

Overview of the Corner Brook Port Basin Project

The Atlantic Gateway agreement between the Federal and Provincial governments and related funding commitments has focused attention on Atlantic Canadian ports as economic drivers for trade in the global economy. In assessing the long term transportation infrastructure requirements for the Corner Brook region, the Corner Brook and Area Gateway Committee felt it was critical to resolve the long term shipping requirements of Corner Brook Pulp Paper (CBPP). With nationally significant export volumes, the company is a major contributor to the economy of Western Newfoundland and Labrador. While this modernized, well maintained mill enjoys a significant competitive advantage through its own power supply and access to a year round deep-water port, its future existence is threatened by the aging dock which provides its primary access to world markets, and is currently only able to accommodate side loading vessels.

In June 2009, the Corner Brook & Area Gateway Committee commissioned CPCS Transcom to study the feasibility of creating additional berthage at the Port of Corner Brook (the Port). The feasibility study consists of an analysis of various market opportunities and recommends the infrastructure and operating requirements necessary to capture and develop growth opportunities where a business case exists. In addition, the study assesses the viability of the infrastructure development from a technical, economic and financial perspective, including detailed cost information and identification of potential funding sources.

The proposed development requires filling in the basin between the Port's existing dock and the wharf behind the CBPP mill. A new wharf structure would be constructed in the basin from the North West corner of the Port's existing dock extending across in front of the CBPP dock. The project would address the existing physical and operational constraints at the Port and facilitate increased port activity well into the future by creating an additional berth for the Port and replacing the failing CBPP wharf. The project is estimated to cost \$71 Million and would take approximately three to four years to complete.

While a significant investment is required, there are substantial benefits. First and foremost is the replacement of the aging CBPP dock. CBPP is striving to remain competitive in an industry facing numerous challenges such as shrinking domestic markets and exchange rate fluctuations. To minimize the escalating costs of shipping, CBPP loads product into ships directly from the back door of the mill. However, because of the compromised state of the existing wharf, CBPP is restricted to side-loading vessels and cannot accommodate many of the international ships required to access global markets because of their draft requirements. The basin project would provide increased water depth, a larger lay-down area and new infrastructure that could accommodate appropriate loading equipment. New infrastructure is critical to the long-term survival of CBPP, both in terms of providing the means to ship in a safe, reliable and cost effective manner and to facilitate its planned expansion into new markets. As the only paper mill remaining in the province and the biggest economic driver in Western Newfoundland, it is crucial to address these transportation issues.

The proposed new infrastructure would also enable the Port to take advantage of a range of opportunities and stimulate economic activity in the region. In addition to the new CBPP dock, the intent is to create a flexible, multi-use facility in the basin that can be utilized as needed by various customers and that can be modified, if necessary, to accommodate specific transportation requirements or respond to emerging needs. In the future, for example, increased international demand may warrant a particular type of dock surface to accommodate the loading of aggregate materials, a requirement

which could be considered for the new flexible berth. There a number of growth sectors which can be explored by the Port, such as cruise tourism and the emerging oil and gas sector. Cruise tourism has enjoyed significant growth in Atlantic Canada over the last number of years. However, Corner Brook has lost a number of cruise visits because other vessel bookings at the port have prevented the Port from confirming berthage for ships requesting multiple call dates. The additional berthage would generate new business as the Port would be able to accommodate several vessels at once and avoid scheduling conflicts. In terms of oil and gas, the Port is ideally located to become a service hub, supply base or transshipment facility for exploration/development in Western Newfoundland.

The flexible, multi-use approach to the infrastructure design would ensure that a wide range of options are available for future development. The Port does not envision that the new dock would be a container facility as the existing Port infrastructure is equipped for container traffic and has available capacity via Oceanex's regular container service.

Overall, the report found no extraordinary technical or environmental challenges impeding the basin project. With numerous emerging opportunities, the timing is ideal for infrastructure investment which will position the Port and CBPP for long-term growth. Improvements to CBPP's facilities will help to stabilize the operation and allow the company to focus on targeting new markets and improving both productivity and profitability. Meanwhile, the new infrastructure would allow Corner Brook Port to effectively respond to the dynamic and changing transportation needs of the Western region and ensure a sustainable future. The potential economic benefits to the region are quite significant as the impact from CBPP alone includes the protection of over 1,300 jobs, \$40 million in annual payroll and \$7 million in tax revenues.

The Corner Brook Port Corporation is confident that the basin project fits within the Atlantic Gateway framework and will be encouraging all levels of government to support the project. Over the coming months, the Corporation will be discussing the project with various Provincial and Federal government departments.

The Corner Brook Port Basin Feasibility Study is an initiative of the Corner Brook & Area Gateway Committee and was completed by CPCS Transcom in association with MariNova Consulting and O'Halloran Campbell Consultants. Funding for the study was provided in by the Atlantic Canada Opportunities Agency and the Department of Innovation, Trade & Rural Development.