



**Atlantic Gateway Mission to India
February 17 – 22, 2008**

Mission Report



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New Delhi - Mumbai
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MISSION REPORT

SUMMARY:

The Hon. Peter MacKay, Minister of National Defence and Minister of the Atlantic Canada Opportunities Agency (ACOA) led the Atlantic Gateway Mission to India, February 17-22, 2008. The overall objectives for the Atlantic Gateway Mission were to:

- Promote the Atlantic Gateway as a supply chain route of choice to and from North America;
- Build business relationships between the Indian private sector and the Atlantic Gateway delegation,
- Understand the opportunities presented by India's growing economy, and
- Demonstrate strong commitment and collaboration between private and public sector leaders in support of the Atlantic Gateway.

Coordination was undertaken in cooperation with the Department of Foreign Affairs and International Trade (DFAIT) headquarters, as well as the Canadian High Commission in New Delhi and the Canadian Consulate General in Mumbai; ACOA; the Department of National Defence and the Royal Canadian Mounted Police. Transport Canada (TC) coordinated the overall program for the Mission.

The Minister was accompanied by a strong delegation of 17 senior executives representing key transportation interests comprising the Atlantic Gateway (AG) transportation network. Ministers from each of the four Atlantic Provinces were also members of the official delegation. A list of official delegates follows. Invitations to delegates were issued jointly by Minister MacKay and The Hon. Lawrence Cannon, Minister of Transport, Infrastructure and Communities. In addition, officials from Transport Canada, ACOA, DFAIT and the RCMP accompanied the Minister and delegation in order to provide logistical and technical support throughout the Mission.

The main messages delivered by Minister MacKay and the business delegation centered around the value proposition of the Atlantic Gateway, namely: a natural gateway to North America offering year-round ice-free ports deep enough to handle the biggest ships in the world; a competitive, efficient, reliable, and secure system of ports, railways, trucking, logistics providers, and air linkages to major North American markets; a dynamic and dedicated work force in transportation industries; the Port of Halifax is 500 miles closer to the Suez Canal than New York; and that Atlantic Canada is within two days' drive of half the population of North America.

The objectives of this mission were met through a series of activities including major private sector fora in each of New Delhi and Mumbai, an Air Cargo luncheon in New Delhi, site visits to significant Indian transportation hubs, formal and informal networking sessions with key, targeted members of the Indian transportation sector and a key meeting in Mumbai with the Essar executive team. These events permitted members of the delegation to promote the AG message. In addition, provincial Ministers had occasion to make formal remarks at networking events.

At each event, Minister MacKay articulated the Government of Canada's commitment to the Atlantic Gateway. The Minister's program, which included meetings with Indian federal and provincial Ministers, further afforded opportunities to reinforce the AG message. The Minister's presence, and those of provincial Ministers, facilitated the networking opportunities.

The Mission's premier events, the Canada-India Atlantic Gateway Fora convened in each city, were co-sponsored by the Confederation of Indian Industry (CII) – India's principal industry association, comprised of over 7000 members. Partnership with the CII ensured appropriate Indian representation at these key events. The Minister made keynote remarks at each Forum, and Ms. Karen Oldfield, President and Chief Executive Officer (CEO) of the Halifax Port Authority, gave a broad-ranging presentation on the merits of the AG on behalf of the full Canadian business delegation.

MISSION HIGHLIGHTS:

New Delhi (February 17-20, 2008)

Day One: Setting the Stage

Delegates gathered in New Delhi on Sunday, February 17 for briefings by both TC and ACOA senior officials and the Canadian High Commission. TC and ACOA reviewed the plans for the fora in each city, and the High Commission briefed delegates on the Indian economy, the status of Canada-India two-way trade, and the role of the Canadian trade commissioners' service. The briefing also included an overview of the burgeoning economic activity in south India in the cities of Chennai, Hyderabad and Bangalore. The Minister was also briefed by the Canadian High Commission – both privately and with Provincial Ministers (TC and ACOA officials accompanied the Minister to both briefings).



That evening, the Minister hosted a dinner for the full delegation and made remarks to set the tone for the week's events.

The Canada-India Atlantic Gateway Forum: New Delhi

The Delhi Forum included a balanced mix of industry associations, government and private sector leaders including representatives of shipping, logistics and manufacturing companies. Mr. David Malone, Canadian High Commissioner, welcomed Minister MacKay and the Atlantic Gateway delegation and the day's proceedings were co-chaired by Deep Kapuria, Chairman of the CII (Northern Region) and Paul LeBlanc, Executive Vice-President ACOA.

Following keynote remarks by the Minister, Karen Oldfield, representing the Canadian delegation, made a presentation outlining the business case for the Atlantic Gateway linking India and North America – its regions geographic advantages, world class transportation system and providers, linkages to key North American markets and its overall competitiveness.

Indian speakers, representing the shipping sector, the Automotive Component Manufacturers Association of India and the Transportation Corporation of India, presented a snapshot of the Indian transportation, manufacturing and infrastructure sectors, and provided participants with context in which to consider further promotion of the Atlantic Gateway. Indian speakers had



been briefed on the objectives of the Mission, and provided suggestions and challenges to the Canadian delegation including perspectives on attracting more weekly services and greater volumes of Indian cargo to Halifax, some thought Atlantic Canada's best hope for attracting Indian cargo would be by combining it with European cargo through European hub ports such as Barcelona. Others provided a candid assessment of some of the challenges facing Indian shippers, including the

challenge of moving goods from the interior of India to its marine ports using substandard infrastructure with weak governance and administration.

The overall message delivered by the Indian speakers was that although India faces a number of challenges on the infrastructure front, growth is strong and future prospects are very positive with Indian business keen to look at new partnerships and business opportunities with Canada. A networking luncheon at the conclusion of the Forum permitted all participants the opportunity to continue the dialogue in a less formal setting.

Bilateral Meeting with The Hon. Kamil Nath, Minister of Commerce

Minister MacKay had occasion, following the Forum, to meet with Indian Commerce Minister Kamal Nath to promote the Atlantic Gateway.

Networking Reception:

The Canadian High Commissioner hosted a networking reception for upwards of 200 at the Official Residence. This event provided an opportunity to reach a broader audience than had participated in a more focused forum. Participants represented a broad spectrum of Indian commerce. Canadian delegates took advantage of the event to engage Indian interlocutors.



Site Visits:

The Delhi segment of the mission also included guided tours of the Concor Inland Container Depot (the largest inland terminal in India) and the Delhi International Airport (undergoing significant expansion). These visits provided Atlantic stakeholders the opportunity to witness first hand some of the challenges India faces in managing its growth, and to make the connections to Atlantic Canada. In addition, Mr. John Knubley, Associate Deputy Minister, Transport, Infrastructure and Communities, had occasion to visit the Delhi Metro and to meet with Metro and Bombardier officials involved in this key Delhi infrastructure project and its future expansion.

Air Cargo Networking Luncheon:

The Delhi program concluded with an air cargo networking luncheon hosted by Minister MacKay and coordinated by the Canadian High Commission. Mr. Tom Ruth of the Halifax Airport Authority and Mr. Rob Robichaud of the Moncton Airport Authority made presentations to promote the AG message with a particular emphasis on the air sector. Mr. P.K. Gupta of Air India provided luncheon participants with an overview of the Indian air industry and its phenomenal growth.

Memorandum of Understanding: CII and the Canadian Manufacturers and Exporters

The luncheon also provided a public venue for the signing of a letter of intent between the CII and the Canadian Manufacturers and Exporters (represented by Ms. Ann Janega). The purpose of this agreement is to explore mechanisms for increasing trade opportunities between the two countries. This agreement will help facilitate on-going collaboration and exchange between Atlantic Canada importers/exporters and Indian manufacturers. The first initiative will be to execute an inbound mission of Indian shippers and freight forwarders to Atlantic Canada as a means of showcasing the gateway assets.

MUMBAI (February 20th – 21st)

Setting the Stage: Mumbai

The Mumbai segment of the trip was launched by a briefing for the Canadian Delegation by the Canadian Consulate General, which provided an overview of their responsibilities in the southwestern part of the country and highlighted the fact the region is home to many of India's key shipping ports. Mr. Sharad Kumar Saraf, Chairman, Federation of Indian Export Organizations (FIEO) Western Region, Mumbai also made remarks and provided delegates with an Indian private sector perspective on the opportunities for business development in the region.

Following the briefing, the Minister hosted a dinner for the delegation, at which he made remarks, reflected on the New Delhi portion of the Mission, and looked ahead to the coming days in Mumbai.

Meetings with Bombay First and Mr. Ashok Chavan, State Minister of Industries

Prior to the Mumbai Forum, the Minister, accompanied by Provincial Ministers, had occasion to meet with Bombay First, an organization that aims to make Mumbai a world-class city, through partnerships with government, the private sector and civil society. The meeting provided the Minister with important background information on Mumbai and Maharashtra State, which informed discussions with key interlocutors throughout the day. It was an excellent opportunity to present the objectives of the Mission and the Atlantic Gateway message to several very senior business leaders.

The Minister subsequently met privately with the State Minister of Industries, the equivalent of a provincial Minister in the Canadian context.

The Canada-India Atlantic Gateway Forum: Mumbai

The Mumbai business forum was well represented by a number of shipping, freight forwarding and logistics companies. The forum was co-chaired by Tushar Jani, Chairman of the CII Logistics Sub-Committee, and John Knubley, Associate Deputy Minister, Transport, Infrastructure and Communities. Following the pattern established in New Delhi, Minister MacKay made remarks to open the event, and Karen Oldfield spoke on behalf of the Canadian delegation. In general, the forum provided an excellent networking opportunity for the Atlantic Gateway delegation and Indian guests.



Again, Indian participants made use of speaking opportunities to describe the significant challenges India faces in terms of its infrastructure development.

A networking luncheon for delegates followed the more formal Forum, and discussion flowed more freely during this less structured phase.

Minister's Luncheon with Senior Executives

The Canadian Consulate General gathered an influential group of senior Indian executives for a private luncheon with the Minister. He led a vigorous discussion that started with the Atlantic Gateway message, and ranged across other issues including trade promotion, linkage between institutions of higher education in the two countries, and various other bonds and opportunities for expanding connections. A common thread is that Canada has an important set of advantages

(shared commonwealth heritage, a benign image abroad, a strong economy) but that it is not exploiting these assets.

Meeting with the ESSAR Group

The Minister and the official delegation met with senior level executives at the Essar Group. Essar is a large Indian conglomerate with business interests in Canada (it recently purchased Algoma Steel). Essar divisions specialize in steel production, energy, shipping and logistics, power and construction. This meeting provided delegates with the opportunity to explore their specific interests in each of these sectors and to learn about these markets and opportunities in them from the Indian perspective. Several delegates explored specific opportunities in the informal networking time, and Minister MacKay met privately with the head of the Ruia family owned conglomerate.

Networking Reception:

A reception attended by over 150 guests was held at a rooftop restaurant in Mumbai. Following formal remarks by the Minister, again delivering the AG message to a broader representation of the Indian business community, Canadian delegates took occasion of the event to network with key Indian interlocutors and to plan private business meetings.

Site Visit:



The Mumbai portion of the trip featured a tour of the Jawaharlal Nehru Port Trust (JNPT), India's largest container port handling roughly 65% of the total domestic volumes of containers. The delegation was hosted by Mr. Shahzad S Hussain Chairman and Ms. Maya S. Sinha Deputy Chairperson, JNPT who provided an overview and tour of the facility. The port was originally designed to handle 400k TEUs and by the end of next year will surpass 4 million TEUs and reach its

peak capacity. The delegation toured Nhava Shiva container terminal, a major facility operated by Dubai Ports World, and was hosted for a luncheon by its CEO.

JNPT will figure predominately in future trade growth with the Atlantic Gateway given its share of India's overall container traffic and this was an important opportunity to build relationships with the port.

Wrap-Up Dinner

The final official event of the Mission was a wrap-up dinner, hosted by Minister MacKay for the official delegation. The purpose of the dinner was two-fold: to afford the Minister the opportunity to thank the delegation, and to request feedback with respect to the Mission itself.

CONCLUSIONS:

The Atlantic Gateway delegation and message was received very positively in India and the mission clearly benefited from a team approach and a common message. The Indian business community is focused on understanding the cost and time benefits of accessing U.S. markets through Atlantic Canada. The maps and detailed information provided by the specific businesses were received with interest and in several instances there were immediate business-to-business meetings established. While the focus was on the trade and transportation opportunities, there were other business opportunities that emerged particularly with respect to services provided by the Canadian businesses as well the potential for Indian investments in Canadian initiatives.

Delegates heard about the growing Indian economy (steadily in the range of 9% GDP growth annually) and the specific opportunities that represented, along with some of the transportation limitations and challenges the nation faces. Indian interest in foreign investment was raised in each forum. These presentations and meetings provided some solid context around the future growth potential for the Atlantic Gateway and more importantly, how it can be realized.

Indian interlocutors expressed an interest in working with Atlantic Canadian ports to access U.S. markets and in some instances this was seen as a preferable alternative to U.S. ports. Indian businesses sought and received assurance that Canadian security standards were consistent or superior to U.S. requirements.

Indian interlocutors stressed the importance of cost and indicated that this was a the central component for decision-making. It was noted that in the current environment (i.e. high cost of bunker fuel) shipping from India to North America is not profitable versus shipping between India (Asia) and Europe. Conversely, the return – from North America to India – is a profitable route that underscores the importance of developing the export market from North America as a part of the Atlantic Gateway strategy. Addressing this competitive element of the Atlantic Gateway was identified by CN and the terminal operators (Halterm Ltd. and Cerescorp Inc.) at the Port of Halifax as critical to growing the inbound trade volumes.

The delegation recognized the longer-term nature of the business opportunity in India and the importance of understanding the opportunities and challenges associated with doing business in this country. The Port of Halifax has had some success in terms of generating awareness of the port and its geographic advantages which include being the first port of call for ships traveling to North America from India through the Suez Canal.

There are other current Indian business interests in Atlantic Canada. For example, the Aditya Birla Group owns and operates the Nakawick Mill in New Brunswick. This mill is currently

being refitted to produce and export dissolving grade pulp that is used in the production of rayon fabric. This product is exported to India through the Port of Saint John. Businesses to business meetings were held between the Port of Saint John and Aditya Birla senior executives to discuss future growth opportunities.

At the end of the mission, a wrap up session provided delegates with the opportunity to reflect on the week and share initial impressions. There was a general consensus that India represented a tremendous opportunity for Atlantic Canada and that there is work ahead for follow-up on the contacts made in India. Delegates also remarked on how well the delegation worked together on the integrated message and how the experience from the mission will provide a solid basis for moving forward. All delegates recognized that it is fundamentally up to business to now follow-up and capitalize on the potential in India. Governments will continue to have a role to help facilitate this follow-up in the context of the Atlantic Gateway, but it must be lead by the private sector.

MEDIA:

The mission received significant and positive media attention – both in India and in Atlantic Canada. The media focused on the role of Minister MacKay but it also highlighted the regional collaboration, the competitive marketing approach for the Atlantic Gateway and the leadership and business prospects being sought by the delegation. Interviews with both provincial ministers and business delegates reflected the breadth of the delegation.

An annex is included to this report that includes samples of the English print media.

ATLANTIC GATEWAY MISSION OFFICIAL DELEGATION

1. The Hon. Peter MacKay, Minister of National Defence, Minister of the Atlantic Canada Opportunities Agency
2. Mr. John Knubley, Associate Deputy Minister, Transport Canada
3. Mr. Paul LeBlanc, Executive Vice President, Atlantic Canada Opportunities Agency

4. The Hon. Denis Landry, Minister of Transportation, New Brunswick
5. The Hon. Angus MacIsaac, Minister of Economic Development, Nova Scotia
6. The Hon. Ron W. MacKinley, Minister of Transportation and Public Works, Prince Edward Island
7. The Hon. Paul Oram, Minister of Business, Newfoundland and Labrador

8. Mr. Wesley Armour, President and CEO, Armour Transportation Systems
9. Mr. Tom Ruth, President and CEO, Halifax International Airport Authority
10. Ms. Joyce Carter, Vice President, Finance and Chief Financial Officer, Halifax International Airport Authority
11. Mr. Doug Hayden-Luck, Sales Director, International Intermodal, Canadian National Railways
12. Mr. Douglas MacArthur, President, Canadian Agro Sustainability Partnership Inc.
13. Ms. Karen Oldfield, President and CEO, Halifax Port Authority
14. Mr. Mark MacDonald, Chairman of the Board, Halifax Port Authority
15. Mr. Geoffrey Machum, Port User Director, Halifax Port Authority
16. Mr. Rob Robichaud, President and CEO, Greater Moncton International Airport Authority
17. Captain Alwyn Soppitt, President and CEO, Saint John Port Authority
18. Mr. Stephen Campbell, Chairman of the Board, Saint John Port Authority
19. Mr. Ron Tepper, President and CEO, Consolidated Fastfrate Inc.
20. Mr. Michael DiVirgilio, Senior Vice President, Ceres Terminals Inc.
21. Mr. John Murphy, Vice President, Transportation, J.D. Irving Ltd.
22. Mr. Paul Brigley, Chief Financial Officer, Halterm Container Terminal Limited
23. Ms. Ann Janega, Vice President, Nova Scotia Division, Canadian Manufacturers and Exporters
24. Mr. Hugh Lynch, Chairman, Melford International Terminal Inc.