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# News Release Communiqué

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## **THE GOVERNMENTS OF CANADA AND MANITOBA ANNOUNCE NEW MEASURES TO ATTRACT INVESTMENT AND BOOST TRADE**

WINNIPEG — The Honourable Stockwell Day, Minister of International Trade and Minister for the Asia-Pacific Gateway, and Gary Doer, Manitoba Premier, today announced a further \$3.5 million in funding to assist with the startup and operation of CentrePort Canada, a 20,000-acre inland port and trade area focused on leveraging Manitoba's role as a hub for international transportation, manufacturing, distribution and warehousing, to create jobs.

Two new pilot projects were also launched. The first project will establish a task force to provide simplified one-stop shopping for businesses interacting with CentrePort Canada. The second project will explain Canada's tax and duty relief advantages to businesses in Western Canada and raise awareness of policies supporting international trade, including foreign trade zone-type programs. Foreign trade zone-type programs offer duty and tax relief to support Canadian businesses and can be used anywhere in Canada to suit business needs.

"CentrePort Canada is one of the key initiatives supported by our government to enhance the competitiveness of Canadian business," said Minister Day. "Today's announcement will strengthen our country, and Manitoba, as one of the world's best places to do business while further boosting our economy and creating jobs."

"With the establishment of these pilot projects, CentrePort Canada will be able to market and promote foreign trade zone-type programs that will make the inland port attractive to international business and investments," said Premier Doer. "This is important to the future growth of CentrePort Canada, and will help Winnipeg and Manitoba continue to enhance their position as a North American trade and transportation hub."

The Government of Canada has made this country among the most competitive nations in the G7. Reforms initiated thus far include:

- lowering the GST from 7 to 5 per cent;
- Canada having the lowest statutory corporate income tax rate in the G7 by 2012, and the lowest overall tax rate on new business investment (marginal effective tax rate) in the G7 by 2010; and
- eliminating tariffs on machinery and equipment, and undertaking consultations for further tariff relief on manufacturing inputs.

Winnipeg is a vital trading hub for Canada. Key rail and road links pass through Winnipeg, linking East and West, and to the American market to the south. Winnipeg's international airport, in turn, links Manitoba to the world. Through its rail and air links to the Port of Churchill, Winnipeg is poised to take advantage of the new opportunities in Canada's Arctic and beyond. These factors make CentrePort Canada a vital initiative, not only for the future of Manitoba, but also for Canada's prosperity.

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# *Backgrounder Information*

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## **FEDERAL GOVERNMENT SUPPORT FOR CENTREPORT CANADA**

Winnipeg plays an important role in both east-west and north-south trade. The CentrePort Canada initiative involves using the James Armstrong Richardson International Airport and surrounding land as a hub for goods travelling to and from Asia and Europe, and then distributing those goods throughout North America by air, rail, road and sea.

In April 2009, the Prime Minister and the Premier of Manitoba announced that the governments of Canada and Manitoba were jointly funding the next phase of this project, which involves building a high-speed transportation corridor. Some of the support provided to CentrePort Canada is under Canada's Asia-Pacific Gateway and Corridor Initiative.

### **Asia-Pacific Gateway and Corridor Initiative**

The Asia-Pacific Gateway and Corridor is a network of transportation infrastructure, including British Columbia's Lower Mainland and Prince Rupert ports, their principal road and rail connections stretching across Western Canada and south to the United States, key border crossings and major Canadian airports. The network serves all of Canada, and the Asia-Pacific Gateway and Corridor Initiative (APGCI) aims to take advantage of Canada's strategic location at the crossroads between the North American marketplace and the booming economies of Asia.

On October 11, 2006, Prime Minister Harper announced the APGCI with an initial investment of \$591 million. A further commitment of \$410 million was made in Budget 2007, bringing total federal funding for the initiative to more than \$1 billion. The APGCI is a long-term effort, focusing on infrastructure, policy, governance and operational issues together in one multi-modal, system-based, public-private strategy.

The Government of Canada's contributions to APGCI projects will improve the transportation system by:

- increasing port, rail and road transportation capacity;
- reducing congestion at key locations for Asia-Pacific trade;
- improving connections between modes; and
- enhancing the transportation system's efficiency, safety and security.

The Government of Canada's investments will continue to promote increased investments by the private sector and other public-sector partners to ensure efficient and seamless connections between the various modes of transportation and improve traffic flows for international cargo.

## **Funding of infrastructure projects supporting CentrePort Canada**

The following projects, totalling over \$460 million and funded through various infrastructure and gateway programs, will be implemented through cost-shared contribution agreements among the proponents. The federal contribution of almost \$190 million for these projects is conditional on all partners providing agreed funding and meeting all applicable federal and provincial requirements, including environmental assessments, regulatory approvals, completion of due diligence, contribution agreements and final federal project approvals.

### **1. CentrePort Canada Way**

**Description:** The CentrePort Canada Way Project involves the construction of a new four-lane divided expressway linking Winnipeg's inland port to the Perimeter Highway. The high-speed corridor will connect Inkster Boulevard (PR 221), the James A. Richardson International Airport and the Canadian Pacific Weston rail intermodal facility to the Perimeter Highway near Saskatchewan Avenue in Winnipeg.

**Total Investment:** \$212.4 million. Canada's component is \$101.6 million. Manitoba's component is \$110.8 million (Manitoba would match the \$101.6 million in federal funds and contribute an additional \$9.2 million for land acquisition).

**Timing:** Construction will start in spring 2010 and end in spring 2014.

### **2. Port of Churchill**

**Description:** This project consists of improvements to the port. Plans are now underway to upgrade the port's facilities and the rail line linking Churchill with Winnipeg. This will better position Churchill as a key hub for Canada's Arctic strategy and facilitate increased trade through the port in the future.

**Total Investment:** \$8 million. Western Economic Diversification will provide up to \$4 million and Manitoba will provide up to \$4 million for improvements to the port.

### **3. Hudson Bay Railway rehabilitation**

**Description:** This project focuses on rehabilitation of the rail line between The Pas and Churchill, Manitoba. The funds will be used to stabilize the permanent roadbed of the Bay Line, which will allow Hudson Bay Railway to maintain reliable and consistent service.

**Total Investment:** \$60 million. Canada, Manitoba and OmniTRAX will each contribute \$20 million.

**Timing:** Construction started in July 2008 and will end in 2018.

### **4. Emerson Highway 75**

**Description:** This project includes improvements to Highway 75 for reconstruction, rehabilitation and safety projects through the town of Morris, from Morris to Aubigny and from St. Jean to Letellier. Highway 75 is part of the Mid-Continent Trade and Transportation Corridor, and one of only four major United States border crossings in Western Canada. The highway connects to United States Interstate 29 at the Emerson border and extends northward to connect with the Highway 100 Winnipeg bypass. The Perimeter Highway (Highways 100 and 101) connects to the Trans-Canada Highway, which is part of the National Highway System. This project is expected to reduce travel times and improve safety for trade flows, thereby further enhancing Canada's economic competitiveness and productivity within the trade corridor.

**Total Investment:** \$90.2 million: \$42.5 million from the Gateways and Border Crossings Fund for the reconstruction and rehabilitation of Highway 75, and \$47.7 million from Manitoba.

**Timing:** Construction started in July 2009 and will end in 2013.

## **5. Trans-Canada Highway and Yellowhead Highway interchange**

**Description:** This project involves the construction of a new interchange at the intersection of Trans-Canada Highway 1 and Yellowhead Highway 16, and a grade-separated crossing on the Yellowhead Highway at the Canadian National Railway Mainline. This project is expected to increase safety and reduce travel time for vehicles travelling through these at-grade road-road and road-rail intersections, respectively.

**Total Investment:** \$115 million: \$21 million under the Gateways and Border Crossings Fund, and \$94 million from Manitoba.

**Timing:** Construction will start in spring 2010 and end in 2014.

### **Two new pilot projects in partnership with CentrePort Canada**

#### **1. Canada-Manitoba CentrePort international business development project**

The governments are setting up a “single-window” coordinating task force to promote international business development at CentrePort Canada Inc., with a focus on foreign trade zone-type programs. This task force will provide proactive coordination and support among seven federal departments to CentrePort Canada, the associated business community and the Manitoba government.

This task force will be located in Winnipeg and convened by Western Economic Diversification, involving local senior officials from the Canada Border Services Agency, the Canada Revenue Agency, Transport Canada, Foreign Affairs and International Trade Canada, Industry Canada and Export Development Canada. It will also involve representatives from the Government of Manitoba and the City of Winnipeg.

**Foreign trade zones** — Canada recognizes the significant impact of taxes on the international competitiveness of Canadian business and has taken concrete steps to strengthen Canada’s business tax advantage.

Canada has three of the most business-friendly incentive programs available anywhere. Canada currently offers several foreign trade zone-type programs for businesses that will benefit from an improved marketing strategy. These include:

- the Duty Deferral Program, which entitles qualified companies to defer or recover customs duties normally paid on imported goods in certain circumstances; and
- the Export Distribution Centre and the Exporters of Processing Services programs, which allow qualified companies to import goods on a GST-free basis for processing in Canada and re-export.

Taken together, the duty and tax benefits of these programs are similar to the advantages provided by foreign trade zones in other countries. Unlike traditional foreign trade zones, which tie businesses to a location that may not be ideal for them, Canada’s foreign trade zone-equivalent programs offer companies the advantage of geographic flexibility.

## **2. Pan-Western Outreach Program**

The Pan-Western Outreach Program is a pilot for a possible broader national outreach strategy. The program will be managed by Foreign Affairs and International Trade Canada. It will include seminars aimed at raising awareness in business circles about Canada's programs and policies supporting international trade, including foreign trade zone-type programs. It will highlight the advantages of both existing programming and the significant reforms that the Government of Canada has undertaken since 2006 to:

- lower the GST from 7 to 5 per cent;
- have the lowest statutory corporate income tax rate in the G7 by 2012, and the lowest overall tax rate on new business investment (marginal effective tax rate) in the G7 by 2010; and
- eliminate tariffs on machinery and equipment, and propose further tariff relief on manufacturing inputs.

**For more information, visit the following websites:**

Pacific Gateway

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

Canada Border Services Agency

[www.cbsa-asfc.gc.ca/import/ddr-red/](http://www.cbsa-asfc.gc.ca/import/ddr-red/)

Border Information Service

[www.cbsa-asfc.gc.ca/contact/bis-sif-eng.html](http://www.cbsa-asfc.gc.ca/contact/bis-sif-eng.html)

Western Economic Diversification

[www.wd.gc.ca/eng/home.asp](http://www.wd.gc.ca/eng/home.asp)

Canada-Manitoba Economic Partnership (EPA) Agreement

[www.epa.gov.mb.ca/](http://www.epa.gov.mb.ca/)