

# Experts call for more federal action on neglected trade infrastructure as Canada falls in international rankings

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By [Mike Lapointe](#) May 24, 2022

**'Spending hasn't kept pace with the rate at which infrastructure is being strained and in many instances wearing out,' says Canadian Chamber of Commerce CEO Perrin Beatty.**



Minister of Intergovernmental Affairs, Infrastructure and Communities Dominic LeBlanc, pictured during a press conference on Oct. 27, 2020. A number of trade experts are sounding the alarm over Canada's outdated trade infrastructure, and are calling on the government to act. *The Hill Times* photograph by Andrew Meade

With an overwhelming percentage of the Canadian economy dependent upon trade—more than 65 per cent of GDP as measured a few years ago—trade and infrastructure experts say Canada needs to urgently address long-neglected trade infrastructure to remain competitive.

According to a May 9 report from the Canada West Foundation, *From Shovel Ready to Shovel Worth: The Path to a National Trade Infrastructure Plan for the Next Generation of Economic Growth*, confidence in the reliability and competitiveness of Canada's trade

infrastructure has been in decline both at home and abroad.

And although increased funding is required, the report notes that there needs to be a more co-ordinated and competitive national approach to developing trade corridor infrastructure, which includes the country's network of roads, bridges, and air and sea ports, where issues "have been in the making for more than a decade."

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Perrin Beatty, president and CEO of the Canadian Chamber of Commerce, said trade historically has been critical to Canada's GDP, but its "importance continues to grow and Canadian business is becoming more and more internationalized by the day."

"As a consequence, we need to have the infrastructure in place that enables us to be able to first of all, get inputs from other countries that we may need, but secondly, to export and move our goods to market," he said.

"The problems around moving people and goods sufficiently in Canada are growing," said Beatty.

As our economy and population continues to grow, putting more strain on existing infrastructure, "spending hasn't kept pace with the rate at which infrastructure is being strained and in many instances wearing out," said Beatty.

The government has tended to measure infrastructure spending in terms of job creation as opposed to "what is the problem that's being solved here, what are the economic returns," said Beatty. "Unclogging an international border crossing is much more important to Canada's economy than much of the other spending that goes on in infrastructure."

He said there's simply not enough money to allow us to do everything at the same time, as Canada needs to focus on areas where the country will get the highest return for genuine investment.

"And we have to strip back the politics so that politicians are willing to say to their constituents, 'yes I know that you would like to see us building a new bridge or repaving another road in the area,' but we have to focus on the areas where there's the greatest impact in terms of Canada's economy and generating wealth for the country," said Beatty.

He pointed to the success of the Asia-Pacific Gateway and Corridor Initiative (APGCI) cited in the report as a “focused plan” that was devised with a view to “where we would get the greatest impact and return on investment,” said Beatty. “We need to do the same thing right across the country.”

In his mandate letter from Prime Minister Justin Trudeau (Papineau, Que.), Infrastructure Minister Dominic LeBlanc (Beauséjour, N.B.) was tasked with supporting the international trade, innovation, and transport ministers “to strengthen and secure supply chains and reduce and prevent supply chain bottlenecks in Canada’s transportation networks.”

## Canada has seen good fortunes from export markets, says expert

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In terms of how Canada compares to other G7 countries, Carlo Dade, director of the trade and investment centre at the Canada West Foundation, said that Canada has been fortunate when it comes to export markets.

“The Americans are about a third as dependent on exports, because we’re talking about goods, and we do know that trade services have been growing,” said Dade. “We’ve been blessed to have the U.S. next door, and having that market and taking it for granted and the movement of goods that comes with it.”

Dade said the need for understanding integrated supply and production chains is a NAFTA issue, and that COVID has showed closing the border had profound effects—but highlighted just how integrated supply and production chains are.

But according to the Canada West Foundation report, Canada fell from 10<sup>th</sup> in the World Economic Forum’s quality of overall infrastructure measure in 2008-2009, to 26<sup>th</sup> behind Poland, Qatar, and Israel in 2019. Canada also placed 32<sup>nd</sup> on the report’s measure of the quality of transportation infrastructure.

In terms of trade as a percentage of GDP, Canada was No. 1 in 2019 at 65.43 per cent, followed closely by the United Kingdom at 63.4 per cent and Australia, at 45.71 per cent. The Organisation for Economic Co-operation and Development (OECD) average is 56.22 per cent.



The Canada West Foundation’s Carlo Dade says ‘we’ve been blessed to have the U.S. next door, and having that market and taking it for granted and the movement of goods that comes with it.’ *Photograph courtesy of the Canada West Foundation*

The report outlines seven recommendations, including defining Canada's national trade corridor; bringing the private sector to the table; applying criteria of national significance to guide planning processes; and developing an 'evergreen,' decades-long pipeline of infrastructure projects.

The report also calls for regular assessment of infrastructure projects, a new approach to the collection of data and use of forecasting and modelling tools, and the co-ordination of communications surrounding domestic infrastructure working groups.

Michael Gullo, vice-president of policy at the Business Council of Canada, said Canada's drop in the international rankings "is something we should all be concerned about."

"We've got over 60 per cent of our GDP linked to trade, and those metrics, if they are not on an upward trend and showing improvements, is something that the business community as well as policymakers should be taking seriously," said Gullo.

From the perspective of the business council, there's been a "very long track record" where they have asked government to take economic growth more seriously.

"And I think the drop in ranking shows that we need to get back to that track," said Gullo.

Gullo also said he isn't sure if there is a legislative solution "as opposed to more of a policy focus."

"Something that is more directed around the need to return to economic growth and to take that a little more seriously," said Gullo. "I think if that is included and we have an all-hands-on-deck approach where we have different layers of government agreeing that growth is the priority [...] it'll be really hard to work around trade-enabling infrastructure, it will have to be one of the key pillars."

## **'Our infrastructure has not kept pace with our economy'**

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Matti Siemiatycki, professor of geography and planning and director of the Infrastructure Institute at the University of Toronto, said that as a trading nation, Canada needs to be able to physically move things.

"Our infrastructure has not kept pace with our economy and that's really posing challenges in terms of moving people and goods in this country."

Describing Canada as "more ad hoc" than our peers when it comes to infrastructure development, Siemiatycki said "we've really struggled" with the division of roles and responsibilities between the federal government, the provinces and the municipalities. "We've really grappled with how that works and we've been less systematic and co-ordinating than even in other countries where there are federal systems as well."

Siemiatycki also pointed to the report's emphasis on data collection, which could be the "building blocks getting to a longer-range strategy where all of the different orders of government plus the private sector convened to discuss a long-range strategy."

As the report notes, there is "a need for an ongoing public-private body to guide data collection and to inform project selection."

"How that body should be constituted, and its terms of reference, may require political decisions involving negotiation and compromise amongst stakeholders," continues the report. "While the government can convene, host and facilitate, the decisions on specifics should be guided by a process of compromise not just consultation."

"In a country like Canada, where you have roles and responsibilities that are diffused to a whole host of different stakeholders, it's really important that you have data so that everyone could be making decisions based on evidence and then venues for them to discuss a dialogue as to how to select the right projects," said Siemiatycki.

Beatty said that, simply put, a business is not going to make an investment in Canada if it believes that it can't move its products to market in a competitive way.

"If it believes that costs are too high or delays are too great, it will simply go someplace else where it's possible to get a better return on the investment," said Beatty. "There's a very close relationship between the quality of our infrastructure and the confidence that people have in the ability of our infrastructure to move goods and people, and the willingness for investors to put money into Canada."

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Michael Gullo, vice-president, policy at the Business Council of Canada, said Canada's drop in the international rankings 'is something we should all be concerned about.' *Photograph courtesy of LinkedIn*