

# The Port Of Oshawa:

Its Role and Prospects in the East-Central Ontario Economy



**Presented to:**  
David Crombie

**Submitted by:**  
Durham Region Economic Development and Tourism Department



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## **SUMMARY**

This report provides a basis for discussion of economic growth opportunities within east-central Ontario relative to industrial development on lands adjacent to the Port of Oshawa. It is the position of Durham Region's Economic Development and Tourism Department that ports are a key component of the goods movement transportation infrastructure system that facilitates economic development and trade, therefore a critical piece of regional infrastructure.

Investing in port infrastructure is important regionally to ensure that transport passages are kept relevant in the future.

Further, it has become evident that logistics and freight handling has become an arena for economic opportunity in Durham Region.

## **IMPACT AREA FOR CONSIDERATION**

East-central Ontario is defined with borders reaching as far west as Highway 400, east to Kingston and north to Peterborough. The area's transportation infrastructure includes a number of provincial highways including Highways 401, 404, 407 and 35/115.

## **SHORT-SEA SHIPPING IS GROWING AS AN ALTERNATIVE TO TRUCK TRANSPORTATION**

The Port of Oshawa is a member harbour of "Highway H20" – a 3,700 kilometre marine highway. In 2006, 48 million tonnes of cargo were shipped, yet the marine highway is operating at only 50 % capacity. Over the next 20 years, it is expected that traffic volumes over the waterways will triple.<sup>1</sup>

There are a number of barriers regarding transportation on highway corridors in the Greater Toronto Area (GTA). Transporting goods using passages such as Highway 410, the Don Valley Parkway and Gardiner Expressway can be time consuming and expensive due to congestion. Further, trucks may be less likely to use toll systems such as the 407 due to expense.

Shipping cargo by water has always been part of Canadian history. With the dramatic increase in fuel cost and continued rise in demand, short-sea shipping is growing as an alternative to truck transportation. Ships use only 10 to 20 % of the energy as required by trucks. One tonne of freight uses four litres of fuel to move 800 kilometres. A single laker can carry as much cargo as three 100-unit trains or 870 truckloads.<sup>2</sup>

As noted in the GLSLS, their marine system has the capability to alleviate road and rail congestion. With the projected growth in the economy and trade, all modes of transportation in North America will be faced with increases in traffic. Working with an integrated rail and trucking system, a region's marine can greatly increase the overall capacity of the transportation system to reduce highway, railway and border congestion.

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<sup>1</sup> Hwy H20 website: [www.hwyh20.com](http://www.hwyh20.com)

<sup>2</sup> *ibid*

Marine transportation has a much lesser impact on the earth's ecosystem with ship emissions at one tenth of the rate that trucks produce. Marine transportation generates very little noise pollution and reduces the need for road maintenance and repair costs. It is also considered to be the 'safest' mode of transportation.

## **BENEFITS OF A LOCAL HARBOUR PRESCENCE**

### **PORTS ARE A KEY COMPONENT OF THE GOODS MOVEMENT TRANSPORTATION INFRASTRUCTURE SYSTEM**

The Port of Oshawa, operated by the Oshawa Harbour Commission, is a valuable economic asset, strategically located in east-central Ontario's corridor. It is capable of accommodating any size or type of vessel entering the seaway system and provides water access to the Great Lakes via the Welland Canal, and the Atlantic Ocean via the St. Lawrence Seaway. Port of Oshawa activity is complemented by shipping activity taking place at the privately owned harbour facility in Bowmanville.

The area is serviced by both national railways, Canadian National (CN) and Canadian Pacific (CP). CN rails are within two kilometres of the harbour. Should the proposed rail spur receive federal approval, the Port of Oshawa will have a direct rail connection.

The City of Oshawa hosts a municipal airport with a 5,000 foot runway accommodating cargo jets and the proposed Pickering Airport will see cargo operations commencing 10 years after the initial opening.

East-central Ontario is also home to a number of trucking and logistics firms that supply the "just-in-time" automotive market. The area is accessible to a number of major cities by rail and truck, positioning Durham Region as a leader in the logistics sector.

With this infrastructure, Durham Region has an opportunity to become a highly-productive logistics centre.

### **THE PORT OF OSHAWA IS A BENEFIT TO A NUMBER OF AREA COMMUNITIES**

Current users represent chemicals, agriculture and heavy industries (steel). The facility has been used historically and continues to be available for the shipment (both in-bound and out-bound) of large-scale equipment, such as manufacturing processing components and energy-related turbines. For this reason, the harbour is an element of industrial sustainability and attraction to the area.

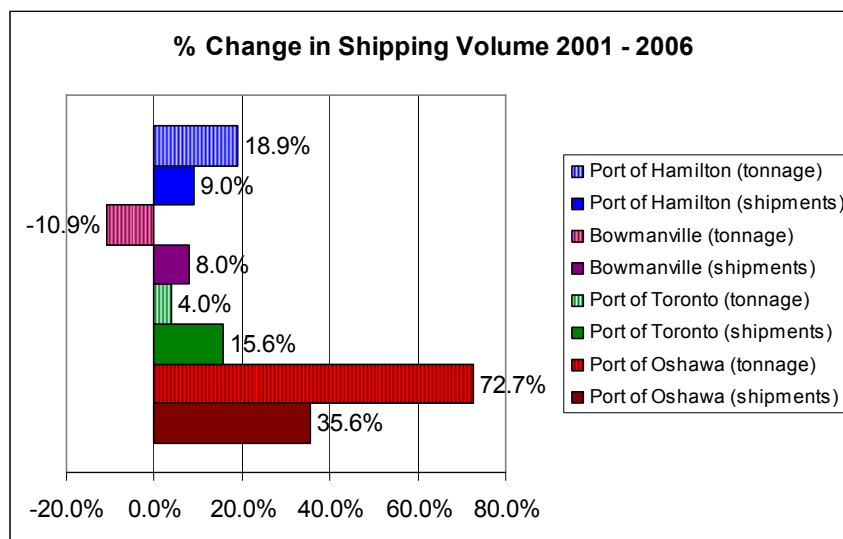
Moving cargo by ships offers many benefits that will become increasingly more important in the future:

- Competitive pricing
- Regularly scheduled transit times
- Safe timely arrival of goods
- Reduced congestion on surface modes
- Increased energy efficiency and lower greenhouse gas emissions
- Efficient and secure border crossings
- Flexible cargo sizes

According to the Great Lakes St. Lawrence Seaway (GLSLS) Study completed in the fall of 2007, the competitiveness of the GLSLS as a transportation system for the iron and steel industry will continue to be reflected by the advantages of its location and transportation charges. Huge volumes can be shipped cost-effectively and expeditiously. This will continue to be a key component of the domestic auto parts manufacturing sector's competitiveness in an increasingly global market place.

### THE PORT OF OSHAWA HAS DEMONSTRATED THE GREATEST GROWTH IN TONNAGE SHIPPED

Among the four GTA ports, the Port of Oshawa has demonstrated the greatest growth in tonnage (72.7%) shipped and it has only utilized a nominal portion of its capacity. The following chart indicates growth trends in shipping volumes—with the Port of Oshawa demonstrating a significant increase in shipping volume<sup>3</sup>:



Currently the largest portion of shipments handled through Oshawa is steel (60%). Asphalt at 15% is a distant second and salt and fertilizer represents 10% of Oshawa's shipping activity.<sup>4</sup> Of the shipping activity taking place, no containers were shipped through Oshawa, whereas in Hamilton there was a total of 85 container movements and none in Toronto. Containerized cargo in the GLSLS is mostly concentrated at the Port of Montreal.

According to the GLSLS Study, items such as forest products, manufactured products, animal, and food and chemical products accounted for most of the international containerized cargo passing through the Port of Montreal—all products key to the economy of east-central Ontario.

### FUTURE OPPORTUNITIES

<sup>3</sup> Source: Canada Customs Revenue Agency [www.ccr.gc.ca](http://www.ccr.gc.ca). Figures represent a total of inbound and outbound shipments

<sup>4</sup> Statistics provided by Oshawa Harbour Commission, May 2006.

## **OPPORTUNITIES TO FURTHER DEVELOP USE OF THE PORT OF OSHAWA**

The waterway plays a strategic role as a passage for large goods in support of agricultural, energy and manufacturing sectors. Opportunities to further develop use of the Port of Oshawa include a freight-only ferry service and the establishment of an export distribution centre. Further industrial development may include a processing facility for raw materials and finished goods. Consideration could be given to establishing a working relationship with the Port of Hamilton so as to provide a regionally integrated approach to shipping services across the GTA.

The Durham Agricultural Advisory Committee (DAAC) supports agricultural usages for the Port of Oshawa. The committee's recent comments regarding the harbour included highlighting the reduced environmental impact from less truck traffic; private business and job creation; and expansion of import and export networks.

## **CONCLUSION**

### **LONG-TERM USE PLAN SHOULD TAKE A BALANCED APPROACH**

Investing in port infrastructure is important regionally to ensure that transport passages are kept relevant so as to meet future demand.

Any long-term land use planning should take a balanced approach and make provision for higher-valued marine industrial uses—even if these are not immediately identifiable. Special recognition should also be given the opportunity for an enhanced recreation and tourism experience in the redeveloped harbour area. There is an opportunity for Durham Region and its transportation components to promote and encourage investment that capitalizes on our collective logistics strength.

Limited harbour front land must be allocated to the “highest, best use”, wherever and whenever possible. Land is scarce—and with competing uses care must be taken that options contributing to a “working harbour” are not foreclosed by short-term decisions favouring less than optimal long-term uses.

A balanced growth plan will encourage industrial, residential and recreational development in both the immediate harbour area and surrounding east-central Ontario area.

**APPENDIX**

Letter from Daniel Rivait, Supply and Distribution Manager, Agrico Canada Limited



Agrico Canada Limited, 2896 Slough Street, Unit#6, Mississauga, Ontario L4T 1G3  
Fax: (905) 672-5544 Tel: (905) 672-5700

Marlene Werry

February 21, 2008

Rural Economic Development Officer  
The Regional Municipality of Durham  
Box 623, 605 Rossland Road East, 5th Floor  
Whitby ON L1N 6A3

Greetings Marlene,

First, thank-you for allowing me to address the issue regarding the potential de-commissioning of the Port of Oshawa, not only will this have a severe negative impact on Agrico Canada Limited as a tenant but the repercussions will be ongoing for the agricultural industry in east/central Ontario.

Agrico leases a storage facility at the Port of Oshawa, which provides the potash required to grow crops from just east of Toronto to Kingston and as far north as Peterborough. The calculable costs with this potential de-commissioning on an on-going basis are approximately **\$75,000.00 per annum** based solely on the added freight costs that fertilizer dealers and ultimately farmers will have to bear to travel to Hamilton to get potash. This does not include the intangible costs associated with freight haulers that would have to travel across the GTA with the associated wear and tear on equipment and poor service due to increased turn around times, which is exaggerated in a compressed planting season and is a considerable logistics nightmare.

Farmers and fertilizer dealers situated in this geography pay the highest landed cost for fertilizers than anywhere else in Ontario, mainly due to a lack of storage options. With added infra-structure the Port of Oshawa could serve the agricultural industry further by adding the handling and storage of such commodities as phosphate and nitrogen, both of which would contribute to a competitive agricultural supply chain in this area.

Thanks again and if you have any questions please feel free to contact me,

Daniel Rivait  
Supply & Distribution Manager  
Agrico Canada Limited

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Canada Customs Revenue Agency website

[www.ccr.gc.ca](http://www.ccr.gc.ca)

Oshawa Harbour Commission, Statistics, May 2006

## **RELEVANT STUDIES**

Economic Potential of HRM and Halifax Harbour, May 2004

<http://www.halifax.ca/regionalplanning/publications/documents/EconomicPotentialStudy.pdf>

Great Lakes St. Lawrence Seaway Study, Final Report Fall 2007

<http://www.gls-study.com/Supporting%20documents/GLSLS%20finalreport%20Fall%202007.pdf>

The Regional Municipality of Durham Official Plan