada, Québec Region.

M : millions; k : thousands

p : preliminary

² Tonnage variation is computed using non-rounded-off handled tonnage data.

³ This data does not include tonnage transiting through the ports of Baie-Comeau and Matane via the *Georges-Alexandre-Lebel* rail-ferry.

Montreal

Increase in Tonnage Handled

After the downturn of the previous year, 2010 was marked by a recovery of shipping at the Port of Montreal. Container traffic alone went up 6.2 % in volume and 6.1 % for the number of containers handled. Overall traffic for the port increased by 6 %, but yet 12 % below 2008 figures which was when the port reported its best performance of the last 25 years.⁴

To take full advantage of the global economic recovery, the Port of Montreal invested some 38 M\$ in various projects throughout the year:

- Implementation of the new truck entry gate and 27 control stations;
- Extension of a section of the Cast Terminal to accommodate simultaneously two containerships of more than 270 metres;
- Addition of tracks to the port's railway network;
- In 2011, the Port will complete studies on expansion of the Contrecoeur container terminal.⁵

Sept-Îles

Record Year

The exceptional year-end results of the Port of Sept-Îles and the fact that Consolidated Thompson Iron Mines shipped its first-ever tons of iron to Asia last July is more than just coincidental. At La Relance Terminal, where the main user is Aluminerie Alouette, the ferry-rail service between Sept-Îles and Matane handled nearly 100,000 tons, a sharp 85 % increase. More than 60 % of Port of Sept-Îles exports are to Asian ports.⁶

⁴ « Invest in Efficiency », [Port of Montréal - Port Info](#), winter 2010-2011.

⁵ Ibid

⁶ Lévesque, Fanny, « Le port fracasse des records vieux de 30 ans », [Journal Le Nord-Côtier](#), February 2011.

2010 was also remarkable for investments as 70 M\$ were injected in the Port's development. This work aimed essentially at optimizing La Relance Pointe-Noire terminals and the launching of the cruise ship wharf.⁷

Port-Cartier

Major Expansion of ArcelorMittal Mines Canada

ArcelorMittal plans on producing 24 Mt of iron in 2014, an increase of 10 Mt. The company will build a new pellet plant in Port-Cartier that will produce 8 Mt of iron pellets. The actual plant will also increase its production by one million tons.

In addition, the storage site will be modified and a new storage area built for concentrate and iron pellet. The railway network will also be upgraded. Since it will take 400 mineral-carriers to carry these additional 24 Mt of iron, the mining company also plans on building a deepwater section and a new transshipment loader. Enlargement work will begin in May 2012 for first production in 2014.⁸

Baie-Comeau

Increase in Shipments via Georges-Alexandre-Lebel Rail-Ferry

After a few tough years due to the forestry crisis, La Société du port ferroviaire de Baie-Comeau (SOPOR) returned to growth in 2010. Some 535,000 tons of goods transited the Port via the *Georges-Alexandre-Lebel*, an increase of 13 % over the previous year. Lumber and newsprint exports picked-up again at the Port of Baie-Comeau after several years of decline due to the forestry crisis and global recession. The rail-ferry made 290 round trips, nearly 50 more than in 2009.⁹

⁷ Ibid

⁸ « Port-Cartier – ArcelorMittal voit grand », [Radio-Canada Web Site](#), January 31, 2011.

⁹ « Rapports des tonnages manutentionnés sur le traversier-rail *Georges-Alexandre-Lebel* », [SOPOR & COGEMA](#), 2009 & 2010;

Havre-Saint-Pierre

Rio Tinto Fer et Titane Optimizes Production of Ilmenite

In 2010, Havre-St-Pierre's Rio Tinto Fer et Titane started a feasibility study on the optimization of its actual production. The mining company is currently reviewing its working methods with a view to extending the life cycle of its Tio mine located near Havre-St-Pierre. The mine is the site of the world's largest ilmenite deposit with a huge exploitation potential due to its exceptional size and quality.¹⁰

Trois-Rivières

Continuation of the *On Course Strategic Plan for 2020*

There was a marked increase in traffic and tonnage at the Port of Trois-Rivières in 2010 over 2009. The continuation of the *On Course Strategic Plan for 2020* will allow the Authority to maintain harbour activity growth in Trois-Rivières. The Plan aims at increasing the harbour's storage and handling capacity by 2020, including the following projects:

- Establishment of harbour limits and construction of new road accesses;
- Addition of indoor and outdoor merchandise storage areas;
- Implementation of a new merchandise loading system;
- Addition of rail tracks to facilitate direct merchandise, equipment and special cargo transshipments from railway cars to ships and vice-versa.¹¹

Gagné, Myriam, « SOPOR remonte la pente », », *Le Nord-Côtier Économique*, February 2011.

¹⁰ Lévesque, Fanny, « Rio Tinto Fer et Titane lorgne la maximisation de sa mine », *Le Nord-Côtier Économique*, April 2010.

¹¹ « The Port of Trois-Rivières has reached its highest level of traffic in 25 years », Press release, *Port of Trois-Rivières*, January 4, 2011.

Port Saguenay

Expansion Projects at Port Saguenay

Engineering and environmental studies for the Railway Connectivity Project have been completed. Construction of the railway between the Grande-Anse marine terminal facilities and the Quebec provincial railway network will begin in the near future for roll-off planned by 2013.

In addition, last October the Government of Canada announced a 4.7 M\$ investment in the development of land for the Intermodal Marine-Industrial Park Project. This investment is in response to the expectations of marine carriers using the Port of Saguenay.¹²

Valleyfield

New Harbour Investments

The Valleyfield Municipal Harbour is expanding. Harbour Authority plans on building a new wharf for an investment of 35 M\$. With this ninth wharf, more ships and additional tonnage will be handled at the port.

The *Lake Superior Grains* company recently announced a 7 M\$ investment to accommodate regional grain harvesters production. Construction of silos and conveyors, but mainly barge receiving areas, will begin this spring to be completed by fall.¹³

SEAWAY

Seaway Traffic Increases in 2010

In 2010, the volume of goods shipped via the Seaway totalled 35.5 Mt, up 15 % from last year. Iron ore shipments increased 35 % over 2009, and cereals 10 %. General freight, primarily iron, steel and special cargo such as windmill components, was up 63 %. Recovery

¹² Villeneuve, Denis, « Une hausse de 31,5 % pour Port Saguenay », *Progrès-Dimanche*, January 2, 2011.

¹³ Champagne, Stéphane, « Nouveaux investissements au port de Valleyfield », *La Presse*, October 29, 2010.

of the manufacturing sector, primarily the auto industry, explains this increase in iron ore shipments for 2010.¹⁴

2010 was an excellent year for the Seaway. The Government of Canada's decision to repeal the 25 % duty on imported vessels has ushered in a new era of fleet renewal. Domestic marine carriers are gearing up to renew parts of their fleets. With a 100 % inspection rate concerning ocean vessels entering the Seaway, ballast water management has been advanced yet again in 2010. No new species attributable to ballast water carried by ocean vessels have been detected since 2006.¹⁵

WORLD MARITIME SHIPPING

Global Economic Growth in 2011

Financial institutions and international economic agencies are unanimous: the world's economic recession is over. The International Monetary Fund (IMF), the Organization of Economic Cooperation and Development (OECD), the National Bank and Mouvement Desjardins, to name a few, predict a growth in major world economies over the next two years.

2011 & 2012 Economic Forecast for Major World Economies

% of GDP Growth

	IMF		OECD		Nat. B.		M. Desj.	
	2011	2012	2011	2012	2011	2012	2011	2012
Canada	2,7	n/a	2,3	3,0	2,3	2,5	2,3	2,7
U.-S.	2,3	n/a	2,2	3,1	3,0	3,3	2,4	2,8
Japan	1,5	n/a	1,7	1,3	1,4	2,0	1,1	2,0
Euro-pe	1,5	n/a	1,7	2,0	1,5	1,5	1,5	1,6
Russia	4,3	n/a	4,2	4,5	3,9	4,2	4,3	4,8
India	8,4	n/a	8,2	8,5	9,0	8,0	8,3	8,4
China	9,6	n/a	9,7	9,7	8,5	7,8	8,9	8,9

Sources: IMF, OECD, National Bank and Mouvement Desjardins.

The United States, our major trade partner, should see its GDP increase by 2 % over 2011 and 2012 as well. As a whole, the European Union will also show a growth of its GDP, although slightly less vigorous than the U.S. In Asia, China remains the key driver of the continent's recovery with an anticipated growth of 9 % and more in 2010 and 9 % in 2011. India will follow close with a projected growth of over 8 % and Russia with 4 %.

World Shipping Trade Recovery

Following a significant downturn during the global economic recession, global shipping has resumed its cruising speed. In 2009, container shipping dropped back 10.3 %. There are now

¹⁴ «Monthly Seaway Traffic Results – 31 December 2010», [Great Lakes St-Lawrence Seaway System](#).

¹⁵ «Seaway Tonnage Rebounds in 2010», [Great Lakes St-Lawrence Seaway System](#) January 3, 2011.

good signs of trade recovery as enterprises export and import more goods. IMF predicts the global growth of traded goods and services will reach 11 % in 2011. A significant part of this trade will be by sea. HSBC Global Research predicts that bulk or container sea shipping will increase by 12 % and 6 % respectively next year.¹⁶

MARITIME SHIPPING IN CANADA

Port of Vancouver Containerized Goods Increase

Vancouver Port Metro, known as the most important Canadian port for container goods and Pacific Gateway, achieved a cargo volume of 118.4 Mt in 2010, 18 % higher than 2009. Some 2.5 million TEUs (twenty-foot equivalent unit containers) were handled, up 17 % from 2009.¹⁷

This tonnage increase at the Port of Vancouver is a direct result of the Asian shipping trade recovery. As a reminder, Canada's raw materials are shipped to China to be processed and shipped back in the form of various consumer goods. In a context where North-Americans are back in business, imports and exports at the Port of Vancouver react similarly.

ENVIRONMENT

2010, Warmest Year in Canada

2010 was Canada's warmest year since 1948 when it first started making national surveys. According to Environment Canada, the average temperature went up 3 degrees Celsius above Canadian average last year.

The Arctic is where warming was most keenly felt. The Arctic, stretching over Northern

Québec and the North-West Territories, as well as part of Baffin Island, saw its average temperature rise by at least 4 degrees Celsius, enough to melt a little more the Arctic ice cap. In Québec, the difference in temperature was at least 1.5 degrees Celsius higher in the South and 4 degrees Celsius in Nunavik.

Environment Canada reports that four of the last ten warmest years were in the last decade. Scientists say the exceptionally warm temperature in the Great-North is due to an inversion of the Arctic Oscillation, the same phenomenon that triggered the unusual cold temperatures in Europe lately.¹⁸

COMMODITIES

Iron Ore

Iron Ore Production Increases

Quebec iron ore shipments to China have more than tripled over the last ten years. This is a good sign of a strong growth for the years ahead.

Consolidated Thompson is already extracting 8 Mt of ore each year from its Lake Bloom mine and is expecting to double their production by 2012. Cliffs Mines Wabush on its part, still has plans to invest 100 M\$ on optimizing its mine to 2030. The Wabush mine produces an average 4 Mt of iron ore annually.¹⁹

Aluminium

Quebec's Aluminium Production On The Rise

Global demand for aluminium increases as it follows the pace of the world's economic climate. Rio Tinto Alcan has recently announced the implementation of the Complexe Jonquière AP60 Project, modernizing of the

¹⁶ Normand, François, « Le transport maritime se remet à flot », *Les Affaires*, November 6-12, 2010.

¹⁷ Port Metro Vancouver, *Cargo Statistics Report*, January 26, 2011

¹⁸ Côté, Charles, « 2010, l'année la plus chaude au Canada », *La Presse*, January 12, 2011.

¹⁹ Lévesque, Fanny, « Accord de 4,9 milliards \$ », *Le Soleil*, January 13, 2011.

Grande-Baie Plant as well as modernizing work at its Vaudreuil Aluminium Plant.²⁰

Alcoa, on its part, will modernize its Baie-Comeau Plant and upgrade its harbour facilities. Concretely, Alcoa will build a fourth wharf and refurbish the other three as well as increase production at Deschambeault and Bécancour.²¹

First-Ever Tonne of Quebec Alumina

Exploration Orbite will soon begin operating its Cap-Chart aluminous clay processing plant. For the first phase, the objective is to produce the first tonne of alumina. Afterwards, if the operation turns out to be successful, Exploration Orbite intends to build a plant that would process daily 500 tonnes of aluminous clay extracted near Grande-Vallée. The company reached an agreement with Aluminerie Alouette of Sept-Îles to also use the Gaspesian alumina.²²

FERRIES

Winter Ferry Maintained in Les Îles-de-la-Madeleine

For the next four years, the Government of Canada will finance the ferry service between Souris, PEI and Cap-aux-Meules, IDM, Québec. This decision follows the pilot project conducted over the last two years. In 2010, 4,684 people, 1,618 cars and 430 trucks used the ferry, up 59 %, 52 % and 13 % respectively over 2009.²³

²⁰ Saint-Gelais, François, « De grands espoirs », Le Quotidien, January 5, 2011.

²¹ Baril, Hélène, « Alcoa redresse la tête – Des résultats encourageants attendus lundi », La Presse, January 8, 2011.

²² « Exploration Orbite – Début des opérations à l'usine de Cap-Chat », Site Web de Radio-Canada, February 2, 2011

²³ Gagné, Gilles, « Un traversier à l'année », Le Soleil, February 12, 2011.

COMMENTS

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