

Transformation, Transportation or Speculation? The Prince Rupert Container Port and its Impact on Northern British Columbia

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Abstract²

Much of the discussion around the port development in Prince Rupert has focused on the positive impacts that the container port will have on the regional economy. As the opening quote suggests, the port is being hailed a piece of “transformational infrastructure”, creating numerous opportunities for economic diversification in northern British Columbia. In this sense, therefore, it is widely expected that the container port will help to move the northern economy beyond the type of traditional resource dependency outlined by scholars such as Harold Innis (Drache, 1995). This article argues, however, that there are at least two other potential outcomes or scenarios concerning the port’s development and its impact on northern British Columbia which call into question some of the assumptions made by the port’s proponents. First, the port might be a great success as a gateway to a transportation corridor that stretches across western Canada and into the United States, but have little or no positive impact on the northern British Columbia economy. Second, the port might not live up to the expectations that have been set nationally or locally neither as a transportation gateway nor as a piece of transformational infrastructure

“The port has been described not only as transportation infrastructure, but as ‘transformational infrastructure’ because it’s going to transform northern BC’s economy.” (Vancouver Sun, January 14, 2005).

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Introduction¹

The construction of a deep-water container port in Prince Rupert is one of the most important developments to occur in northern British Columbia in recent memory. The port, which is the result of collaboration between the public and private sectors, will strengthen British Columbia's and Canada's trading links with the expanding markets of Asia and the Pacific Rim. It could also provide a welcome boost to the economy of northern British Columbia and, in particular, to the City of Prince Rupert and the communities along the Highway 16 corridor. In the past two decades, this region has been negatively impacted by the "boom and bust" cycles common in resource producing economies; in particular, the softwood lumber dispute with the United States, the mountain pine beetle epidemic, and the declining demand for lumber products in the United States housing market. The Prince Rupert port development is even seen as having positive economic impacts outside British Columbia. As a key part of the Pacific Gateway Strategy, a government-sponsored effort to enhance Canada's ability to respond to trading opportunities in Asia, the new container port could benefit Canadians across the country.

Much of the discussion around the port development has focused on the positive impacts that the container port will have on the regional economy. As the opening quote suggests, the port is being hailed a piece of "transformational infrastructure", creating numerous opportunities for economic diversification in northern British Columbia. In this sense, therefore, it is widely expected that the container port will help to move the northern economy beyond the type of traditional resource dependency outlined by scholars such as Harold Innis (Drache, 1995). We will argue, however, that there are at least two other potential outcomes or scenarios concerning the port's development and its impact on northern British Columbia which call into question some of the assumptions made by the port's proponents. First, the port might be a great success as a gateway to a transportation corridor that stretches across western Canada and into the United States, but have little or no positive impact on the northern British Columbia economy. Second, the port might not live up to the expectations that have been set nationally or locally neither as a transportation gateway nor as a piece of transformational infrastructure

In both of these scenarios, the economic dependencies which currently exist in which northern British Columbia would be perpetuated or even exacerbated. Even in the event that the port is a huge success, in terms of diversifying the economy of northern British Columbia, the region will still be largely dependent on decisions made, and events taking place, outside the region over which it is little or no control.

Outcome One: The Port of Prince Rupert as Transportation and Transformation

Like many provincial northern economies, the economy of northern British Columbia has, for many decades, been dependent on the production of natural resources. Although the nature of this economic activity has changed over time (for example, large, centralized mills have replaced small, community-based mills), there has been very little deviation from the resource-based economy into other sectors. One of the reasons for this is that the region lacks the economies of scale found in larger urban centers. Other than Prince George (population 75,000), there are no large cities which could support a

robust manufacturing base or a market for manufactured products. Even if such conditions existed, until recently, there has been no trade outlet for exporting manufactured products, other than the heavily congested port of Vancouver to the south and the rail and road transportation corridor to markets in the east.

The creation of a deep-water container port in Prince Rupert has been hailed by many as an economic diversifier for northern British Columbia. While it is probably more accurate to describe the new port as a potential facilitator of economic diversification, the idea is essentially the same. The port has already generated new development and employment opportunities in transportation infrastructure. The container port in Prince Rupert and the inland port facility in Prince George are just two examples. It will also provide a trade corridor to markets in Asia, thereby creating the conditions for the development of locally-based manufacturing and value-added industries. Some of these industries will be connected to the existing resource-based economy, while others, it is hoped, will be new industries that will diversify the economic base of northern British Columbia.

At first glance, this may seem like a very new development. It is, however, a reenactment of the changes that were affecting Prince Rupert almost 100 years ago. The story of the Prince Rupert port began on a note of economic optimism in the first decade of the 20th century with the completion of the Grand Trunk Pacific Railway (GTPR) and the establishment of the Prince Rupert as the coastal terminus for this transcontinental railway (Large, 1973, 1). According to the vision of Charles M. Hays, the General Manager of the GTPR, the new town would have a population of 50,000 and “would rival Vancouver and steal its Oriental trade.” (Large, 1973, 39). Hays wanted to import silk from Asia, via Prince Rupert, and ship it by rail to markets in eastern North America and Europe. W. Hicks argues that, “popular perception insists that the loss of Hays [he died in the sinking of the Titanic in 1912] led to the downfall of the GTP [Grand Trunk Pacific] and, with it, Prince Rupert’s glowing future as a rival to Vancouver. However, it is doubtful that either Hays or [then Prime Minister Wilfred] Laurier could have rescued the GTP from bankruptcy or ensured the development of the northern port in competition to Vancouver or Seattle” (Hicks, 2003, 31).

The story of Charles Hays and the early history of Prince Rupert have two striking modern parallels. First, the current port development is primarily a reaction to a similar set of global economic circumstances: expanding trade opportunities with China and Asia. Although Prince Rupert will provide a gateway for Canadian products including, most importantly, natural resources which will fuel the booming economies of Asia, the proposed container facility will thrive on imported items from Asia destined for markets in eastern and central United States. Second, as will be explained below, the port development in Prince Rupert is viewed by some, as a potential rival to Vancouver’s ports and their trade with Asia. Despite the fact that the current level of trade with Asia probably means that there will be more than enough container traffic to allow everyone to prosper, the Vancouver Port Authority has been critical of the federal government’s plans to use public money to fund the development of the Prince Rupert container port (Prince Rupert Daily News, January 20, 2005).

In the years that followed its initial development, Prince Rupert experienced the peaks and troughs common in northern resource-dependent communities. A slump in the 1930s was succeeded by a boom during the Second World War when thousands of Canadian and American troops were stationed in the town to guard against possible

enemy attack and invasion. The town also benefited from shipbuilding associated with the war effort (Large, 1973, 67).

Throughout its history, the economy of Prince Rupert has been connected quite closely to the economy of northern British Columbia. In the post-war period, the opening of a pulp mill in nearby Port Edward and the grain terminal, coupled with resource development in areas such as fishing, mining and other resource production sustained Prince Rupert. Conversely, the decline of some of these resource industries in the 1980s and 1990s, has impacted negatively on the city (Prince George Citizen, June 29, 2005)

In part, the container port development is the result of an upswing in the economy of western Canada. Renewed resource development, caused by surging global resource prices, and an increase in timber production, caused primarily by the mountain pine beetle epidemic, have reinvigorated the economies of Alberta and British Columbia. Prince Rupert, in turn, is seen as an outlet to the world for many of these resource products.² The main impetus behind the container port development, however, is the “tsunami” of trade with the booming Asian economies. Congestion at existing Canadian and other west coast ports has even forced some shipping companies to make the long journey through the Panama Canal to ports on the east coast of North America (National Post, December 10, 2004). It is increasingly apparent that:

A fundamental shift is taking place in the global economy with Asia occupying an increasingly central role in world trade. Unprecedented growth in Chinese export volumes and increasing demands for coal and iron ore imports, have made China an important growth engine for the world economy. At present, China is Canada’s second largest trading partner and British Columbia’s largest off-shore trading partner, accounting for 60% of growth in world trade. By 2020, China is forecast to be the world’s second largest economy and a key driver of Asia-Pacific trade expansion, with plans to quadruple 2000 gross domestic product (GDP) levels and expand Chinese port throughput capacity above the 2.6 billion tones of cargo already handled annually (Pacific Gateway Strategy Action Plan, 2006, 1)

In a way, the two processes outlined above are connected. The Chinese economy requires the resources produced in western Canada to sustain its growing export economy. This economy, in turn, nourishes consumer markets in North America. As a gateway to and from North America, Prince Rupert is in the somewhat unique position of benefiting from both of these broader economic trends.

At the same time, changes in the container ship industry, such as the increased specialization of container ships and the growth in the size of these vessels is revolutionizing the industry (Ircha, 2001, 319). The larger ships will require deep-water ports with specialized docking and unloading facilities (Ircha, 2001, 322). As a deep-water port with relatively good inter-modal (rail and road) connections, Prince Rupert is well-positioned to take advantage of these changes. The port, which is located 500 nautical miles north of Vancouver, is also the closest North American port to Asia (Ircha, 2001, 326)³. Prince Rupert has fairly good rail connections with significant excess capacity. Moreover, the rail line linking Prince Rupert with Edmonton, on the eastern side of the Rocky Mountains, has a lower rail grade than the southern rail line through the Rocky Mountains between Vancouver and Calgary (Ircha, 2001, 326).

Economic and industry-related trends aside, it is also important to note the changes in the political context that helped prepare the way for the port development. Perhaps the most significant change concerned the way ports are administered in Canada. In 1998, the Canada Marine Act placed the major Canadian ports, including Prince Rupert, under the administrative jurisdiction of the autonomous Canada Port Authorities (Skinning the Cat, 2005, 1). This provided the ports with less government direction and a greater degree of flexibility in terms of their commercial operations. However, it also placed constraints on the port authorities by limiting their ability to borrow funds for maintenance or capital expansion and forbidding the use of public funds for these purposes (Skinning the Cat, 2005, 1).

In the case of Prince Rupert, the federal government has managed to circumvent these restrictions by channeling funding through Western Economic Diversification Canada (Skinning the Cat, 2005, 1), a department which promotes “the development and diversification of the economy of Western Canada and [advances] the interests of the West in national economic policy.” (WEDC website, http://www.wd.gc.ca/www_e.asp).⁴ As noted above, this policy has met with some opposition from the Vancouver Port Authority, which views the funding as an unfair government subsidy. Support for the port development, however, is broad and not just centered on the federal government. Provincial governments, especially in British Columbia and Alberta, have been key proponents of the port, as have industry players such as Canadian National Rail (CN), and Canadian Pacific Rail (CP), Maher Terminals of Canada Corporation, and local organizations across northern British Columbia.⁵

Many of these actors are involved in the Pacific Gateway Strategy (PGS), an initiative that seeks to secure Canada’s economic place within the Pacific Rim. The PGS, along with the British Columbia Ports Strategy, have attempted to position Canada within this larger trading area by supporting the development of key infrastructure projects, such as the Prince Rupert and Vancouver ports and western Canadian airports (Pacific Gateway Strategy Action Plan, 2006, 3; British Columbia Ports Strategy, 2005). Whereas the strategy is the product of consultations with key stakeholders in industry and government, it is also recognized that “[o]ngoing engagement and communication with municipalities, local associations, First Nations and interest groups will be essential.” (Pacific Gateway Strategic Action Plan, 2006, 4).

Aside from promoting Canada’s ties to Asia through the PGS, the federal government’s position on the port development has been motivated by political considerations. When the federal government finally announced that it would support the project, the Liberals were in power with a minority government and Prime Minister Paul Martin was facing the likely prospect of a tough election in the not so distant future. Supporting the port development was one way of shoring up Liberal support in British Columbia (Skinning the Cat, 2005, 2). Naked political ambitions aside, the federal government also recognized that:

there may be considerable advantages in promoting the development of the two more remote sites of Prince Rupert and Canso [a deep-water port in Nova Scotia] as both are situated within economically depressed areas. Developing major container terminals to serve all North America from Prince Rupert and Canso would stimulate economic development and generate new jobs in these areas of relatively high unemployment (Ircha, 2001, 328-329).

The literature on the port development, which consists largely of media reports, government documents and information brochures, paints a generally positive image of the proposed facility and its impact on Prince Rupert and northern British Columbia. *Prince Rupert Container Terminal Development: Opening a New World of Opportunity*, a publication of the Port of Prince Rupert, outlines three specific benefits that the port will bring to the city and the region: sustained socio-economic benefit; environmental enhancement; and support in the regional community. According to this document, the port is expected to generate 1000 new jobs per year throughout the region. Many of these jobs will be created in the local manufacturing industries that are expected to develop as a result of the port. The document also states that “the activities engaged in by the Port to ensure the protection of the environment go above and beyond that necessary given what would normally be required for a project of this scope” (Prince Rupert Container Terminal Development). Lastly, it points to the broad support that the project has in the community and throughout the region (Prince Rupert Container Terminal Development).

One of the expectations for important spin-offs from the port development is the opening up of niche markets for entrepreneurs across the north. Container shipping provides an extraordinary advantage to exporters because they can ship smaller amounts of goods or combine their smaller shipments into a single container. This will allow individual entrepreneurs with specialized products, (foods, arts and crafts, log homes) to reach the Asian market. While this may seem a small drop in the economic bucket, it is important to remember that these activities can provide significant supplemental income to individuals living in more rural and remote parts of the province.

If expectations are realized, the new port could also bring some tangible economic benefits to First Nations communities in the Prince Rupert region. The region of Canada that is now northern British Columbia has been the homeland of numerous First Nations for thousands of years. In the area around Prince Rupert, which is the traditional territory of the Tsimshian First Nation, there are a number of Aboriginal communities, including Lax Kw'Alaams and Metlakatla. Additionally, many other Aboriginal people from the Tsimshian First Nation and other neighbouring First Nations live in the City of Prince Rupert.⁶

As the port development has come to fruition, local First Nations have made it known that they wish to benefit from the ensuing economic activity. In January 2006, the Lax Kw'Alaams and Metlakatla bands filed a court application challenging the port development. The application stated that the proposed container terminal violated native land rights and requested that the whole project be put on hold until proper consultation could be held with the newly-elected Conservative government and Western Economic Diversification, the federal agency that has been involved in the project (Prince George Citizen, April 15, 2006). But even after the initial consultations with the federal government, First Nations leaders were unhappy with the government's response. In the view of Harold Leighton, the Chief Councillor of the Metlakatla Band:

Our members are extremely frustrated with the complete lack of interest from the federal government to negotiate as is required by the law...We have a 'prima facie' case of aboriginal rights and title to the area of port expansion and the federal government just continually refuses to recognize our rights (Prince George Citizen, April 15, 2006)

The response of the port authority to these accusations was that “[i]t is our understanding that a very favourable agreement was presented to First Nations by the (last) government (and) it is our understanding that offer was reaffirmed by (the current) federal government.” (Prince George Citizen, April 15, 2006). The offer included a number of economic incentives, such as financial support for training and business development. These incentives are important the First Nation communities in question. Band officials and members alike realize that the economy of Prince Rupert may be entering a period of sustained growth and they just want to make sure that Aboriginal peoples also benefit from this development (Kelly, 2006).

Since 2006, there has been slow but steady progress in dealing First Nations concerns. In January of 2008 the federal government appointed a new negotiator to work with the Lax Kw’allams, Metlakatla and Gitisaia. (Ritchie, January 16, 2008). By July of 2008, there was a report that progress was being made in the talks on both the outstanding issues of the Phase One port development and the concerns (particularly of archeological remains on the site) of the Phase Two port development (Ritchie, July 4, 2008).

Generally speaking, media reports on this issue tend to focus on the economic benefits that the port could bring to the region. Some of these, such as direct and indirect employment opportunities in Prince Rupert, at the inland port in Prince George, support for existing resource industries and the development of niche-oriented export industries throughout the region have already been mentioned. But it also appears that “[c]ommunities as far east as Sault Ste Marie [Ontario] believe the development of the facility in Prince Rupert will help them increase economic activity as the proposed facility will serve markets in eastern cities like Chicago and Montreal.” (Prince Rupert Daily News, February 25, 2005). Both the Alberta government and the Northwest Corridor Development Corporation (NCDC), an organization representing communities and stakeholders in British Columbia, Alberta, Saskatchewan, Yukon Territory and the Northwest Territories, have been active supporters of the port development. Alberta was involved in the development of the grain terminal in Prince Rupert in the 1980s and representatives of the Alberta government have met with their colleagues from British Columbia to discuss issues related to the port (Prince George Citizen, March 18, 2005). The western provinces beyond British Columbia clearly view the container port in Prince Rupert as a vital gateway to Asia for their resources and manufactured goods.⁷

If Outcome One is realized, therefore, the container port could become the engine for renewed economic activity throughout northern British Columbia. As key components of the gateway and transportation corridor, larger centers such as Prince Rupert and Prince George would obviously feel the most impact. Both existing and new industries in communities along the transportation corridor, however, would also benefit from having access to this transportation conduit to global markets. Existing resource industries would have better access to Asian markets, thereby lessening their dependency on the American market for resource products. New industries would emerge and help to diversify the northern economy. This economic expansion would bring employment and prosperity to communities that have had to deal with the negative consequences of stagnation and the “boom and bust” instability common in resource based economies.

That said, all of the speculation around the port development has left little room for debate or discussion about what will happen if the expectations for the port do not materialize. For the next part of the paper we would like to examine two other possible

outcomes, and the consequences of the outcomes for the economy and communities of northern British Columbia.

Outcome Two: The Port of Prince Rupert as Transportation, not Transformation

This outcome will essentially mean that the container port will still realize its destiny as a transportation gateway, but will have little or no transformational impact on the northern British Columbia economy. In this scenario, Prince Rupert is still likely to benefit since the port will be operational. Prince George may also gain from being the site of an inland port where containers coming from Prince Rupert are redirected to markets east and south. But smaller communities along the Highway 16 corridor will not experience diversification and might even be hollowed out by the movement of economic activity to these larger centres.

The ability of smaller communities to take advantage of the opportunities that the port offers in terms of access to Asian markets is dependent on a variety of factors. First, manufacturers and other exporters will have to get their product to the inland terminal so that they can be containerized and shipped west to the port. Second, empty containers will have to be available and ready to accept these products. While it is likely that there will be no shortage of empty containers making the journey back to Asia, the issue here is whether these containers can wait to be packed with products from northern British Columbia. If the overriding goal of shipping companies is to ship the containers back and forth between Asia and markets in eastern Canada and the American mid-west as quickly and efficiently as possible to serve the interests of large importers, such deadlines could work against small producers in northern British Columbia who want to ship their products to Asian markets (Ritchie, Feb 26, 2008). The business development manager for the port, Andrew Hamilton, argues that,

There are a lot of key assumptions people have to understand when it comes to exporting using containers... The first is, shipping lines own the containers, this is key because they are the landlord and they dictate where these containers are going. Let's say there is product up in Fort St. John – some wood products – but there is a lot of apprehension by the shipping companies to let their containers drift off the supply chain because what they want to do is get a higher utilization out of their hardware. In addition...the shipping lines make more money on the inbound than the outbound journey. We have to be very very quick about getting product in to containers, again not letting it drift off into the hinterland (Ritchie, Feb 26, 2008).

The port development has already brought some tangible benefits, largely in the form of infrastructure development, to communities along the transportation corridor between Prince Rupert and Prince George, as well as east of Prince George into Alberta. Canadian National (CN) has invested in the rail infrastructure that links Prince Rupert to the rest of the continent. In March of 2008, CN announced that it would invest \$430 million in railway projects in Western Canada, including improvements to the line to Prince Rupert (Ritchie, March 19, 2008). But in the event that the opening up of the gateway does not provide the expected economic development and diversification opportunities in the smaller communities along the corridor, these communities could be

“hollowed out” by the emergence of employment opportunities in larger regional centres such as Prince Rupert and Prince George. Such economic movements have been seen before in northern British Columbia. One only has to consider the decline of the small mill communities along the upper Fraser River in the 1950s and the ensuing concentration of large pulp mills in Prince George (Upper Fraser Historical Geography Project), to understand the potential consequences that large scale changes in the global economy could bring to small northern communities.

Such an outcome could reinforce the type of intra-regional squabbling over scarce resources and facilities and negative conflict that has often characterized this region (Kennedy, 2005, 56). An economic migration to Prince George, for example, would be viewed in outlying communities as a continuation of the broader trend towards concentrating resources and services in the self-styled “capital of northern British Columbia.” Indeed, the broader development around the Prince Rupert port has already caused intra-regional conflict to arise. There was intense competition between Prince Rupert and nearby Kitimat for the \$350 million liquid natural gas terminal. (Prince George Citizen, June 29, 2005). Such competition has fed into and been fuelled by the historic rivalry between these two towns.

Outcome Three: The Port of Prince Rupert as Speculation

A third potential outcome would be the failure of the port to realize its projected potential, either as an engine for regional economic development and diversification and development, or as a transportation gateway with some, albeit, limited and concentrated, regional benefits. While it is uncommon for large infrastructure developments to turn into “white elephants”, there are a number of precedents in Canada; Mirabel International Airport in Montreal and Port Nelson in northern Manitoba are probably the most widely known. Obviously, the external circumstances facing these two transportation infrastructures are different from those confronting Prince Rupert. Nevertheless, their decline does beg the question: what will happen if the shipping companies decide not to bring their containers to Prince Rupert?

In order for the port to realize its true potential, there are a number of variables that need to be in place. First, it is important to note that the shipping industry is ruled by the actions of shipping companies that have no particular connection (beyond a commercial relationship) to the port communities where they bring their goods. As Anne Goodchild et al point out in their article in this special edition, the decision about which port facility to use is driven by the just-in-time delivery structure of modern distribution. Prince Rupert’s three day advantage in terms of sailing time from Asia can easily be erased by the length of time it takes to get the products out of Prince Rupert and to their final destinations (which, for the most part, will be distribution facilities located in the American Midwest). Furthermore, transportation experts tell us that shipping companies often choose to vary their ports-of-call depending on where the demand is for their products (Goodchild et al, 2008: 12). In this case, the three-day advantage would be moot.

Prince Rupert also suffers from one considerable disadvantage in that it is isolated and there is only one single track rail line and roadway in and out of the city. Compounding this problem is the fact that the rail and road run parallel to each other, so it is likely that both routes will be impacted by natural disasters such as floods and mudslides

(Goodchild et al, 2008: 8). If there is a road/rail closure there would be no alternate route except air freight.⁸ While CN Rail, the main railway operator in northern British Columbia, has upgraded the track and added a number of new railway sidings, in many places the track cannot be twinned because of geological obstacles.

Despite being an ideal location for a deep-water port and enjoying a number of advantages over other west-coast ports, Prince Rupert is entering a highly competitive market. A recent report by BC Stats argues that if the port does not expand at a fast enough pace, it will be too small to compete with other North American west coast ports (Dan Schrier, 2007). The fight to be competitive with ports in the United States and Mexico may enhance competition between Vancouver and Prince Rupert. The development of the Lazaro Cardenas port in Mexico and the expansion of the Panama Canal will heighten competition for container traffic on the western seaboard (Wall Street Journal, August 8, 2006). Granted, the full development of these facilities may take years, or even decades in the case of the Panama Canal. Nevertheless, it does call into question the notion that “if you build the port in Prince Rupert, the containers will come.” It has been suggested that an amalgamation of port authorities in Vancouver with the Prince Rupert port might reduce competition but the Prince Rupert Port Authority has vigorously resisted this idea (Ritchie, January 23, 2008: 4).

Another major concern for the port will be the growth, or more accurately the decline, in the market for goods manufactured in Asia. The current downturn in the US economy has already impacted Walmart, the largest retailer of Asian manufactured goods (Task, 2008; Kavilanz 2008). Even though some have argued that the middle class would shift to Walmart type retailers this does not seem to be the trend. Moreover, inflation in China means Chinese goods are not necessarily going to be as cheap as they have been in the past (Task, 2008). This could have serious implications for importers and mean a decline in the need for container shipping. Thus, it is possible for the port not to live up to expectations. With all major infrastructure projects such as this one, there is a risk that “if you build it they may *not* come.”

Conclusion

All of the excitement and “boosterism” around the port development has left little room for debate or discussion about what will happen if the expectations for the port do not materialize. Proponents of the port naturally seek to emphasize the positive aspects of this development and downplay the negative implications of either a success or a failure of the project. Indeed, as academics attempting to provide an objective assessment of this development, we are interested in the possible implications of all the different outcomes. As citizens of northern British Columbia, however, we are also interested in creating a complete picture of what this development means for the communities in which we live and work.

If all the right conditions are in place (both externally and internally), the Prince Rupert container port could very well serve as an engine for regional development. There is, however, some evidence and circumstances that suggest that the container port will not achieve this goal, or that it will only partially meet already heightened expectations. Northern communities need to prepare themselves for these eventualities. They need to be aware that a successful port and transportation corridor will bring some negative consequences, just as the failure of the port will mean a continuation of the status quo.

It is also important to note that all of these outcomes mean different things to different places. While Outcome One will bring prosperity to the entire region, and Outcome Three will bring more of the same, the outcome with the most negative consequences for the smaller communities is Outcome Two. Ironically, smaller communities may prefer the status quo to the gradual movement of capital and human resources to larger centers.

Endnotes

- 1 Earlier versions of this article were presented at the 35th Annual Colloquium: Canada and the North Pacific. Association of Canadian Studies in the United States, Anchorage, Alaska, USA. September 2006, the 4th Annual Steelhead Symposium, Prince Rupert, September 2007, and the 80th Annual Meeting of the Canadian Political Science Association, Vancouver, June 2008. The authors would like to thank Clarence Hofsink and Aaron Widdis for their valuable research assistance.
- 2 In the 1970s, the Alberta government invested heavily in the development of a grain terminal in Prince Rupert. See John Young's article in this special edition: "Port Alberta? Networked Federalism and the Port Development in Prince Rupert."
- 3 Prince Rupert is about 1,100 nautical miles closer to Shanghai than southern California. This means a difference of up to three days travel time (Prince Rupert Port Authority)
- 4 This funding strategy was viewed as a short term solution. Amendments to the Canada Marine Act's restrictions on borrowing and public funding are being considered.
- 5 Of the approximately \$170 million that it will cost to build phase one of the container port, \$60 million has been provided by Maher Terminals of Canada Corporation, a private terminal operator based in New Jersey. The federal government and the British Columbia provincial government, and CN Rail have each committed \$30 million. The Prince Rupert Port Authority is responsible for raising the remaining \$20 million (Prince George Citizen, April 6, 2006).
- 6 Whereas First Nations in the rest of Canada signed treaties with the Crown in the 18th, 19th and 20th centuries, most of British Columbia was never subject to treaties. The treaty negotiation process between the Crown and First Nations in British Columbia only really started toward the end of the 20th century and continues to this day. So far, only three First Nations in the province have successfully concluded treaties: the Nisga'a, the Sechelt (Dacks, 2004, 674) and, most recently, the Tsawwassen. The majority of First Nations, therefore, are currently in the process of negotiating treaties, a fact that complicates large-scale developments such as the Prince Rupert container port.
- 7 Although many of the products going back to China are raw materials, small, value-added industries along this corridor could blossom because they will have access to empty containers which are being sent back to Asia (Prince George Citizen, May 5, 2006). These small industries can also take advantage of the fact that shipping by containers allows them to ship products in small quantities rather than having to fill a whole ship.
- 8 It is ironic that an air freight terminal is planned for Prince George, which is 800 km east of Prince Rupert.

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