



Marine Outlook

Highlights of the Marine Industry

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PORTS OF QUÉBEC

REVIEW OF THE FIRST HALF OF 2012

The 2011 results for tonnage handled by Quebec's ports showed marine traffic clearly picking up (a 7% increase over 2010) along with the global economy. According to the preliminary results of the first half of 2012, marine traffic is still in recovery mode in Quebec.

Increase in tonnage handled

Between January and June 2012, the tonnage handled in the major ports of Quebec totalled 56.4%, or 9% more than for the same period in 2011. Once again, transshipments of cargo coming from or headed for the Great Lakes and the mining development associated with the *Plan Nord* were a major factor in that growth.

The increase in global demand for metals continues to benefit several ports along the St. Lawrence. This is due to the growth of emerging economies such as China, who need raw materials to fuel their economic growth. This

situation has particularly benefited several ports. Tonnage increased by 31% at the Port of Québec. In Sept-Îles and Port-Cartier, transshipments increased by 11% and 7%.

Note that the tonnage at the Port of Montreal decreased by 5%, mainly due to the decline in containerized cargo and petroleum products. The public finance issues of several EU countries weakened by sovereign debt are likely the reason for part of the decline in tonnage at the Port of Montreal. In fact, European markets represent 41% of marine traffic at the Port of Montreal, with containers accounting for 70% of this total.

The announcement of several exploration or mining projects in connection with the *Plan Nord* confirms the rising demand for metals and the interest of several mining companies in the abundant mineral deposits in northern Quebec. Tonnages handled at Quebec's major ports should continue to benefit from this strong international demand.

However, China's economic forecasts have recently been revised downwards by Chinese leaders. China is suffering from the crisis in Europe, but also from real estate restrictions. China's economy increased by 10.4% in 2010, 9.2% last year and 7.8% in the first half of 2012. In short, the world's second largest economy appears to have been suffering from an economic downturn over the last year and a half. To be monitored.



REVIEW OF THE FIRST HALF OF 2012P

Estimate and comparison of tonnage and maritime traffic in quebec's principal portws in the first half of 2012p and 2011

PORTS	Handled tonnage (tons)			Traffic (number of vessels in transit)		
	2012p jan-june	2011 jan-june	Variation ¹ 2012p/2011	2012p jan-juin	2011 jan-juin	Variation 2012p/2011
1. Québec	15 Mt	11,4 Mt	+ 31 %	598	526	+ 14 %
2. Montréal	13,1 Mt	13,8 Mt	- 5 %	567	637	- 11 %
3. Sept-Îles	11,8 Mt	10,6 Mt	+ 11 %	251	224	+ 12 %
4. Port-Cartier	8,1 Mt	7,5 Mt	+ 7 %	153	164	- 7 %
5. Port-Alfred	2,2 Mt	2,1 Mt	+ 5 %	49	56	- 13 %
6. Baie-Comeau ²	1,9 Mt	2,1 Mt	- 12 %	94	114	- 18 %
7. Trois-Rivières	1,6 Mt	1,4 Mt	+ 9 %	96	111	- 14 %
8. Bécancour	761 kt	845 kt	- 10 %	57	58	- 2 %
9. Sorel-Tracy ³	658 kt	727 kt	- 10 %	37	42	- 12 %
10. Havre-St-Pierre	586 kt	759 kt	- 23 %	34	30	+ 13 %
11. Port-Saguenay	157 kt	130 kt	+ 21 %	20	25	- 20 %
12. Rimouski	138 kt	149 kt	- 8 %	31	35	-11 %
13. Valleyfield	125 kt	104 kt	+ 17 %	33	29	+ 14 %
14. Matane ²	93 kt	67 kt	+ 39 %	20	16	+ 25 %
15. Pointe-au-Pic	70 kt	58 kt	+ 21 %	11	9	+ 22 %
16. Gros-Cacouna	49 kt	48 kt	+ 1 %	15	11	+ 36 %
17. Gaspé	41 kt	45 kt	- 10 %	11	11	---
18. Chandler	---	0,08 kt	---	---	2	---
TOTAL	56,4 Mt	51,8 Mt	+ 9 %	2 077	2 100	- 1%

Sources : Port Authorities and Transport Canada

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

M : millions; **k :** thousands

p : préliminary

¹ Tonnage variation is calculated from unrounded handled tonnage data.

² These data do not include tonnage shipping through Baie-Comeau and Matane via the *Georges-Alexandre-Lebel* rail ferry.

³ Data on tonnage handled and marine traffic at the Port of Sorel-Tracy covers the period from January to March 2011 and 2012. The statistical data for the period from April to June are not available due to the Transport Canada's transfer of the port's ownership to the city of Sorel. The port's new management structure is not yet in place due to the port's recent change in status.

Québec

\$53 million in investments

The Québec Port Authority, together with its partner operators, will invest \$53 million in 2012. These investments will help improve the efficiency of liquid and solid bulk terminals, which recorded significant tonnage increases in 2011. In addition, the port will proceed with rebuilding the marina and reconstructing boathouse 101, destroyed in a fire last fall.

At the end of the first half of 2012, the tonnage handled totalled 15 Mt, or 31% more than during the same period last year. Of all the ports on the St. Lawrence River, the Port of Québec recorded the largest increase in the first half. Another record year is expected at the port of Québec in 2012. If this growth continues, the total tonnage handled may exceed the 28.9 Mt recorded in 2011.⁴

Montreal

Creating an industrial cluster in transportation and logistics

The Montreal area will develop a new industrial cluster in intermodal transportation and logistics. It will bring together key players in the marine shipping industry, including the Port of Montreal, Canadian National and Canadian Pacific, as well as road transport companies such as Logistec and Groupe Robert.

Better coordination of marine companies will help improve cargo flow. This issue is particularly important for the Port of Montreal, since it competes with major ports on the east coast for importing or exporting goods in northeastern North America. A better intermodal transport flow will help reduce time and costs related to transporting cargo.

The creation of this industrial cluster is timely as the Port of Montreal is making significant

investments to increase its capacity to receive and handle containers by 12.5% in anticipation of the opening of the new Panama Canal in 2014. Larger vessels will transit through the Panama Canal, with more containers on board. These giant vessels will not be able to reach Montreal, but more vessels of intermediate size (2000-2500 containers) could transit through this port.⁵

Free trade agreement between Canada and EU would benefit Port of Montreal

According to the Montreal Port Authority, the port could profit from the economic benefits of a free trade agreement between Canada and the European Union. The reduction of customs duties, which are often high, could lead to new export opportunities for a variety of goods such as agricultural products, forest products, marine products, raw materials, etc. In return, the Quebec and Canadian markets would benefit from better access to goods manufactured in Europe, as well as food products and many other types of goods.

In fact, European markets represent 41% of marine traffic at the Port of Montreal, with containers accounting for 70% of this total. A free trade agreement with the European Union could result in increased traffic for the port, including a significant increase in the volume of cargo transported in containers.

As a gateway to Canada for cargo to or from Europe, the Port of Montreal and the shipping industry would greatly benefit from the increase in marine traffic generated by this major agreement between Canada and the European Union.⁶

⁴ "\$53 million in investments and a record year expected for 2012," Press Release, Québec Port Authority, May 31, 2012; Morin, Annie, "L'heure est à la réfection du port de Québec," Le Soleil, June 1, 2012.

⁵ Normand, François, "Vers une grappe en transport et logistique," Les Affaires, May 26, 2012.

⁶ "Port of Montreal and Quebec Would Benefit from Free-Trade Agreement between Canada and European Union," Press release, Montreal Port Authority, April 27, 2012.

Sept-Îles

200 Mt in handled tonnage by 2020

The strong demand for iron ore in China is reflected in the record transshipments at the port of Sept-Îles. In 2011, the total tonnage handled reached 26 Mt, the highest tonnage in the last thirty years. The upcoming activities of Labrador Iron Mines, combined with development projects of existing mines (Cliffs Natural Resources and Iron Ore Company of Canada) will help increase the port's handled tonnage to 34 Mt in 2012.

By 2020, the port's tonnage could reach 200 Mt with the mining required for the Adriana Resources, Century Iron Mines, Tata Steel, Champion and Alderon projects. In addition, six new mining companies are to begin using the port facilities within the next few years.⁷

In order to handle these added users, the port began the construction of its new multi-user wharf, whose capacity will reach 50 Mt in 2014. The project even has a second phase that could double the handling capacity.

The new wharf will be built between the La Relance and Pointe-Noire terminals. With a shipping capacity estimated at 50 Mt, the terminal will have two berths that can be used by several new mining stakeholders. For example, companies like Alderon, Champion Minerals, Labrador Iron Mines and New Millennium as well as Tata Steel Minerals are all working on major mine development projects. The multi-user wharf will accommodate bulk-ore carriers with a tonnage the likes of which have never been seen on the North Shore. These are Chinamax-type vessels, weighing between 300 000 and 400 000 tons.⁸

⁷ Lévesque, Fanny and Steeve Paradis, "Le port de Sept-Îles va de record en record," *Le Soleil*, May 18, 2012.

⁸ Lévesque, Fanny, "Quai multi-usager – Ottawa allonge 55 millions \$," *Journal Le Nord-Côtier*, February 15, 2012.

No expected marine traffic problems at the Port of Sept-Îles

According to the Sept-Îles Port Authority, increasing the number of vessels in transit at the Port of Sept-Îles, as well as their size, is not a problem in terms of marine traffic management. During the 1970s, up to a dozen vessels could be seen transiting in the bay of Sept-Îles. Given that today's bulk-ore carriers are of greater tonnage, congestion problems are unlikely. Moreover, even if this were the case, the bay of Sept-Îles is large enough to accommodate this increased number of vessels, ranging from smaller tonnage to maximum tonnage.

In fact, given the increase in the size of bulk-ore carriers, there will be two to three times fewer vessels in transit in the bay of Sept-Îles than there were forty years ago. To compare, 1514 vessels transited through the Port of Sept-Îles in 1977, and over the last five years, the number of vessels in transit at Sept-Îles has varied between 493 and 567.⁹

Port-Cartier

ArcelorMittal to expand at Port-Cartier

Last year, ArcelorMittal announced a \$2.1 billion investment to increase its production from 14 to 24 Mt of iron per year (concentrate and pellets). The expansion project involves building a second pellet plant at Port-Cartier. However, ArcelorMittal has not yet confirmed whether it is going ahead with the second plant. Since last May, the market for iron pellets has dropped due to the economic difficulties in Europe and the United States.¹⁰

In April, ArcelorMittal announced that it was considering a new expansion of its iron ore mine in northern Quebec by increasing its annual production by 25%, to 30 Mt. Exploratory research identified the potential use of existing infrastructures to increase its annual production

⁹ Gougeon, Jean-Guy, "Pas de problème de circulation dans les eaux du Port," *Le Nord-Est*, February 22, 2012.

¹⁰ Fontaine, Hugo, "250 millions par année pour ArcelorMittal," *La Presse*, April 5, 2012.

of iron ore concentrate. Note that in May 2011, ArcelorMittal announced investments of approximately \$2.1 billion to expand its Quebec complex at Mont-Wright, as well as additional work in Port-Cartier. These investments should help to increase the annual production from 14 to 24 Mt per year by 2013.¹¹

Port-Alfred

Decrease in tonnage handled

In July, the 780 workers locked out of the Rio Tinto Alcan aluminum smelter in Alma accepted the tentative agreement reached between representatives of the United Steelworkers and the aluminum smelter's management. Note that Rio Tinto Alcan management had declared a lockout on January 1, after the union had rejected the employer's offer. The workers' collective agreement had expired. This work stoppage resulted in a decrease of 5% in handled tonnage, namely due to a decrease in the tonnage of alumina.¹²

Trois-Rivières

On Course for 2020 plan is paying off

The Port of Trois-Rivières will be celebrating its 130th anniversary throughout 2012. It was on May 17, 1882 that the law creating the *Corporation des commissaires du havre de Trois-Rivières* was sanctioned. The history of the Port of Trois-Rivières shows that it has always been instrumental in the economic development of the Mauricie region.¹³

In February, the Trois-Rivières Port Authority unveiled the results of an economic impact study of port activities, conducted by SECOR. It was revealed that port activities in Trois-Rivières generated 949 direct jobs in 2011, compared to 848 in 2010 and 767 in 2008, the

year the *On Course for 2020* plan was implemented. This represents respective increases of 11% and 24%. In addition, in 2011, 973 indirect jobs were created for a total of 1922 jobs, an increase of 11% compared to 2010 and 19% compared to 2008. Furthermore, the economic impacts in 2011 are an estimated \$158 million, compared to \$138 million in 2010 and \$128 million in 2008, representing respective increases of 14% and 23%.

All these results confirm the relevance of the On Course for 2020 modernization plan, whose Phase I was completed in January 2011. Note that the work has created 26 000 square meters of additional outdoor storage space, built new sheds for solid and liquid bulk and expanded the railway network.¹⁴

Bécancour

New plant for Rio Tinto Fer et Titane

A new plant for Rio Tinto Fer et Titane could be built in Bécancour in 2016. In fact, the multinational metallurgical company chose Bécancour as the location for a prefeasibility study for the plant where titanium pigment will be produced, a component used in paint manufacturing. The ore that will be processed comes from Africa, and the location of the port of Bécancour was determinant in choosing the geographical location of the plant. With the establishment of this titanium processing plant, marine traffic and tonnage handled at the port of Bécancour will increase.¹⁵

Sorel-Tracy and Havre-Saint-Pierre

Rio Tinto Fer et Titane Investments

Rio Tinto Fer et Titane is investing \$49 million in its Sorel-Tracy facilities for the reconstruction of one of its nine reduction furnaces which produces raw materials for the titanium dioxide industry.

¹¹ "ArcelorMittal songe à réinvestir," *Le Quotidien*, April 27, 2012; "Expansion en vue au Québec," *La Tribune*, April 27, 2012.

¹² Port-Alfred Port Authority; Bélanger, Martin, "La fin du conflit réjouit la direction," *Le Quotidien*, July 6, 2012.

¹³ "The Port of Trois-Rivières will Celebrate its 130th Anniversary in 2012!" Press release, *Trois-Rivières Port Authority*, January 9, 2012.

¹⁴ "The Port of Trois-Rivières, an Economic Motor," Press release, *Trois-Rivières Port Authority*, February 14, 2012.

¹⁵ Lamothe, Mathieu, "Projet de 4 milliards \$ à Bécancour," *Le Nouvelliste*, June 22, 2012.

This investment is part of the implementation of the TiO 2050 project. Note that in May 2011, Rio Tinto Fer et Titane announced an investment of \$800 million in its Manganic and Sorel-Tracy facilities. This five-year investment will extend the lifespan of the Tio mine until 2050 and modernize the Montérégie complex.¹⁶

Port-Saguenay

Expected increase in marine traffic

The construction of a railway connecting the facilities at Grande-Anse to the North American railway network could increase traffic at the port by at least one vessel per week. Using an average growth scenario, there could be 40 more vessels per year, including ships travelling to the Rio Tinto Alcan facilities. To attain this level of traffic, the port will depend on the mining projects in the Chibougamau region, north of Saguenay-Lac-Saint-Jean.¹⁷

Valleyfield

Increased tonnage going to the Far North

The Port of Valleyfield is the furthest inland and also the furthest from the Atlantic Ocean accommodating ocean freighters. Located on the Beauharnois Canal, thus directly on the St. Lawrence Seaway, the port can accommodate any vessel whose dimensions allow it to access the locks upstream and downstream.

The Port of Valleyfield is particularly specialized in shipping cargo of all kinds to northern communities. Every summer, about a dozen ships loaded with cargo sail eastward down the St. Lawrence, head up the Atlantic along the coast of Labrador, enter Ungava Bay and service the coastal Inuit villages. The port has nine docks extending over 1100 meters.

In five years, shipments bound for northern Quebec have doubled to more than 60 000

tons, which represents more than 10% of the port's tonnage. In 2011, the port handled a record 122 vessels, 24 more than in 2010. Less than ten years ago, only about forty vessels called the port.

In all likelihood, the tonnage handled at Valleyfield will increase significantly in the coming years. With the *Plan Nord*, communities in northern regions will have increasing cargo needs: machinery, prefabricated houses, liquid bulk tanks, snowmobiles, goods and food of all kinds.¹⁸

Pointe-au-Pic

Wharf transferred to the municipality

The Government of Canada agreed to transfer the Pointe-au-Pic and Cap-à-l'Aigle wharves to the Société de gestion des infrastructures de transport de Charlevoix (SOGIT). \$8.9 million were provided with this transfer. This funding will be used to carry out repairs to the two wharves and to finance operations over a five-to-seven year transition period.¹⁹

Gros-Cacouna

Dry dock project

In July, the company Méridien Maritime de Matane announced the construction of a dry dock at the port of Gros-Cacouna. It will be a huge 4200-square-meter building used for vessel construction and repairs. The choice of Gros-Cacouna is a result of its excellent geographical location in deep water and near Quebec City. The greater Quebec City area has the highest concentration of ferries. Most ferries (private and public) are between 20 and 30 years old, so governments and the private sector will have to invest heavily in the coming years to refurbish the fleet.²⁰

¹⁶ Lévesque, Fanny, "Havre-Saint-Pierre - Rio Tinto Fer et Titane poursuit ses investissements," *Journal Le Nord-Côtier*, March 21, 2012.

¹⁷ Tremblay, Louis, "Environ 40 navires de plus par année," *Le Quotidien*, May 24, 2012.

¹⁸ Tison, Marc, "Le dernier port au bout du fleuve," *La Presse*, June 21, 2012.

¹⁹ Desmeules, Sylvain, "Quais cédés à Cap-à-l'Aigle et à Pointe-au-Pic," *Le Soleil*, March 28, 2012.

²⁰ Larouche, Marc, "Projet de cale sèche de 30 millions \$ à Gros-Cacouna," *Le Soleil*, July 15, 2012.

SEAWAY

Increase in tonnage transiting the Seaway

In March, the Seaway's 54th season started on a positive note. The upward trend from the 2011 Seaway results, i.e. a total tonnage of 37.5 Mt, will continue in 2012. In fact, the St. Lawrence Seaway Management Corporation (SLSMC) is expecting a 3% increase of cargo in transit in 2012. This increase of shipments will essentially stem from iron ore and coal which have become export products due to high demand overseas.

As of June 30, 2012, 13.2 Mt of cargo had been shipped on the Seaway, up 1.3% from the same period last year. 1393 vessels transited on the Seaway, a 4% decrease. The higher shipments of iron ore (+ 27%) and coal (+ 30%) more than offset the lower shipments of grains (- 16%), dry bulk (- 13%) and liquid bulk (- 17 %).

A recent economic study conducted on behalf of the SLSMC demonstrates the important role of the Great Lakes-St. Lawrence Seaway System for the economies of Canada and the United States. The system contributes 34 billion dollars in economic activity and supports approximately 227 000 direct and indirect jobs. Since its inception in 1959, the St. Lawrence Seaway has been used to transport more than 2.5 billion tons of cargo valued at over \$375 billion.²¹

WORLD MARITIME SHIPPING

Global economy still slow

According to Export Development Canada (EDC), world growth in 2012 is expected to ring in at 3.3% this year and rise to 3.9% in 2013. These rates are similar to those of 2011, a lackluster year for economic growth. This anticipated increase is mainly due to the economic performance of emerging countries

²¹ "Seaway Opens 54th Navigation Season Projecting 3% Increase for 2012," Press release, Great Lakes St. Lawrence Seaway System, March 22, 2012; "Seaway Monthly Traffic Results as of June 30, 2012," Great Lakes St. Lawrence Seaway System.

such as China, this group's main contributor, and, to a lesser extent, India. Overall, emerging markets will see their GDP growth slow down, from 5.7% in 2011 to 4.8% this year, and rising slightly to 5.5% in 2013. In short, the main driving forces for world growth are slowing.

The euro-zone economy is still fragile. The latest indicators confirm that several euro member countries are in a recession. The extent of sovereign debt, problems in the banking sector and record unemployment are all factors that continue to weigh down the euro-zone economy.

In the United States, GDP growth has also been weak in 2012, with only 1.9%. Job creation has slowed down, retail sales are weak, industrial production and consumer confidence are not as high. Clearly, there are many reasons for the weakness of the U.S. economy. In addition, financial concerns regarding Europe continue to weigh heavily on economic recovery in the United States.

In Canada, the economy continues to grow, but at a relatively moderate pace.²²

MARITIME SHIPPING IN CANADA

Strong anticipated growth of marine transportation in Canada

Since the end of the economic recession, container and other vessels have begun to operate again in Canadian waters. If the free trade agreements that the federal government is currently negotiating with the European Union (EU) and some Asian countries are realized, the growth of marine traffic should increase.

During the last federal budget, the Minister of Finance announced that a free trade agreement with the EU would inject some \$12 billion into

²² Hall, Peter G., "Staying the Course," Export Development Canada, July 12, 2012; "Economic and Financial Outlook," Desjardins Group, Volume 17/Summer 2012.

the Canadian economy. The potential economic impacts of similar agreements with China, India and possibly even Brazil would be significant. This would certainly result in an increase in tonnage handled and marine traffic in Canadian ports.

According to the President and Chief Executive Officer of the St. Lawrence Seaway Management Corporation, the hundreds of ports and harbours located along the St. Lawrence Seaway and the Great Lakes could, in the short term, double their handling capacity without having to invest significantly in their port infrastructures.²³

Canada's fleet of commercial vessels growing

The shipping industry in Canada has the wind in its sails. The sector is recovering slowly but surely from the global economic recession of 2009. In addition, the industry is already benefiting from the abolition of customs duties on ships for the purchase of new vessels. Note that on October 1, 2011, the Canadian government removed the 25% tariff on imported vessels.

As a result, the NEAS Group²⁴, largely Inuit-owned and serving northern Quebec from the Port of Valleyfield, will soon acquire a sixth vessel. *Canada Steamship Lines* will purchase between four and six new vessels. Fednav will invest \$400 million and add 15 new vessels to its fleet by 2015. Groupe Desgagnés has acquired a new generation of state-of-the-art cargo ships. Oceanex, specializing in shortsea shipping (cabotage), has ordered a fourth ship to integrate its fleet in 2013. Oceanex is also working on a service project for the ports of Baie-Comeau and Sept-Îles.²⁵

²³ Champagne, Stéphane, "Un mode de transport à développer," *La Presse*, April 4, 2012.

²⁴ The NEAS Group includes *Nunavik Eastern Arctic Shipping* and *Nunavut Eastern Arctic Shipping*.

²⁵ Simon, Nathalie, "Tous les ports affichent des gains," *La Presse*, April 4, 2012; Vallières, Martin, "Secteur maritime : Fednav grossit malgré un marché houleux," *La Presse*, March 14, 2012.

Investments in Canadian ports necessary

Within a 15 year timeframe, the total infrastructure investment costs of major Canadian ports have been estimated at \$5.8 billion by a consultant group who completed the study jointly commissioned by Transport Canada and the Association of Canadian Port Authorities (ACPA).

One-third of this amount, or nearly \$1.9 billion, would go towards rebuilding existing port assets (coastal, surface and intermodal). The remaining \$3.9 billion would fund new port infrastructure projects and would mainly include the development of unused property and significant capacity upgrades to increase the transshipment capacity of terminals and other facilities. Moreover, given the increase in marine traffic in Canada, several port authorities have a growing need for infrastructure linked to the land-based supply chain.

The study pointed out that most ports use a five-year capital planning horizon. In addition, the study noted that trade accounts for 60% of Canada's GDP, and that Canadian ports handle more than \$180 billion in international trade, representing about 20% of total Canadian trade by value in 2010.²⁶

MARITIME SHIPPING IN QUEBEC

New North Shore marine service project

The opening of the Romaine Hydroelectric Complex and many mining projects in development on the North Shore would justify the creation of a new marine shipping service linking the Centre-du-Québec region and the North Shore. According to a feasibility study conducted by St. Lawrence Shipoperators, in partnership with the Ministère des Transports du Québec and Hydro-Québec, approximately 10 000 additional trucks will be using Route 138

²⁶ Ryan, Leo, "Infrastructure study maps port investment needs," *Maritime Magazine*, M 61, Summer 2011.

in the short and medium term to fulfill the many needs in all kinds of cargo required for projects in development or planned on the North Shore.²⁷

The marine shipping service would be an independent entity made up of shipowners and trucking companies. The Ministère des transports du Québec would also be solicited in this shipping service endeavour, in particular during the start-up phase. Moreover, the Ministère will benefit considerably from this new marine service, particularly in terms of cost reductions in road maintenance as well as reductions in greenhouse gas emissions.²⁸

According to the St. Lawrence Shipoperators' Executive Director, this increased use of Route 138 for trucking is sufficiently important to justify adding a potentially weekly marine service that would pick up a portion of the 10 000 additional trips generated by the major projects on the North Shore. In other words, this marine service would help support existing road transport by taking on a portion of the additional volume of cargo to the North Shore.²⁹

It should be noted that the choice of homeports has not yet been finalized. No port of destination has yet been set. The new marine service should deliver cargo to Sept-Îles, Havre-Saint-Pierre or other ports as needed and based on service viability.³⁰

Deepwater port projects in Nunavik

Under the *Plan Nord*, Transports Québec is currently conducting studies for the possible construction of deepwater ports in Nunavik. If this plan goes through, these projects would provide direct shipment of hundreds of tons of raw ore.

²⁷ Lévesque, Fanny, "Nouvelle desserte maritime - L'utilisation accrue de la 138 justifie l'ajout d'un service régulier," *Journal Le Nord-Côtier*, February 22, 2012.

²⁸ Ibid

²⁹ "Desserte maritime pour le transport de marchandises vers les grands chantiers de la Côte-Nord," Press release, *St Lawrence Shipoperators*, November 23, 2011.

³⁰ Ibid

A first project has already gone through significant steps to determine its feasibility. It would be a port at Whapmagoostui-Kuujuarapik, on the shores of Hudson Bay. In addition, the Quebec government has taken preliminary steps to establish another deepwater port in the area of Kuujuaq, in Ungava Bay. Finally, Oceanic Iron Ore would also like to build a port near the village of Aupaluk, on the shores of Ungava Bay.³¹

Promising deposits in the James Bay region

According to the President of Virginia Mines, the James Bay region contains mineral resources valued at 40 to 50 billion dollars. In addition, only 15% of these resources have been explored. For now, the mining explorers have found 11 million ounces of gold, over 2.6 billion tons of iron ore, 55 million pounds of uranium, 36 million carats of diamonds, as well as copper, zinc and lithium. However, mining development projects would require companies to invest considerable sums in transporting ore to refineries in Canada and abroad.³²

Record investments on the North Shore

According to the Institut de la statistique du Québec, Quebec's North Shore region will be receiving the most investments among goods-producing industries in Quebec. In fact, the region can rely on forecasts of \$3.4 billion, an increase of 90% compared to 2011. This increase is mainly attributable to the mining sector in which \$2.1 billion will be invested.³³

ENVIRONMENT

Invasive species: a decision by New York State

The shipping industry and communities along the St. Lawrence River and Great Lakes are

³¹ Shields, Alexandre, "Plan Nord – Québec étudie des projets en eaux profondes," *Le Devoir*, July 4, 2012.

³² Fontaine, Hugo, "La Baie-James, eldorado minier," *La Presse*, July 3, 2012.

³³ Lévesque, Fanny, "Investissements – La Côte-Nord tire son épingle du jeu," *Journal Le Nord-Côtier*, May 30, 2012.

rallying against New York State, which is seeking to strengthen its standards in the fight to control the presence of invasive alien species, such as the zebra mussel.

The State of New York, which proposed regulations that were more stringent than the international standards in force in Canada, had to backtrack. Had these regulations been adopted, vessels would have been prohibited on the Great Lakes. That said, the Canadian shipping industry remains concerned because even though New York State backed down, it is maintaining its objective to put more stringent regulations in place.³⁴

July 2012: the impact of low water levels in the St. Lawrence

In July, the low water levels at the port of Montreal and in the St. Lawrence Seaway forced shipowners to reduce the cargo size of their larger vessels. For example, on July 12, water levels in the port of Montreal were 36 centimeters below "chart datum", or the seasonal norm. Although it was less critical than in September 2007, when water levels fell 48 cm below chart datum, the situation was still worrisome.

In fact, Canada Steamship Lines, whose vessels carry dry and liquid bulk, had to reduce the tonnage loaded onto its vessels in the Montreal area. A container vessel was also forced to unload some of its containers in Halifax before continuing on its route to the port of Montreal. For recreational boating, the situation was also problematic. There is a strong correlation between low water levels and the number of groundings of recreational boats.³⁵

³⁴ "Espèces exotiques envahissantes : une décision attendue dans l'inquiétude," *Radio-Canada Website*, February 29, 2012.

³⁵ Fontaine, Hugo, "Les armateurs doivent surveiller leurs chargements," *La Presse*, July 13, 2012.

COMMODITIES

Iron Ore

A gigantic mining complex in Nunavik

Chinese state-owned company Wisco hopes to build a gigantic mining complex worth \$13 billion in northern Quebec by 2016. Located in the Labrador Trough, 160 kilometers north of Schefferville and 250 km south of Kuujuaq, the project is expected to extract 50 million tons of iron ore per year over a potential period of up to one hundred years. It would be the largest mining project in Canadian history.³⁶

Aluminum

Aluminerie Alouette: record aluminum production in 2011 and 2012

In 2011, Aluminerie Alouette in Sept-Îles produced 582 004 tons of aluminum, its best recorded production. This bodes well for the smelter's management goal to produce 600 000 tons in 2012. This growth is expected to continue in the future. In fact, note that in 2011, the smelter was granted a 500 megawatt power block by the Government of Quebec, which was necessary for the completion of the smelter's third phase of expansion. Annual aluminum production should then increase from 600 000 to 930 000 tons.³⁷

Natural gas

Gaz Métro hopes to revive Rabaska

The Rabaska Project could be resurrected sooner than expected. Gaz Métro still refuses to give up on its project to build a natural gas terminal in Lévis. Essentially, Rabaska was an \$800 million project aimed at building a terminal at Lévis for berthing vessels carrying liquefied natural gas from abroad. Although the project had received all the environmental

³⁶ Ouellet, Martin, "Les Chinois veulent construire un gigantesque complexe minier au Nunavik," *La Presse*, September 18, 2011.

³⁷ Lévesque, Fanny, "Aluminerie Alouette – La meilleure année de son histoire," *Journal Le Nord-Côtier*, January 31, 2012.

authorizations in 2008, construction of the terminal never began. Gaz Métro and its partners were never been able to finalize a firm natural gas supply agreement.

However, abundant natural gas reserves in North America could potentially help Gaz Métro and its partners if they decided to export the fuel overseas. In Europe and Asia, there is a strong demand for natural gas and prices are high. In short, these are promising markets. In addition, the Lévis Rabaska terminal's access to the Atlantic Ocean via the St. Lawrence River is a significant asset.³⁸

FERRIES

STQ renews ferry fleet

The *Société des traversiers du Québec* (STQ) will renew the majority of its ferry fleet in the coming years. More specifically, five new ships will be launched to better meet the needs of the various ferry users.

Starting in 2014, the Baie-Sainte-Catherine/Tadoussac crossing will be serviced by two additional ferries with the same capacity as the current three. The increased demand, namely due to the *Plan Nord*, justifies this improved service.

The M.V. Camille-Marcoux, servicing the Matane/Baie-Comeau/Godbout crossing since 1974, will be removed from service. The replacement ferry will accommodate 180 vehicles rather than the current 120, and 750 passengers instead of 600. It will be faster and run on liquefied natural gas.

Finally, the older vessel *La Richardière* servicing the Isle-Verte/Notre-Dame-des-Sept-Douleurs crossing will be removed from service

next year. A new boat, with double the capacity (12 vehicles rather than 6), will take over.³⁹

The new ferry Bella Desgagnés saved in extremis

The new ferry *Bella Desgagnés*, which is set to replace the *Nordik Express* for service between Anticosti Island and the Lower North Shore, was saved in extremis from the bankrupt Brodogradiliste Kraljevica shipyard, in Croatia. More than 92% of the work onboard the *Bella Desgagnés*, which was towed to the Fincantieri shipyard in Italy, has been completed. About five months will be needed to complete the work, do the final test-runs at sea and bring the ship to Quebec. The Desgagnés group will ensure that all necessary measures are taken so that the ship is completed as soon as possible while maintaining the highest standards of safety, quality construction and comfort for its riders.⁴⁰

A new ferry on the Ottawa River

The Canadian and Quebec governments will fund a new ferry service between the municipality of Quyon, in Pontiac, and Fitzroy Harbour, in Ontario. The work will allow the ferry to service both sides of the Ottawa River throughout the year, rather than from April to November as is currently the case. In addition, trucks carrying cargo will also have access to the ferry. The construction of loading and unloading docks on both sides of the river is also planned. The total project cost is estimated at \$2.8 million and should be completed in 2013.⁴¹

A ferry for cyclists in Saguenay

The city of Saguenay intends to acquire a motorized pontoon to connect the bike path from one side of the river to the other, between Shipshaw and Jonquière. The pontoon will be a shuttle for cyclists. It will launch from a dock

³⁸ Couture, Pierre, "Gaz Métro tient à Rabaska," *Le Soleil*, April 13, 2012.

³⁹ Diotte, Simon, "De nouveaux bateaux à l'horizon," *La Presse*, July 11, 2012.

⁴⁰ Thériault, Carl, "Le nouveau traversier Bella-Desgagnés sauvé in extremis," *Le Soleil*, June 17, 2012.

⁴¹ Orfali, Philippe, "Un nouveau traversier d'ici l'an prochain," *Le Droit*, May 25, 2012.

near Jonquière's dam number 2. The crossing will come to an end at the Shipshaw marina, where the installation of new docks has already been announced.⁴²

Ferry project between Montreal and Longueuil

A developer would like to establish a new ferry service between Pointe-de-Longueuil and Old Montreal's Bickerdyke Basin. More specifically, two ferries would provide service every thirty minutes during rush hour. Up to 96 000 people and 9 600 cars could be transported every day, year-round. This ferry service between the two shores would be particularly useful when there is construction on the roads or when metro service is down.⁴³

EXCURSION CRUISES

Changes to the Marine Mammal Regulations

In March, Fisheries and Oceans Canada proposed amendments to the *Marine Mammal Regulations (MMR)* under the *Fisheries Act*. These changes would define the notion of disturbance more clearly, as well as the minimum approach distances for large marine mammals.

Observation activities are being targeted, because repetitive and close interactions with humans represent a threat to these animals. The term disturbance would also include the approach of marine mammals with the intent of feeding them, swimming with them or otherwise interacting with them, making them leave their immediate vicinity, drawing them elsewhere or making them move, and labelling or marking them.

In addition, changes to the MMR aim to set a minimum approach distance of 100 m for marine mammals in order to provide a sufficiently safe buffer zone between them and

vessels. DFO believes that a 100 m approach distance is appropriate for most of these species and in most circumstances, and that it will not unnecessarily hinder the public's appreciation of marine mammal watching.⁴⁴

Shuttle boat on the Saguenay River

In July, the company Les Croisières du Fjord introduced a new marine shuttle service, which allows users to discover the 100 kilometres of the Saguenay River in addition to offering stops in five municipalities in the lower Saguenay. Two tour boats, *Cap-Liberté* and *Fjord Saguenay 2*, will offer daily shuttle service on a regular route and schedule. Both boats will crisscross the Saguenay between La Baie and Tadoussac with stops in Sainte-Rose-du-Nord, Rivière-Éternité and L'Anse-Saint-Jean. Croisières du Fjord hopes to welcome 2000 tourists by September 2, at a rate of 32 tourists per day.⁴⁵

INTERNATIONAL CRUISES

Ferry cruise project on the St. Lawrence

A promoter from Croisière Transboréale is still considering a ferry cruise on the St. Lawrence River and in the Gulf of St. Lawrence. If the project is carried out, the cruise could carry tourists and workers, with or without their cars, between Montreal, Québec, Sept-Îles and Corner Brook, Newfoundland, starting in 2012. The return trip between Montreal and Corner Brook would take five days. Note that there are currently very few passenger ships on the St. Lawrence. The best known is the *MS CTMA Vacancier*, which offers service from the Magdalen Islands to Chandler, Québec and Montreal. The *Nordik Express*, operated by Desgagnés, carries both cargo and passengers

⁴² Gagnon, Mélissa, "Un traversier reliera les deux rives," *Le Quotidien*, April 12, 2012.

⁴³ "80 millions de dollars pour un projet de traversier entre Montréal et Longueuil," *Le Journal de Montréal*, May 3, 2012.

⁴⁴ "Regulations to protect marine mammals from human disturbance," *GREMM Website*, April 5, 2012.

⁴⁵ Villeneuve, Denis, "Une réalité après 20 ans," *Le Quotidien*, July 6, 2012.

eight months of the year, and stops in several ports on the Lower North Shore.⁴⁶

A record year for cruises on the St. Lawrence

According to the Cruise the Saint Lawrence Association, 2012 will be a record year for international cruises on the St. Lawrence River. About 250 000 passengers are expected in the nine ports that are accessible to large cruise ships. For the first time, all ports (Québec, Montreal, Saguenay, Gaspé, Trois-Rivières, Sept-Îles, Magdalen Islands, Havre-Saint-Pierre, Baie-Comeau) will be visited this year.

The ports of Gaspé and Saguenay should see their best year with a little over 30 000 passengers. The port of Québec is well on the way to a record year, with 79 scheduled stops that will bring more than 110 500 passengers and 44 000 crew members to the capital. In addition, the British Saga Shipping Company will offer an innovative cruise that will make all the stops along the St. Lawrence, the first of its kind.⁴⁷

COMMENTS

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⁴⁶ Morin, Annie, "Un lien entre Montréal et Terre-Neuve; Croisière Transboréale veut ressusciter son projet de traversiers croisières sur le Saint-Laurent," Le Soleil, April 2, 2012.

⁴⁷ "Vers une année record pour les croisières sur le fleuve," La Tribune, April 7, 2012; Morin, Annie, "Année record prévue pour les croisières sur le fleuve," Le Soleil, April 6, 2012.