



# Marine Outlook

Highlights of the Marine Industry

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## PORTS OF QUEBEC

### REVIEW OF THE FIRST-HALF OF 2011

The 2010 results for tonnage worked by Quebec's ports showed marine traffic clearly picking up (an 11 % increase over 2009) alongside the global economy. However, 2011 first-half results showed traffic on the St. Lawrence increasing at a lower rate.

#### Slight increase in worked tonnage

From January to June 2011, the tonnage worked in Quebec's main ports totalled 52.9 Mt, up 4 % from the same period in 2010 (see table on next page). This shows a slower growth rate in maritime traffic. The increase in cargo tonnages handled in the first half of 2010 was 10 % higher than in the increase observed for the same period in 2009.

At the Port of Montreal, tonnage increased by 12 % due primarily to a 56 % increase in petroleum product transshipments. Containerized cargo rose by only 2 %. Tonnage increased by 17 % at the Port of Québec due to a 27 %

upturn in liquid bulk. Elsewhere on the St. Lawrence, tonnage decreased in virtually all ports specializing in ore and metal shipping, in particular Sept-Îles (-3 %), Port-Cartier (-36 %), Sorel-Tracy (-9 %) and Baie-Comeau (-0.2 %).

This slight upturn in tonnage in Quebec ports generated a 8 % increase in the volume of maritime traffic in the first half of 2011.

#### Global economic slowdown

The global economy is showing signs of a slowdown (see *Global economic slowdown returns*, p.6), which could affect maritime traffic worldwide. Some even see another world recession on the horizon.

A number of factors are making financial markets and investors nervous, including Japan's poor economic indicators, concerns about the solvency of European banks, the sinking euro, the high debt levels of some EU member countries and the slow rise in US consumer confidence. Canada has not been spared. Gross domestic product (GDP) shrank 0.4 % in the second quarter due to lower exports. This was the Canadian economy's first contraction after seven consecutive quarters of growth since late 2009, when the country began to come out of the recession.<sup>1</sup> Fortunately, China is still one of the few economic engines supporting Canadian exports.

<sup>1</sup> "Le PIB recule de 0,4 % au Canada, Jim Flaherty se veut rassurant," [Radio-Canada Website](#), August 31, 2011



## REVIEW OF THE FIRST HALF OF 2011p

### Estimate and comparison of tonnage and maritime traffic in Quebec's principal ports in the first half of 2011p and 2010

PORTS	Handled tonnage (tons)			Traffic (number of vessels in transit)		
	2011p Jan-June	2010 Jan-June	Variation <sup>2</sup> 2011p/2010	2011p Jan-June	2010 Jan-June	Variation 2011p/2010
1. Montreal	13.8 Mt	12.3 Mt	+ 12 %	637	542	+ 18 %
2. Québec	11.4 Mt	9.8 Mt	+ 17 %	524	433	+ 21 %
3. Sept-Îles	10.6 Mt	11 Mt	- 3 %	224	266	- 16 %
4. Port-Cartier	7.5 Mt	8 Mt	- 5 %	168	156	+ 8 %
5. Port-Alfred	2.24 Mt	2.17 Mt	+ 3 %	63	57	+ 11 %
6. Baie-Comeau <sup>3</sup>	2 Mt	2.1 Mt	- 0,2 %	114	106	+ 8 %
7. Sorel-Tracy	1.8 Mt	2 Mt	- 9 %	98	106	- 8 %
8. Trois-Rivières	1.4 Mt	1 Mt	+ 40 %	150	121	+ 25 %
9. Bécancour	845 kt	644 kt	+ 31 %	58	61	- 5 %
10. Havre-St-Pierre	759 kt	1.3 Mt	- 36 %	30	48	- 21 %
11. Rimouski	149 kt	168 kt	- 11 %	35	36	- 3 %
12. Valleyfield	148 kt	144 kt	+ 2 %	29	26	+ 12 %
13. Port-Saguenay	130 kt	148 kt	- 12 %	25	23	+ 9 %
14. Matane <sup>3</sup>	67 kt	94 kt	- 30 %	16	13	+ 23 %
15. Gros-Cacouna	48 kt	51 kt	- 6 %	11	16	- 31 %
16. Gaspé	45 kt	123 kt	- 63 %	11	15	- 27 %
17. Chandler	---	0.04 kt	N.A.	---	2	N.A.
18. Pointe-au-Pic	---	61 kt	N.A.	---	13	N.A.
<b>TOTAL</b>	<b>52.9 Mt</b>	<b>51.1 Mt</b>	<b>+ 4 %</b>	<b>2 193</b>	<b>2 027</b>	<b>+ 8 %</b>

**Sources:** Port Authorities and Transport Canada.

**Compilation:** Regional Policy and the Economics Branch, Fisheries and Oceans Canada, Québec Region..

**M:** millions; **k:** thousands

**p:** preliminary

<sup>2</sup> Variations in tonnage are calculated from unrounded worked tonnage data.

<sup>3</sup> These data do not include tonnage shipping through Baie-Comeau and Matane via the *Georges-Alexandre-Lebel* rail ferry.

## Montreal

### Expansion at the Port of Montreal

The Port of Montreal invested \$41.2 million in its port infrastructures in 2010. Three major projects were launched: wharf extension at the CAST terminal, increase of the port's electrical grid capacity and construction of a shared truck entry gate. These projects are designed to improve the port's transportation supply chain to enable it to remain North America's preferred maritime gateway.<sup>4</sup>

The Montreal Port Authority says the port is well-placed to benefit from the Panama Canal's expansion. By 2014, Central America's famed canal will have doubled its capacity and be able to grant passage to bigger vessels from Asia on their way to transshipment centres in the Caribbean. The Montreal Port Authority is hoping to see some of these vessels dock in Montreal. However, the port will have to invest in new infrastructures to meet the expected growth in container traffic.<sup>5</sup>

Recent investments by the port and its clients will boost the port's maximum annual capacity from 1.6 to 2 million containers by 2016. The port is already planning to increase its annual container transshipment capacity to 3 million. Some areas currently reserved for other types of cargo will undergo land-use changes this spring to handle more containers. Port expansion is expected to continue to the Contrecoeur port facilities on the opposite side of the St. Lawrence.<sup>6</sup>

## Sept-Îles

### Significant increase expected in tonnage

The Port of Sept-Îles posted the best performance in its history in 2010, handling 25.1 Mt, a 27 % increase over 2009. The

<sup>4</sup> "La reprise des trafics contribue à la croissance en 2010," Montreal Port Authority, May 26, 2011.

<sup>5</sup> Tison, Marie "Le port de Montréal envisage une expansion," La Presse, February 16, 2011.

<sup>6</sup> Ibid

number of vessels in transit also shot up by 15 %. And this is just the beginning, since the port is about to experience unprecedented development. Six new mining companies are expected to start their shipments at the Port of Sept-Îles within the next 10 years. Optimistic projections indicate that tonnage handled at the port could reach 100 Mt in 2020.<sup>7</sup>

In the short term, New Millennium Capital Corporation plans to extract 4 Mt of iron ore from the DSO (Direct Shipping Ore) deposit next year. The company is also working the Taconite project, which could produce 22 Mt by 2016. Consolidated Thompson Iron Mines extracts 8 Mt of ore annually from its Bloom Lake mine and expects to double production by 2012.<sup>8</sup>

The port is not relying entirely on mining companies to increase its business volume. The upcoming launch of Alouette's third phase will make it the aluminum industry's leading port terminal in the Americas. Aluminum production will increase from 575,000 to 900,000 t by the end of the third expansion phase.<sup>9</sup>

In addition to these projects, the Société générale de financement du Québec would like to see an apatite mine operation near Sept-Îles. The Russian steel mill Severstal and its partner, Iron Mineral Beneficiation Services, plan to build a high-grade iron ore pelletizing plant in the Pointe-Noire area.

## Québec

### Investment projects

The Québec Port Authority wants to take advantage of the *Plan Nord* and strong world demand for raw materials to position itself as a leader in mineral ore exports to emerging countries. The Port of Québec is fully equipped to take on this role, due to the proximity of the

<sup>7</sup> Lévesque, Fanny, "Port de Sept-Îles – Meilleure année en 30 ans," Le Soleil, June 18, 2011.

<sup>8</sup> Ibid

<sup>9</sup> Ibid

railway network and deep-water wharfs that can accommodate large vessels.<sup>10</sup>

However, despite significant investments in recent years to modernize equipment and terminals, the port estimates that over \$150 million will have to be injected to improve the effectiveness of some of its infrastructures. Among the Port of Québec's projects are:

- construction of a liquid bulk wharf, a project tied to investments by liquid bulk terminal operators in Beauport;
- redevelopment of storage areas and installation of new equipment to handle dry bulk cargo;
- construction of a wharf line east of Beauport;
- construction of a foodstuff storage hangar at the Bunge of Canada terminal;
- redevelopment of the Louise Basin and surrounding area in conjunction with Quebec City and the Commission de la capitale nationale du Québec.<sup>11</sup>

## Port-Cartier

### Increase in iron ore production by 2013

ArcelorMittal Mines Canada will increase its annual production of iron ore concentrate at the Mont-Wright mine from 14 to 24 Mt by 2013. This higher volume will require construction of a second pelletizing plant in Port-Cartier, increasing iron pellet production from 9.2 to 18.5 Mt per year.<sup>12</sup>

<sup>10</sup> "Le port de Québec veut sa part du Plan Nord," *Le Devoir*, June 14, 2011.

<sup>11</sup> "Projets, défis et croissance au port de Québec," Press release, *Quebec Port Authority*, June 13, 2011.

<sup>12</sup> Lévesque, Fanny, "Investissements de 2,1 milliards \$ - Le projet d'expansion d'ArcelorMittal prend forme," *Journal Le Nord-Côtier*, May 25, 2011.

## Baie-Comeau

### Modernization of Alcoa aluminum smelter

The Alcoa aluminum smelter will be modernizing its Baie-Comeau plant, and expanding and upgrading its port facilities. Specifically, it will build a fourth wharf and make repairs to the other three. The multinational plans to increase its production capacity from 438,000 to 548,000 t by 2015.<sup>13</sup>

## Havre-Saint-Pierre

### Increase in ilmenite production in Minganie

The Anglo-Australian mining giant Rio Tinto will invest \$800 million in its Quebec facilities over the next five years—\$200 million at Havre-Saint-Pierre and \$600 million at Sorel-Tracy. These investments will extend the life span of the Lake Tio ilmenite mine (iron ore and titanium) in Minganie to 2050 in order to meet growing world demand. Rio Tinto will continue to upgrade its equipment and systems to enhance productivity at its Sorel-Tracy metallurgical complex. Rio Tinto also plans to rebuild and double the capacity of its wharf at Havre-Saint-Pierre. These investments are directly related to the Plan Nord, a major social, environmental and economic development project for Northern Quebec announced by the Quebec government in May.<sup>14</sup>

The Lake Tio mine is the site of the world's largest ilmenite deposits, whose exceptional size and quality offer tremendous development potential. Rio Tinto Iron and Titanium extracts 3 Mt of ilmenite annually, loads it at its port facilities in Havre-Saint-Pierre and ships it by river to Sorel-Tracy, where the ore is unloaded and processed in the metallurgical complex before being rerouted.

<sup>13</sup> Baril, Hélène, "Alcoa redresse la tête – Des résultats encourageants attendus lundi," *La Presse Canadienne*, January 8, 2011; "Contrat de travail de huit ans chez Alcoa," *Le Quotidien*, June 1, 2011.

<sup>14</sup> Paradis, Steeve et Fanny Lévesque, "Rio Tinto ajoute 800 M\$," *Le Soleil*, May 27, 2011.

In 2010, Rio Tinto increased its production by 21 % from 2009 to meet growing demand from China and other emerging economies.

## Trois-Rivières

### On Course for 2020: Inauguration of Phase 1

In May, the Trois-Rivières Port Authority officially inaugurated Phase 1 of its port infrastructure modernization and development program *On Course for 2020*. Over the past few months, 26,000 square metres of additional outdoor storage area were created, two new warehouses for general and dry bulk were built, the rail network was expanded, road access was improved and port boundaries were clearly defined, thereby increasing the port's overall capacity by 22 %.<sup>15</sup>

Alcoa Canada and the Trois-Rivières Port Authority announced the renewal of their contractual agreement for another ten years. Alcoa ships alumina and calcined coke to its Deschambault smelter from its port facilities in Trois-Rivières.

The raw materials come mostly from Brazil, Australia and the US by bulk carrier, are stored at the port and then transported by rail to Deschambault on a daily basis. The increase in rail capacity under Phase 1 of *On Course for 2020* was instrumental to this agreement. Improved rail service between the port and the plant will enable Alcoa to increase its aluminum production in the coming years.<sup>16</sup>

## Saguenay

### Intermodal industrial park nearing completion

The initial phase of the intermodal industrial park project at the Port of Saguenay is on schedule and expected to be completed this

<sup>15</sup> "Inauguration officielle de la Phase I de Cap sur 2020 – Un investissement de plus de 23 millions de dollars," Press release, Port de Trois-Rivières, May 19, 2011.

<sup>16</sup> "Alcoa et l'Administration portuaire de Trois-Rivières renouvellent leur entente de partenariat," Press release, Port de Trois-Rivières, May 26, 2011.

summer. Approximately 1.3 million square feet of storage areas and industrial sites will have been developed by the end of the project. Moreover, the port authority is already working on obtaining the necessary environmental authorization to continue work on the new train station and connect the port to the Roberval-Saguenay railway network facilities.<sup>17</sup>

The Saguenay Port Authority recently met with Nathalie Normandeau, Quebec's former Minister of Natural Resources and Wildlife, to request that port facilities in Grande-Anse be included in the Plan Nord. The proposed rail service linking the Port of Grande-Anse to Rio Tinto Alcan's railway line would add a dozen kilometres of track.<sup>18</sup>

## Gros-Cacouna

### Dry dock project

Méridien Maritime de Matane is planning to build a dry dock in Gros-Cacouna. The proposed site offers numerous advantages. It is located in deep water, is near Québec City, and is well-protected by a breakwater. According to Angello Marcotte, CEO of Méridien Maritime, the imposing 4,200 square-metre infrastructure will be used to build vessels for the public and private sectors. The fleet of public vessels is aging, with most government ships between 20 and 30 years old. In the coming years, government and the private sector will need to invest up to \$2 billion annually in the marine sector to renew the fleet of public vessels.<sup>19</sup>

## Forestville

### New tonnage on the horizon

By late 2012, Argex Mining will produce 30,000 to 50,000 tons of titanium dioxide at La Blache Lake on Pessamit territory. The site is said to

<sup>17</sup> Labrie, Isabelle, "Tout se passe bien," Le Quotidien, March 26, 2011.

<sup>18</sup> "Demande pour intégrer le port de Grande-Anse au Plan Nord," Radio-Canada Website, May 24, 2011.

<sup>19</sup> Larouche, Marc, "30 millions \$ en cale sèche," Le Soleil, June 2, 2011.

contain 79 Mt of ore: 20 % titanium, 48 % iron and trace amounts of vanadium. The company is planning to use the Forestville wharf to ship the ore.<sup>20</sup>

## Deception Bay

### Increase in nickel production

The Xstrata mining company will invest US\$530 million to develop new mining projects at the Raglan mine in Nunavik, in Nord-du-Québec. The investment will allow Xstrata to dig a new mine and extend the depth of a mine that is currently in operation. It will also boost nickel production by 40 %. Nickel concentrate is shipped to Québec City via the port of Deception Bay then transferred to railcars heading for the Sudbury smelter. The matte<sup>21</sup> produced is taken back to the Port of Québec by rail before being shipped to Europe.<sup>22</sup>

## SEAWAY

### Increase in tonnage carried on the Seaway

Last March, the Seaway's 53rd season began on a positive note. The St. Lawrence Seaway Management Corporation (SLSMC) anticipates an approximately 7 % increase in 2011, despite world economic uncertainty. According to the latest 2011 projections, conventional cargo shipments—grain and iron ore—will remain at a healthy level. Shipments of road salt will increase to replenish stocks depleted after winter 2010.<sup>23</sup>

At June 30, 2011, 12.8 Mt of cargo had been shipped on the Seaway, up 4 % from the same

<sup>20</sup> Boivin Forcier, Karine, "Lac La Blanche – La production pourrait commencer dès 2012," *Le Nord-Côtier économique*, April 2011; Kennedy, Shirley, "Argex Mining a des vues sur le port de Forestville," *Le Nord-Côtier économique*, May 2011.

<sup>21</sup> Matte is a crude mixture of molten sulfides formed as an intermediate product of the smelting of sulfide ores of metals.

<sup>22</sup> Fontaine, Hugo, "530 millions dans le nord du Québec," *La Presse*, August 3, 2011.

<sup>23</sup> "La Voie maritime entame sa 53<sup>e</sup> saison de navigation en prévoyant une hausse de 7 % du trafic en 2011," *Great Lakes/St. Lawrence Seaway System*, March 22, 2011

period last year. A total of 1,432 ships had used the Seaway, an increase of 11 %. Shipments of grain, coal and bulk products rose, but shipments of iron ore plummeted 31 %. This significant drop in iron ore tonnage, destined for steel plants in the Great Lakes region, provides fresh evidence that the US economy remains fragile and that a rebound in industrial production is not a done deal.<sup>24</sup>

## WORLD MARITIME SHIPPING

### Global economic slowdown returns

Canadian ports in the Great Lakes/St. Lawrence Seaway System have experienced significant growth since worldwide recession battered most national economies from mid-2008 to 2009. The upward trend in tonnage worked in Quebec ports in 2010 is expected to continue in 2011. Strong Chinese demand for raw materials accounts for much of this increase. However, signs of a global economic slowdown are becoming apparent.

To begin with, economic recovery in Europe is characterized by major discrepancies among European Union member states. Greece, Spain, Portugal and Ireland face serious financial problems. Italy and Spain are the latest countries seeking emergency assistance from the European Central Bank in an attempt to fend off economic collapse.

In August, Standard & Poor's lowered the US credit rating one notch from "AAA" to "AA+". It was the first US credit rating downgrade ever by one of the three agencies. The American debt crisis and credit downgrade, combined with the financial problems affecting several European countries, resulted in a loss of investor

<sup>24</sup> "Résultats mensuels du trafic de la Voie maritime en date du 30 juin 2011," *Great Lakes/St. Lawrence Seaway System*, July 2011.

confidence and the ensuing stock market plunge in August.<sup>25</sup>

Economic conditions in the United States, Europe, Asia, and Canada affect shipping activity throughout the Great Lakes/St. Lawrence Seaway System. With market globalization, Canadian trade with Asia, especially China, will undoubtedly be affected by the current economic downturn if it persists or worsens. This could have a major impact on shipping in the Great Lakes/St. Lawrence Seaway System, as it did in 2009. In this context, getting traffic on the St. Lawrence back to pre-2009 recession levels will be no easy task.

## MARITIME SHIPPING IN CANADA

### Renewal of Canadian domestic fleet imminent

In October, the federal Minister of Finance announced the elimination of Canada's 25 % import tariff on all general cargo vessels, tankers and ferries longer than 129 metres. This decision marked the beginning of a new era for Canadian Great Lakes fleet renewal. It may generate several orders to modernize Canada's 67 ship domestic fleet, whose average age is about 36 years. According to government estimates, the waiver will save the industry an annual \$25 million over the next decade.<sup>26</sup>

<sup>25</sup> Couture, Pierre, "Le plafond de la dette des États-Unis pour les nuls," *Le Soleil*, July 28, 2011; Couture, Pierre, "Dégringolade sur les marchés boursiers," *Le Soleil*, August 9, 2011; "Attention au ressac," *La Presse Canadienne*, August 9, 2011; Cameron, Daphné, "Le monde retient son souffle," *La Presse*, August 8, 2011.

<sup>26</sup> Ryan, Leo, "Canadian inland fleet renewal era launched," *Maritime Magazine*, No. 59, Winter 2011.

## MARITIME SHIPPING IN QUEBEC

### Plan Nord launched

In May, Quebec's Premier unveiled the details of the Plan Nord, a Northern Quebec development project representing public and private investments of \$80 billion over 25 years. The Plan Nord integrates energy, mining, forest, bio-food, tourism, and transportation development. However, it is first and foremost a mining megaproject. Eleven new mining projects are underway (iron, nickel, copper, gold, diamonds). The projects represent private investments of \$8.2 billion over the next five years and will lead to major upgrades in marine and port infrastructures.<sup>27</sup>

The St. Lawrence Shipoperators sees the Plan Nord as a perfect opportunity for Quebec's marine industry and government to explore the advantages and opportunities marine transportation offers for the economic development of large mining operations and other projects in northern Quebec.<sup>28</sup>

### Quebec exports to increase in 2011 and 2012

According to Export Development Canada (EDC), Quebec's exports should increase by 12 % this year and 6 % in 2012. The rise in commodity prices is the main driving force behind this projected growth.

China became the number one foreign destination for Quebec's iron ore exports last year, as shipments from Bloom Lake marked the beginning of production destined solely for the Chinese market. New Millennium's Schefferville DSO project will boost the volume of shipments, with ore from this project destined for Tata Steel's European plants. Quebec's forestry sector exports are expected to increase

<sup>27</sup> Lévesque, Fanny, "Investissements de 80G\$ - Jean Charest lève le voile sur le Plan Nord," *La Presse*, May 4, 2011.

<sup>28</sup> "Marine Transportation's Role in the Plan Nord's Success," *St. Lawrence Shipoperators Newsletter*, May 2011.

by 7 % in 2011 and 8 % in 2012 due to rising Chinese demand for Quebec lumber.<sup>29</sup>

### Mining investments up in Quebec

According to the *Institut de la statistique du Québec*, mining companies invested a record \$2.5 billion in 2010, a 22 % increase from 2009. Investors still preferred gold (53 %) followed by iron (19 %). Investments in Quebec's mining sector may reach a record \$2.9 billion in 2011. The Abitibi-Témiscamingue region posted the lion's share of investments in 2010 with \$1.1 billion (45 %), followed by Nord-du-Québec and the North Shore with \$643 million (26 %) and \$601 million (24 %) respectively.<sup>30</sup>

Raw materials are in high demand in Asia and emerging economies, and the North Shore and Nord-du-Québec mining sectors are well-placed to meet these requirements. Maritime traffic in Quebec could experience the most significant growth in the coming years by catering to this market, in the event that the performance of the global economy improve.

### Study on North Shore shipping prospects

The boom in current and future projects on the North Shore is being studied by CPCS Transcom, a management consulting firm specialized in strategy consulting for the transport sector. The study, commissioned by the St. Lawrence Shipoperators, Hydro-Québec and Transport Québec, seeks to:

- ASSESS the feasibility, logistics and economic viability of a marine transport service that could handle a portion of the cargo traffic generated by major North Shore construction sites.

A number of iron ore-related mining projects have been announced in recent years. This is in addition to the massive *La Romaine*

<sup>29</sup> "Les exportations du Québec carburent aux ressources de base," *Radio-Canada Website*, May 31, 2011.

<sup>30</sup> Lévesque, Fanny, "Investissements miniers – Le Québec pourrait atteindre de nouveaux sommets," *Le Nord-Côtier économique*, March, 2011.

hydroelectric complex that should be up and running by 2020. The Alouette aluminum smelter is also planning a third expansion phase to boost production. Lastly, plans are well underway at the Port of Sept-Îles for the development of a new multi-user deepwater wharf in Pointe-Noire. In short, the North Shore is teeming with major construction projects.<sup>31</sup>

## ENVIRONMENT

### Polar ice caps melting faster

Greenland and Antarctica ice sheet mass loss is gaining momentum, raising fears that sea levels will rise faster than previously estimated. These are the conclusions of a NASA-funded study, based on satellite observations. There is also every indication that losses from both poles will exceed those of mountain glaciers and ice caps to become the dominant contributor to sea level rise. The study concludes that sea level rise could occur much earlier than current models predict.<sup>32</sup>

## COMMODITIES

### Iron ore

#### Major investments in iron to come

Quebec's iron ore market is booming in response to strong demand from China and emerging economies. The large mining companies have all announced increased iron ore production, while others eye iron ore mining projects in Quebec and Labrador.

The Canada-based New Millennium mining company and steel giant Tata Steel have announced an agreement to develop two iron ore deposits in the Schefferville area. The agreement covers two deposits in the Taconite

<sup>31</sup> Ryan, Leo, "Task Force assesses maritime transport potential in Côte-Nord Projects," *Maritime Magazine*, No. 60, Spring 2011.

<sup>32</sup> "La fonte des glaces arctiques s'accélère," *La Presse*, March 9, 2011.

project, LabMag in Labrador and KeMag in Québec, which contain 5.5 billion tons of iron reserves. Decisions relating to the mining operation have not yet been made, but the two projects are about to undergo a feasibility study.<sup>33</sup>

### Iron ore projects in James Bay

Within the next five to ten years, two major iron mining operations may come to fruition near the town of Radisson in James Bay. The project involves digging open-pit mines, construction of a concentrator and a pipeline to transport the concentrate, and a new pelletizing plant. Construction of deepwater port facilities as extensive as those in Sept-Îles would be required to ship the concentrate. Consequently, the project will involve construction of one or more ports on the James Bay coast near Whapmagoostui-Kuujuarapik, formerly Poste-à-la-Baleine.<sup>34</sup>

## Aluminum

### Investments at the Laterrière aluminum smelter

Rio Tinto Alcan will inject \$6 million over the next two years to upgrade the electrolytic cell control system at its Laterrière plant in Saguenay. This investment will also allow the facility to maintain its equipment at the leading edge of technology and reduce operating costs. The project will eventually boost aluminum production.<sup>35</sup>

## Lumber

### Increased Chinese demand for lumber

According to the Conference Board of Canada, the Canadian lumber industry is making a gradual comeback after some very lean years. It

<sup>33</sup> "Mines – Investissements dans le fer canadien," [Radio-Canada Website](#), March 7, 2011.

<sup>34</sup> Riverin, François, "Des projets d'exploitation de fer à la baie James," [La Presse](#), May 4, 2011.

<sup>35</sup> "Rio Tinto Alcan investit 36 M\$ à l'usine Laterrière," [Radio-Canada Website](#), May 17, 2011.

is expected to post a second year of profits in 2011, although lower than in 2010. The Board predicts output growth of 3.9 % this year, down sharply from the 10.7 % increase in 2010. Canadian lumber production should continue to increase in 2012 based on three factors:

- renewed Canadian residential construction;
- increased exports to China;
- expected recovery of the US housing market.

Half of Canada's production is destined for export markets, a value of \$8.4 billion in 2010, with two-thirds delivered to the US. Canadian exports to China increased by 79 % in 2010 from the previous year, and experts say they could double in five years.<sup>36</sup>

The US housing market is still lethargic but the price of lumber has increased due to growing Chinese demand for Canadian lumber. China may well save the Canadian lumber industry. It bought a record 2.5 FBM (foot board measure) in 2010, the equivalent of 200,000 housing starts in the US. This new market for Canadian lumber holds much promise, as Chinese imports are expected to increase from 2.5 to 4 billion FBM in the coming years. There are no export barriers to China unlike those imposed by the US.<sup>37</sup>

## FERRIES

### Surge in rail ferry traffic between Matane and Sept-Îles

The *Georges-Alexandre-Lebel* rail ferry between Matane and Sept-Îles has seen a significant upturn in traffic over the past two years. Rail transshipments between Matane and Sept-Îles rose 85 % in volume last year. Nearly 100,000 tons of cargo crossed the river by train

<sup>36</sup> Tanguay, Louis, "L'industrie du bois se dresse," [Les Affaires](#), June 23, 2011.

<sup>37</sup> Baril, Hélène, "La Chine donne un coup de pouce au secteur du bois d'œuvre et à Tembec," [La Presse](#), January 28, 2011.

in 2010—mostly heavy equipment for mining. The Sept-Îles Port Authority believes that the volume of transhipped goods may triple within two or three years.<sup>38</sup>

### New ferry service between L'Isle Verte and Île Notre-Dame-des-Sept-Douleurs

*La Richardière*, the current ferry operated by Société Inter-Rives, has accumulated 52 years of service. The time is ripe for a more efficient replacement. Last April, the MTQ announced that a new ferry will be serving residents of Île Notre-Dame-des-Sept-Douleurs and tourists alike as of 2013. It will be faster, making five round trips daily instead of the current two, be able to transport up to 12 vehicles—twice as many as before—and accommodate 70 passengers, about twenty more than previously. *La Richardière* runs from April to November and carries about 18,000 passengers and 5,000 vehicles annually.<sup>39</sup>

### The Trans-Saint-Laurent back in operation

The M/V Trans-Saint-Laurent ferry linking Rivière-du-Loup and Saint-Siméon was back in operation on June 15 after a nine-month hiatus to allow major renovation work to be carried out on the Rivière-du-Loup wharf.<sup>40</sup>

The recent inauguration of the new Rivière-du-Loup wharf has brought the idea of a year-round ferry link back to the fore. The initiative enjoys widespread support from communities and elected officials on both shores. The Quebec government may commission a study this fall to assess the project's feasibility and cost-effectiveness.<sup>41</sup>

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<sup>38</sup> "Côte-Nord : l'utilisation du traversier-rail en croissance," *Radio-Canada Website*, June 21, 2011.

<sup>39</sup> Larouche, Marc, "Un traversier tout neuf," *Le Soleil*, April 10, 2011.

<sup>40</sup> Larouche, Marc, "Un nouveau quai pour le traversier," *Le Soleil*, June 11, 2011.

<sup>41</sup> Larouche, Marc, "Vers un traversier à l'année," *Le Soleil*, July 2, 2011.

### Proposed water taxi between Rivière-au-Tonnerre and Anticosti

Citizens of Minganie and Anticosti would like to see a more affordable, convenient, frequent passenger-friendly link from the mainland to Anticosti Island. The municipalities of Rivière-au-Tonnerre and Anticosti are working together to provide a water-taxi service in 2012. The water taxi would carry up to a dozen passengers, but the precise route has not yet been determined.<sup>42</sup>

### The *Bella-Desgagné* to be operational in 2012

The *Bella-Desgagné*, slated to replace the *Nordik Express*, will be put into service in 2012 and continue to serve the Middle and Lower North Shore. The new ship, 95 metres long and 19.5 metres wide, will be able to transport 380 passengers (70 % more than the *Nordik Express*) and 125 containers (double the amount). The *Nordik Express* gets its supplies from the Rimouski-Est port, on the south shore, and Sept-Îles, before beginning its 900-km journey.<sup>43</sup>

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<sup>42</sup> Bergeron, Michaël, "Un bateau-taxi reliant Rivière-au-Tonnerre et Anticosti serait mis en place pour 2012," *Journal Le Nord-Côtiér*, June 29, 2011.

<sup>43</sup> "Desserte maritime nord-côtière – Le *Bella-Desgagné* pour 2012," *Le Soleil*, August 17, 2011.

## COMMENTS

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Please send all comments to:

**Martial Ménard**, Economist

Policy and Economics Branch

Fisheries and Oceans Canada, Québec Region

Tel.: **(418) 648-5939**

Fax: **(418) 649-8003**

E-mail: [martial.menard@dfo-mpo.gc.ca](mailto:martial.menard@dfo-mpo.gc.ca)

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