

Update: Economic Development - Port Alberta

Initiative Title: Economic Development
City Council Lead(s): Mayor D. Iveson, Councillor E. Gibbons
Department Lead(s): Sustainable Development, Gary Klassen/Paul Ross

Recommendation - Transfer to Administration to work with the Edmonton Economic Development Corporation and the Edmonton International Airport

Objective:

The purpose of this briefing note is to provide regular information as to the progress and development of Port Alberta through the Trade & Investment Division at Edmonton Economic Development Corporation (EEDC). As the Port Alberta initiative has a lengthy history of support from the City of Edmonton and has the potential to significantly improve the economic growth in the Edmonton region; the tabling of activities, issues and results will ensure Councillors have clarity on the file.

Port Alberta and the model structure is based on a formal agreement between EEDC and Edmonton Airports. EEDC Trade & Investment Division has expanded the scope of Port Alberta from its base of logistics and transportation services to include opportunities within trade development and the industrial supply chain for the Edmonton region.

Key outcomes, projects or activities and their status as of April 2017:

Recent initiatives include:

Foreign Trade Zone:

Our Foreign Trade Zone (FTZ) enables companies involved in handling or moving goods to reduce and eliminate normal trade barriers, such as tariffs, quotas and compliance costs.

Within the Foreign Trade Zone, located at Edmonton International Airport (EIA), a company imports raw materials or partially finished goods, completes manufacturing and exports the products throughout Canada, North America or internationally.

Through Port Alberta, a business can access the Foreign Trade Zone Task Force comprised of representatives from the following federal government departments:

- Canada Border Services Agency (CBSA)
- Canada Revenue Agency
- Transport Canada

- Global Affairs Canada
- Western Economic Diversification
- Canada Food Inspection Agency (CFIA)
- The Port Alberta Foreign Trade Zone Taskforce persuaded the Government of Canada to consider the addition of the Canada Food Inspection Agency to the Taskforce. This was successfully added in March 2017. This was critical to remove internal Canada Food Inspection Agency frictions that were delaying exports from Edmonton region food processors trading with China and Japan.

Key outcomes, projects or activities and their status as of May 2017:

- (1) **Foreign Trade Zone Marketing:** Position Edmonton Foreign Trade Zone opportunities in key target markets.
 - o Port Alberta was approved for federal Foreign Trade Zone marketing funding for 2016 Foreign Trade Zone marketing activities
 - o Mission to Hong Kong, China and Taiwan in May 2016 - pursuing market pull opportunities for Edmonton region businesses and promote Port Alberta Foreign Trade Zone.
 - o Missions in 2016/2017 to Japan, China and the Netherlands further promoted the Port Alberta Foreign Trade Zone.
 - o The Foreign Trade Zone adds credibility is a major attractor in generating investment interest from Asia.
 - o Recent promotions of the Foreign Trade Zone have been changed to reflect the fact that, although regulations could allow a Foreign Trade Zone anywhere in Canada, the requirement for an Foreign Trade Zone to be serviceable by Canada Border Services Agency restricts the locations of Foreign Trade Zones in Canada. This important distinction strengthens the significance of Port Alberta's Foreign Trade Zone to potential investors and exporters.
- (2) **Air Cargo Activation:** Accelerate the growth of high-value air cargo traffic in and out of Edmonton region marketplace.
 - o Agriculture and food products are increasing in export volumes from the Edmonton Region.
 - o Air Cargo China expanded the Edmonton-Shanghai route to add scheduled service in Tianjin.
 - o Air China Cargo shifted the final destination of the flight from Dallas to Chicago.
 - o Due to a pilot labour shortage, Air China Cargo has initiated rolling blackouts of their service in North America. Edmonton and Los Angeles were the first two centers to have service temporarily reduced. Service should resume to normal at YEG in May.
 - o Cargo Activation continues major outreach initiatives with target markets and sectors throughout the Canadian economy.

- (3) **International Positioning:** Improve our connectivity with the world through increased penetration in the global marketplace, and increase international awareness of the Edmonton Region as a key economic and trading hub for Western Canada.
- o Preparation underway for Roads, Rails, Runways Conference at the Edmonton SCC on June 19, 2017 in the Citadel Theatre.
- (4) **Logistics Development:** Increase the logistics services available in the Edmonton Region by pro-actively targeting organizations seeking growth and expansion opportunities.
- o Currently working with three companies (confidential) for expansion of facilities and operations at Edmonton International Airport (EIA).
 - o The Alberta Aerospace Training Centre, a partnership between Edmonton International Airport, Canadian North, Canadian Helicopters, Edmonton Economic Development Corporation, and the Government of Alberta continues to be a success.
 - o Montreal's CAE technologies was introduced to Edmonton through the 737 simulator installation and operation. CAE's Healthcare arm is now working with the NAIT School of Health and Life Sciences, declaring NAIT one of their two global centers of excellence.
 - o Through Port Alberta projects, the following companies have moved or are moving to operate at EIA: Promethean Labs (cube satellites and data analytics), RoBirds (drones), Absolute Combustion (efficient heating for air service), and the Alberta Motor Transport Association (truck simulator).
 - o Aurora Cannabis Inc. is now under construction of its 800,000 square foot cannabis production facility, Aurora Sky, at the Edmonton International Airport (EIA). The majority of their production will ship via air cargo.
- (5) **Stakeholder Engagement:** Engage with public and/or private stakeholders on opportunities to collaborate and share in success.
- o LNEDE—cross-promotion and client connections
 - o City of Leduc—cross-promotion and client connections
 - o Alberta Economic Development and Trade—cross-promotion and client connections (closely working with Alberta International Offices)
 - o Embassies and Trade Commissioner Service of the Federal Government—closely working with in-market staff and their networks
 - o Alberta Agriculture and Forestry—cross-promotion and client connections (closely working with Alberta International Offices)

Key Considerations: Momentum is building. The pending Free Trade Agreement with China, CETA in the EU, and uncertainty in the United States have sparked growing interest in exports beyond North America. Port Alberta/EEDC Trade & Investment Division has built a reputation as a trusted resource for businesses and governments partnering on trade initiatives.

E-commerce and its supporting platforms have generated interest in Port Alberta's Foreign Trade Zone. EEDC has hosted multiple visitors in the e-commerce sector—some looking for products to trade, others looking to invest in infrastructure.

Future Steps:

Advancing Port Alberta involves the following:

- Leverage Foreign Trade Zone Marketing funding to secure business investment in Shanghai and Edmonton
- Maintain focus on promoting Air Cargo China service via Edmonton
- Continue work with companies to increase export growth
- Deliver Roads, Rails, Runways Conference June 19, 2017 (a four-part trade series in 2017)
- Continue to focus on leveraging the interest in Foreign Trade Zone and e-commerce synergies to attract investment and encourage exports.

Evaluation

The strategy for Port Alberta was to base growth on results and use those results as platforms for regional collaboration. Since inception, the evidence of results has exceeded expectations. The significance of direct flights to European Continent and Asia is highly disruptive to existing trade patterns throughout Western Canada. Port Alberta's single current priority remains to securing mass, expand Edmonton's catchment area and lock in the market pairs to sustain access.

It is recommended that Port Alberta continue to operate as a joint venture between EEDC and Edmonton International Airport to facilitate trade and investment in the region.