

February 8, 2012

Consultations on Foreign Trade Zone Programming  
Department of Finance Canada  
International Trade Policy Division, 14<sup>th</sup> Floor East  
140 O'Connor Street  
Ottawa, ON K1A 0G5

Dear Sir:

The BC Wharf Operators Association is pleased to support the Department of Finance's consultation on Canada's foreign trade zone-like (FTZ) initiatives and believe that this is a process with the potential to bring real benefits to the Canadian economy and enhance Canada's competitive position globally.

Our Association members appreciate that the Government of Canada has been providing benefits to businesses comparable to those found in foreign trade zones in other countries through long standing tax and tariff export-related programs that are not site-specific. We, however, believe that adjustments to existing FTZ-like programs and policies would enhance Canada's attractiveness to investors, importers and exporters, create long term jobs and strengthen the economy.

The Council of the Federation has also recognized the Federal Government's commitment to reviewing Canada's current FTZ-like policy and programs at a recent meeting: "Premiers also look forward to working with the federal Government on its commitment to examine existing foreign trade zone-like (FTZ) programs and policies." Premier Dexter has stated that this topic will be a major consideration in 2012 Council of federation meetings.

The BC Wharf Operators Association represents the major Marine Terminal Operators on Canada's West Coast who are responsible for the efficient and cost effective movement of Canadian import and export cargoes to Canada's major trading partners. In order to ensure that we remain competitive and efficient and are capable of meeting the projected growth in cargo volumes, our member companies have invested billions of dollars in both infrastructure and equipment. We are also very appreciative of the major capital investments in infrastructure that have been made in the Pacific Gateway by both the Provincial and Federal Governments.

Our Association believes that competitive and easily accessible FTZs will complement the investments that have been and continue to be made by all parties in the Pacific Gateway. Most, if not all, successful Gateway's have such FTZ programs available to interested parties.

While Canada's current FTZ-like policies and programs do provide some competitive advantages, we believe that these advantages could be significantly increased. Canada is the last G8 nation to fully enact the trade incentives offered through a FTZ program and is still behind a number of OECD and developing nations. Canada's current programs are very narrowly targeted and focus on encouraging export activity. Furthermore, the use of these programs has been negatively impacted by the lack of familiarity with the programs, their complexity and limitations.

We believe that enhancement of Canada's FTZ-like policies and programs would allow for a broad range of logistical and manufacturing activity to take place under competitive circumstances. Enhancements would also attract business capital to Canada, create long term jobs and strengthen the economy. For these reasons, the BC Wharf Operators Association fully endorses and supports the recommendations put forward by the FTZ Coalition, an alliance comprised of the country's major transportation stakeholders who are committed to improving Canada's foreign trade zone-like policies and programs.

The FTZ Coalition recommends that the Government of Canada:

1. Amend Canada's FTZ-like programs to:
  - Restructure and integrate the current federal programs to simplify access to them and provide a single federal point of contact for potential users;
  - Reduce or remove the restrictions on added value;
  - Allow companies that sell a significant portion of their production within Canada to participate; and
  - Allow deferral of GST/HST until the product departs the FTZ to the Canadian market.
2. Create the opportunity for private sector agencies and regional entities to define local marketing zones and promote and market these areas effectively in domestic and foreign markets.
3. Establish a federal umbrella program to provide modest financial support for locally based zones subject to matching provincial and local financial support, and provide direct liaison between related federal agencies and local marketing zones.

A copy of the FTZ Coalition's more detailed proposal to government is attached for your information.

Our Association believes that adoption of the program changes mentioned above and supporting defined and branded local trade zones at significant ports of entry and transportation nodes will enhance Canada as a destination for foreign investment and increase economic activity. Our member companies benefit from increased import and export activity which in turn generates an opportunity for increased employment in an industry that provides excellent pay and benefit programs.

We believe that implementation of the proposed recommendations when coupled with the significant infrastructure investments that have been made and those planned for the future have the potential to bring real benefits to the Canadian economy.

Sincerely,

R.V. Wilds  
Executive Director