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'Atlantica': Challenge or Opportunity? (cover)

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Watch for the Port of Halifax to play a key role in global trade.

by MARK AREND



"Atlantica" is a bi-national economic region that would benefit significantly from infrastructure investments on both sides of the northeast U.S.-Canada border.

Northern New England's reach into a land mass shared by two Canadian provinces poses an economic development challenge — and opportunity — to business and political entities throughout the region, including Atlantic Canada. The challenge stems from two sovereign nations sharing the same geography: Specifically, the peninsula formed by the St. Lawrence River, the Gulf of St. Lawrence and the Atlantic Ocean. Maine's proximity to Québec and the Maritime provinces of Nova Scotia, Prince Edward Island, New Brunswick and Newfoundland make the region bi-national in name only.

A similar blending of geographic attributes can be found all along the St. Lawrence River from New Hampshire, Vermont and northern New York in the U.S. to Canada's Québec and southern Ontario. But the

region, known as "Atlantica: The International Northeast Economic Region," is at a competitive disadvantage with respect to economic development and world trade despite having attributes that should endear it to those seeking access to key North American population centers. Much can be said — and has been — about why this is the case. Historical, political and commercial forces all have played a role in molding the region's current economic prospects. (For more on that, visit www.atlantica.org.) But the tide is changing.

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Parties on both sides of the border are promoting Atlantica as something more than a mere notion. The hope is that local, state, provincial and the two federal governments will take steps necessary to make the region more economically viable and the border less intrusive from a logistics standpoint. (Cargo leaving the increasingly important Port of Halifax must circumnavigate Maine to reach Canadian points west and other destinations.)

"If we expand our economic zone, we will be right in the middle of European Union and NAFTA economic activity, which is a pretty interesting place to be," says Dianne Kelderman, president of the Moncton, N.B.-based Atlantic Provinces Chambers of Commerce (APCC). "We're working with the business community and the four provincial governments to streamline legislation, regulations and policies to make it easier and more attractive to do business here."

A Council on Atlantica was formed in late 2004 with representation from entities on both sides of the border. Jonathon Daniels, president and CEO of the Eastern Maine Development Corp., and Neville Gilfoy, publisher of Progress, a business magazine, and a representative to APCC, are co-chairmen of the council. Bi-national transportation policy, border security, freight pre-clearance and joint infrastructure asset utilization issues are among the items on the council's agenda.

"This is a business initiative, and it's the business people at the table who are pushing this agenda and participating in the policy discussions, doing the advocacy work, the research and analysis," says Kelderman. "It's a purely business-led and business-managed initiative. Fewer elected officials are involved by design on the Canadian side. We don't want this to get bogged down in bureaucracy."

Kevin Pelley is among those in the business community following Atlantica's progress. Pelley is general manager of Kohltech Windows, a Truro, Nova Scotia-based manufacturer with plants in that province and in Prince Edward Island. His market, for all intents and purposes, is Atlantica.

"I would like to see the [U.S.-Canada] boundary opened up a bit in the region and a freer movement of goods," says Pelley. "Just to get a FedEx package larger than an envelope from Halifax to Bangor, even overnight, takes three or four days because of customs. I understand, since 9/11, the concern for having a controlled boundary, but there are some business issues we need to look at. The U.S.-Canada border is a political boundary, but what can we do to make it more business-sensitive?"

On a broader scope, Pelley enthusiastically supports the cross-border efforts to make the whole region more competitive, because the whole region will benefit. "Rather than Maine and New Brunswick competing for a slice of the pie, let's work together and go after a bigger slice of the pie," he says. One day, perhaps, the region's Atlantica moniker will be as familiar to those in global trading circles as the Pacific Rim is, he surmises.



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Atlantic Canada's interest in boosting regional economic prosperity predates any discussion of an "international northeast" area straddling the U.S.-Canada border. Years ago, many in the Maritimes came to the realization that the notion of dependence on federal largesse from Ottawa, whether it was a good idea in the past or not, did not have much of a future.

"In an era of continental integration, we thought our relationship with the United States, and particularly the part of it right next door, was an obvious place to look for alternative strategies," says Brian Lee Crowley, president of the Atlantic Institute for Market Studies (AIMS), a Halifax, N.S.-based economics think tank. "The U.S.-Canada relationship is increasingly no longer chiefly a matter of foreign affairs, but rather one of domestic affairs with activity taking place between provinces and states and even between local governments on both sides of the border. To a large extent, that relationship is being built along the border in natural economic regions where people on both sides are trying to figure out how they can maximize the economic potential of the region."

Atlantica is not a unique concept; Cascadia on the U.S.-Canada West Coast and the Pacific Northwest Economic Region are models under review by Atlantica proponents. And northeastern governors and provincial premiers have met collectively for years to discuss cross-border matters. But the business community is behind the current initiative. Says Crowley: "The business community has to be the one to say, 'It is in our interest in this region to actively pursue an agenda of economic cooperation and integration,' and the politicians will follow."

The territory of Atlantica (see map) deliberately omits much of New England, including Boston, which is no mistake. "If you think strategically about where we are in the global trade network, then New England is not our natural economic partner," says Crowley. "In fact, New England is a historical construct, not an economic concept, and we needed to think much more strategically about who our real partners were. It became clear that our interests lay in northern New England and upstate New York as a trade corridor en route to places such as Detroit and Chicago."



Brian Lee Crowley
Atlantic Institute for Market Studies



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Much of Atlantica's momentum as a bi-national economic region comes from the emergence of Halifax as a crossroads of global trade.

Container ships now under development will dwarf those in use today, in some cases tripling the number of containers that can be transported on one vessel. Halifax is the only port north of Virginia deep enough to handle ships of that size, and the only East Coast Canadian port likely to emerge as a hub port from which containers are shipped elsewhere via rail, truck and short-sea shipping.

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Getting that cargo to interior Canadian and U.S. destinations without the added time and expense of bypassing Maine and northern New England would significantly enhance Halifax's standing as a logistics center. And all of Atlantica would benefit.

But that's something of a moot point as long as Maine lacks east-west infrastructure on which to move the freight. "The transportation systems coming out of Halifax, very understandably for political and national unity reasons, go around Maine, which is not the most efficient route to Montreal or Toronto," says Timothy Woodcock, an attorney with the law firm of Eaton Peabody in Bangor, Maine, and a former mayor of that city. "That's an inefficiency that the whole region endures. It was one thing when Canada and the United States had largely separate economies, but in the new world we are dealing in, commerce is looking for efficiencies. You have to re-evaluate whether having those kinds of inefficiencies when other regions don't have them serves your long-term interests."

The irony of the U.S. side of the border being less equipped to facilitate regional commerce than the Atlantic Provinces is not lost on Woodcock. "It is a fascinating fact that in the creation of the Interstate system, the northern New England states and eastern New York did not think to connect themselves to one another," he relates. Interstate highways in the region run north and south, mirroring the rivers used for commercial transportation prior to the combustion engine. "If it is very difficult to get from one end of the region to another, as it is to get from, say, Bangor to Plattsburgh, New York, or Montréal, then commerce follows the line of least resistance. Where you can get safely and efficiently in a time-effective way, your trading patterns will follow that route."

The onus is largely on Maine and northern New England, therefore, to deliver the infrastructure needed to help make Atlantica a reality.

"But we do not have a common economy across northern New England — we don't even think we should," says Woodcock. "And that's a regional inefficiency that I think has an impact on Atlantic Canada."

The Canadian side, too, could use some work, adds Kohltech Windows' Pelley. "There is a need to take a hard look at infrastructure going north-south on the Canadian side," he says, pointing out that Canada's east-west access in the region is fairly well served by rail and highway. The trouble comes in linking Canada's east-west assets with the U.S.'s north-south strengths.

Meanwhile Halifax and Saint John, New Brunswick, have "good, natural harbors," says Woodcock, referring to Halifax's port as "an astonishing regional asset, extraordinarily capable in a world that looks as though it's heading more and more into a containerized world — and a world in which regions are going to flourish based on their particular strengths. But it is not as efficiently connected to the rest of North America as it might be."

That might not change any time soon, but the notion that the northeastern states and provinces "are all in this together" in terms of economic prosperity is increasingly understood in the region. New Brunswick's former premier, Frank McKenna, is Canada's new ambassador to the United

States, and both of Maine's senators, among other elected officials, understand the importance of cross-border and inter-regional cooperation on economic development issues; industry already "gets it." If the interested parties can stay on the same page in the development hymnal, then Atlantica could once again be a leading trade corridor on the global stage.

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