

THE
SAINT JOHN 
REGION

ALWAYS MOVING FORWARD

ENVISION THE
Saint John REGIONAL
GROWTH
AGENCY

AGENDA

1. The Saint John Industrial Base & its importance to the Economy.
2. Historical Context on Industrial Sector Challenges.
3. The Emerging Industrial Opportunity.





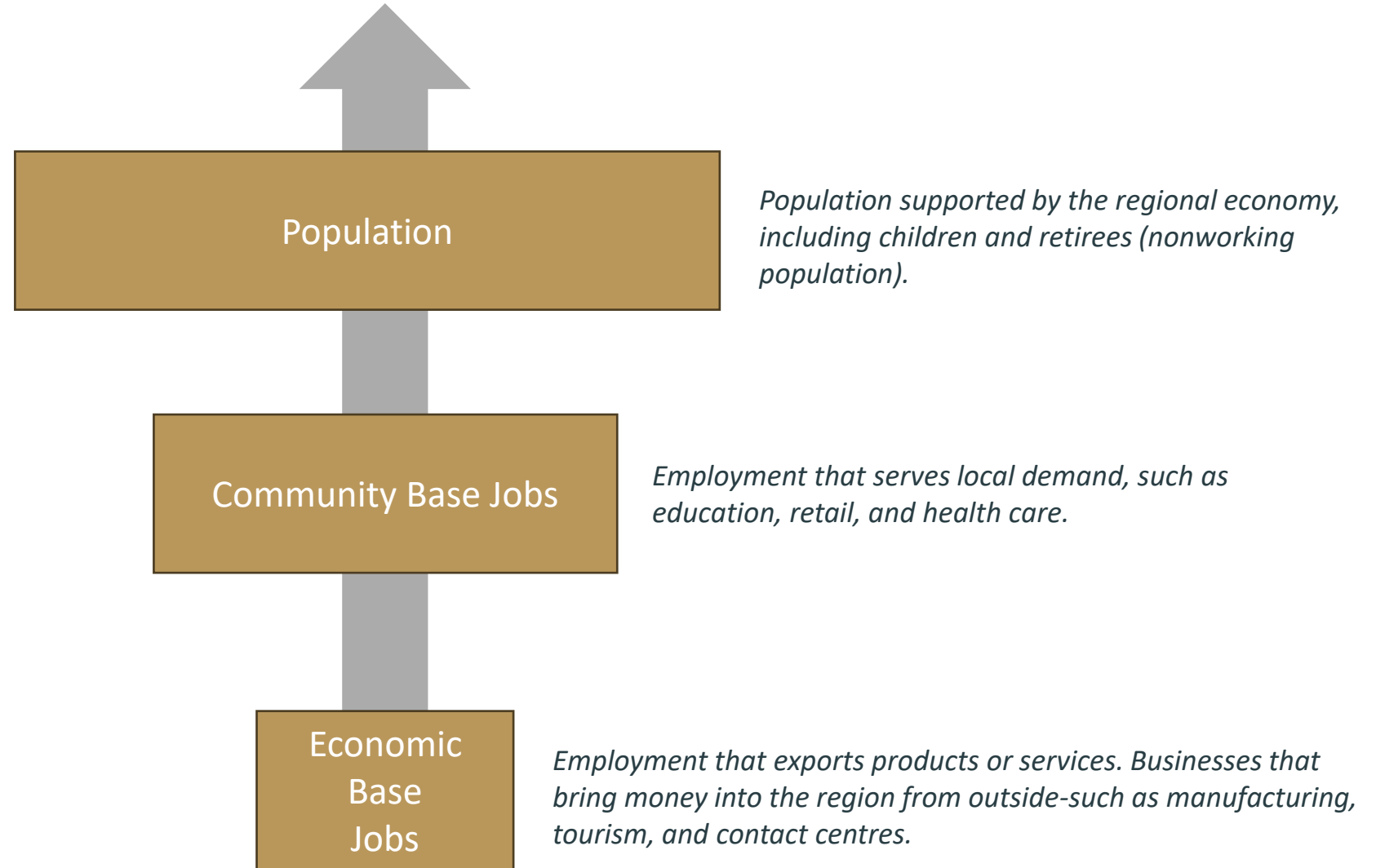
WHY IS THE INDUSTRIAL SECTOR IMPORTANT IN SAINT JOHN?

WHAT IS AN ECONOMIC BASE?

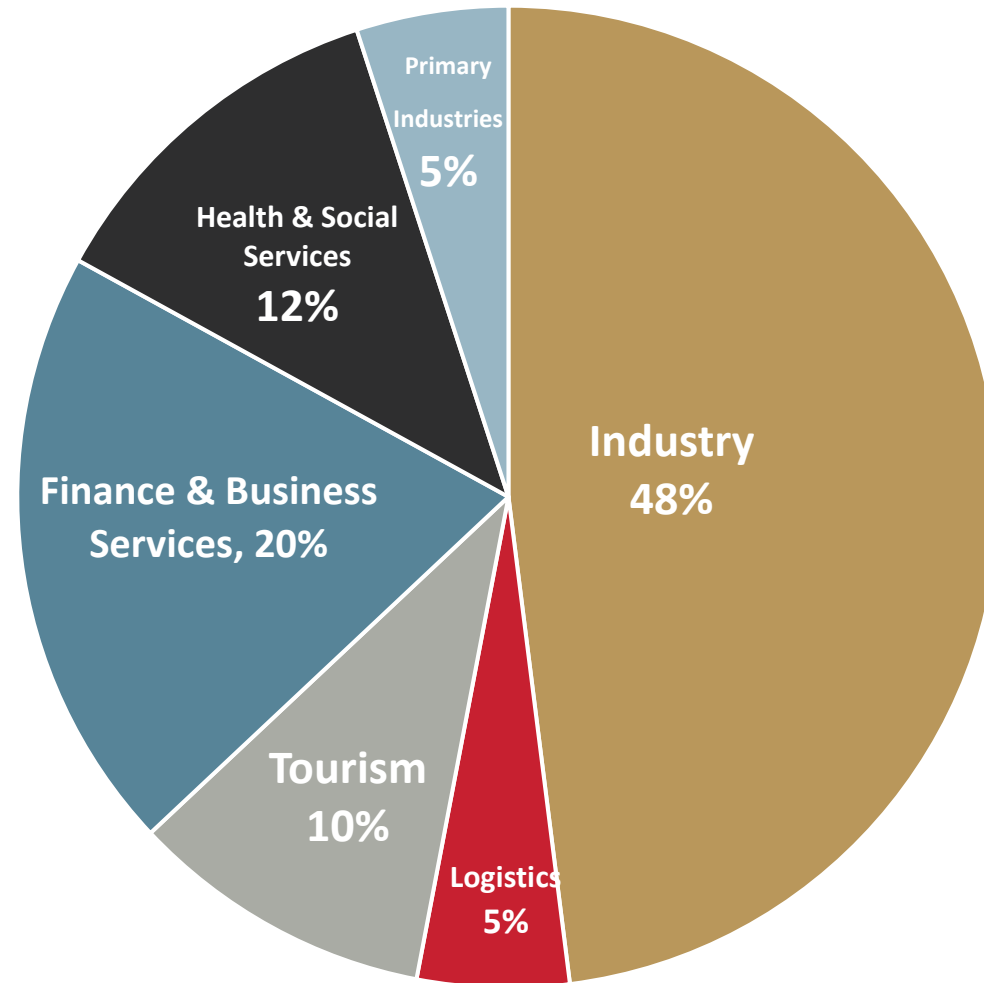
“The concept of economic base is very important in the theory and practice of economic development. We think of the economic base as the engine that drives the economy of the community. It is the sector or sectors providing exports from the local area to the rest of the world.”

-Morton J. Marcus, Director Emeritus, Indiana Business Research Center, Kelley School of Business, Indiana University

WHAT IS AN ECONOMIC BASE?



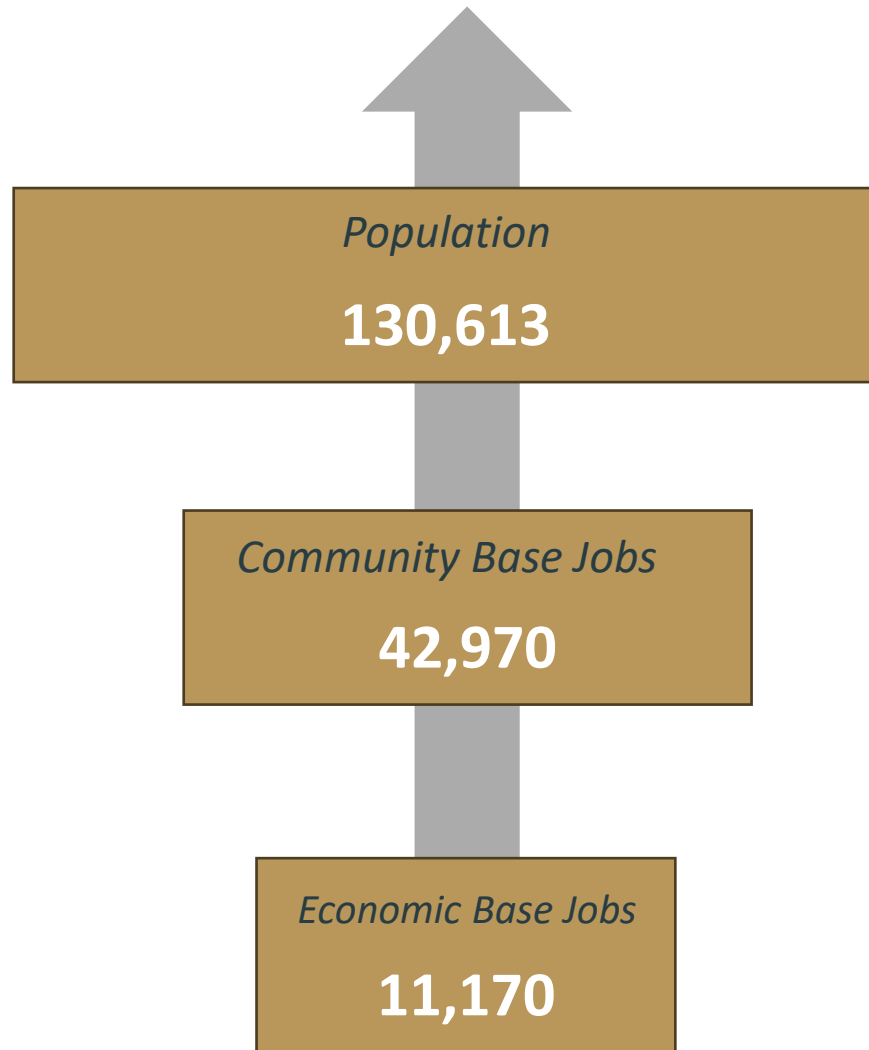
WHAT DOES OUR ECONOMIC BASE LOOK LIKE?



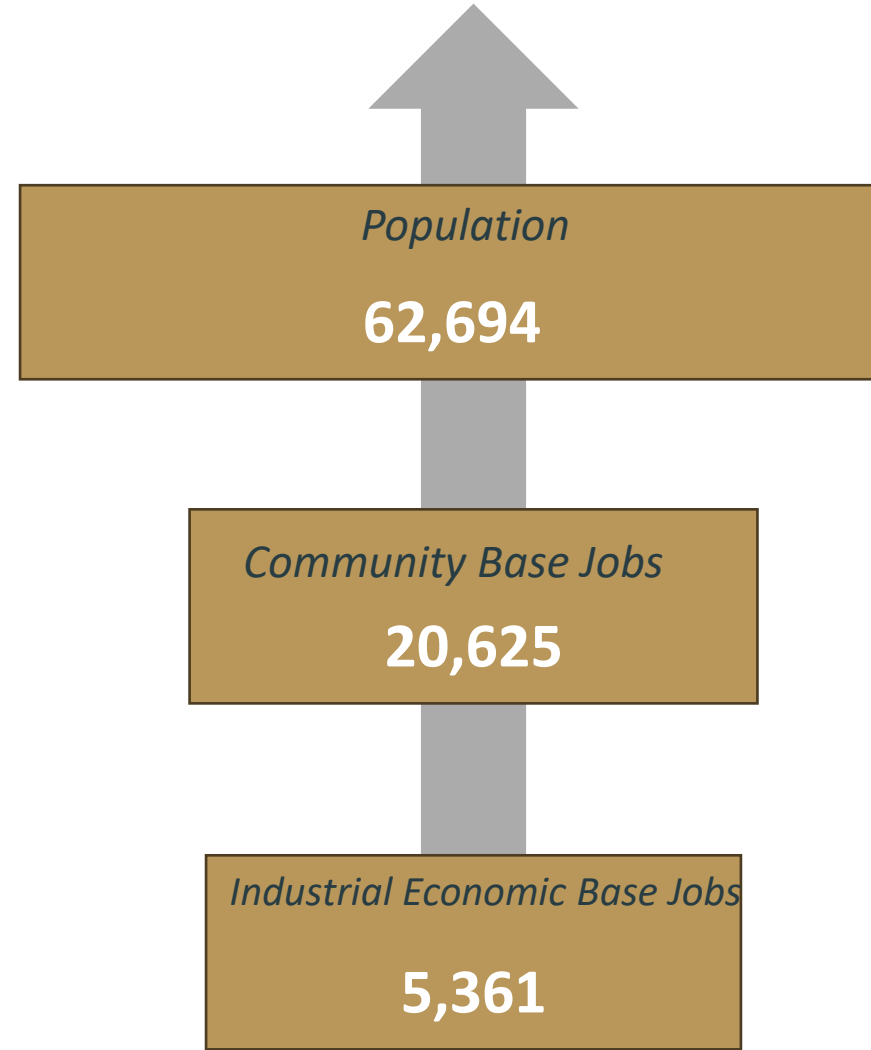
Source: Metroeconomies 2022, using data from Statistics Canada 2021 Census

WHAT DOES OUR ECONOMIC BASE SUPPORT?

Saint John Economic Base



Saint John Industrial Economic Base

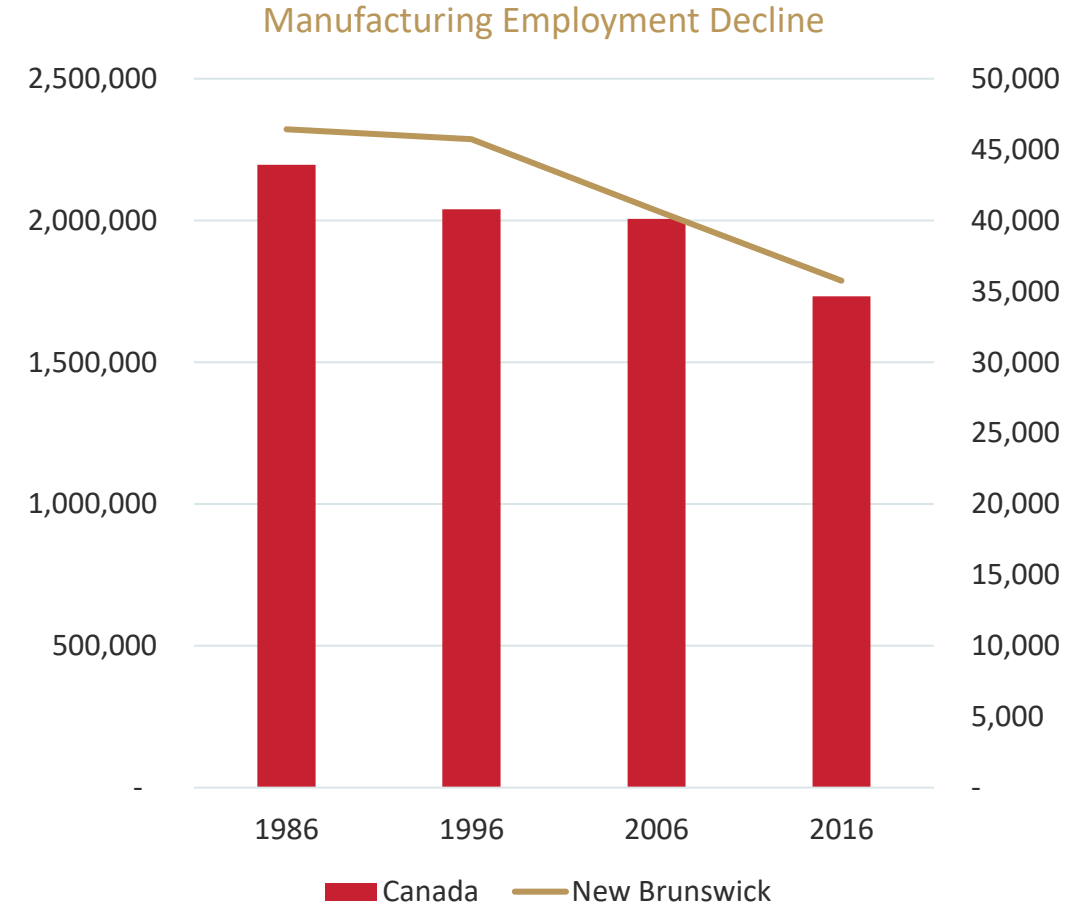




HISTORICAL CHALLENGES IN THE INDUSTRIAL SECTOR

MANUFACTURING SECTOR DECLINE IN NORTH AMERICA

- The North American Manufacturing Sector saw declines in employment due to:
 - International competition undercutting established industries.
 - A less competitive cost structure for new industrial investment.
 - Investments in productivity reducing labour needs.
- Deindustrialization disproportionately impacted legacy manufacturing centres, particularly those with older, export-oriented industries.
- Some older industrial cities lacked strength in the assets required to efficiently transition their economies to the expanding service-based economy.



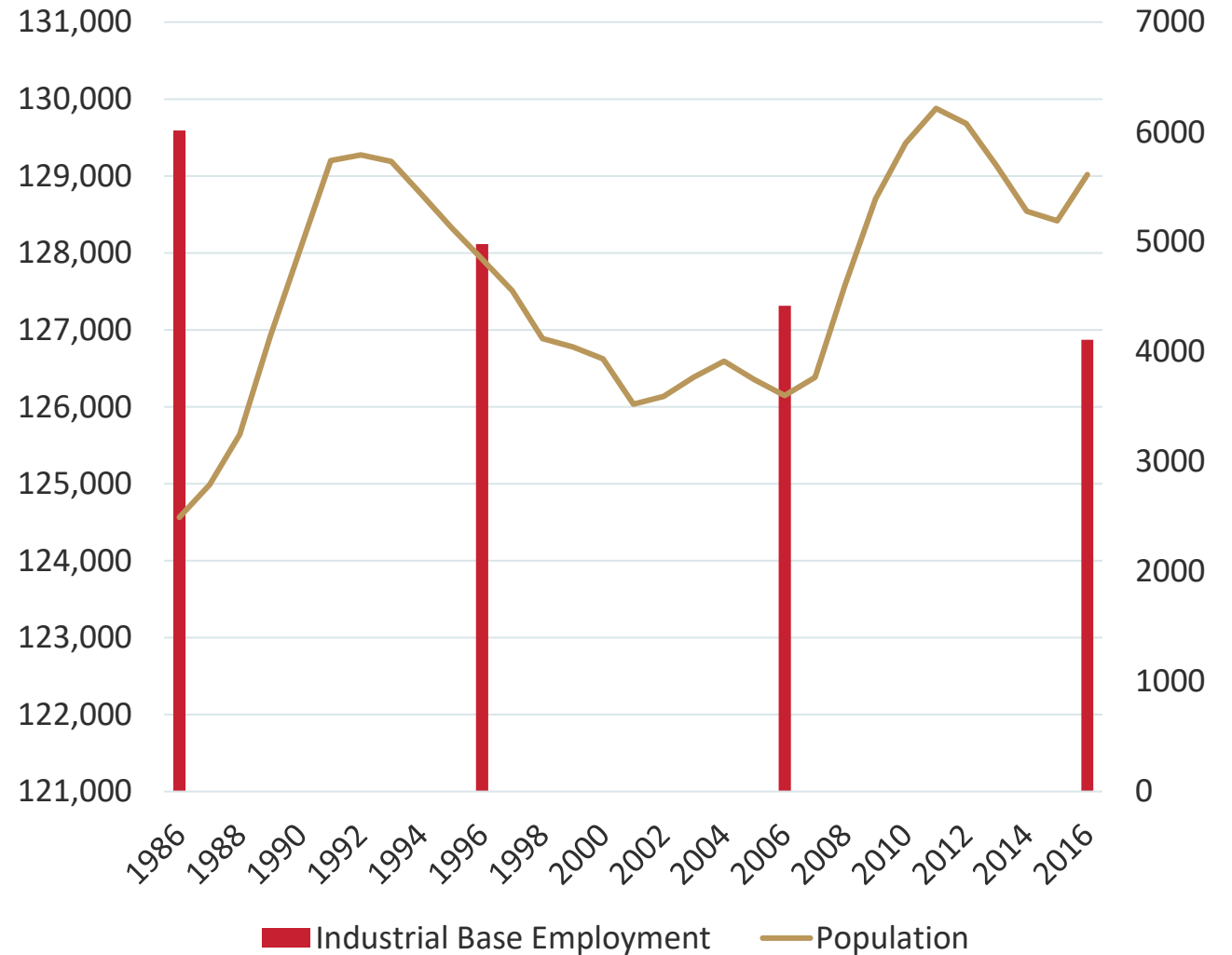
Source: Statistics Canada Archived Census Data Sets

The Canadian manufacturing sector declined by 21% and New Brunswick by 23% from 1986-2016.

INDUSTRIAL SECTOR DECLINE AND POPULATION

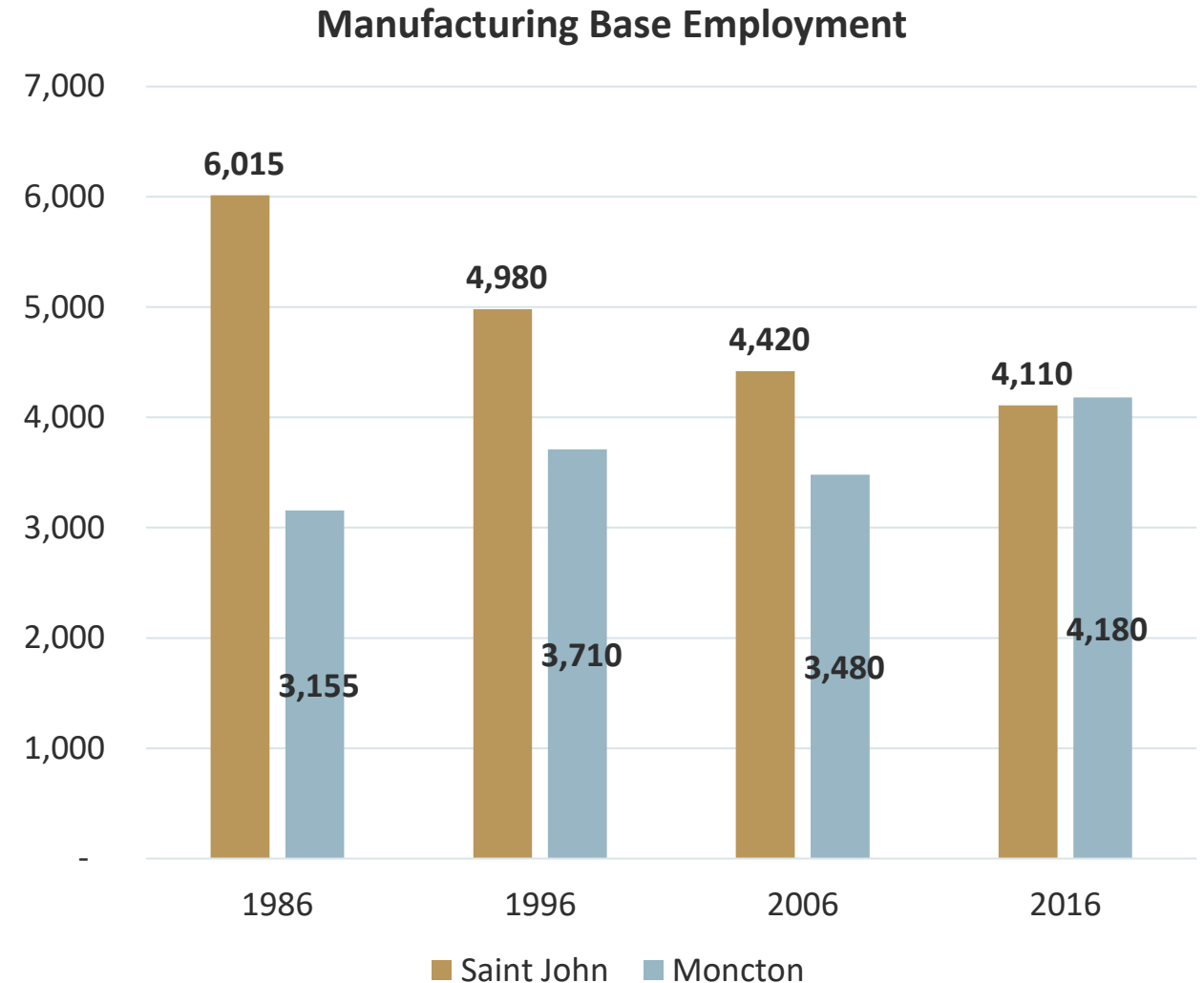
- As an older industrial City & Atlantic Canada's export hub, the Saint John region struggled through the transition to a service-based economy.
- The region's industrial base declined by roughly 32% from 1986 to 2016.
- Industrial base decline had a significant impact on the population decline & stagnation of the 1990's, 2000's and early 2010's.
- Notable events during this period included:
 - Decline of the Shipbuilding Industry.
 - Closure of the Labatt's Brewery.
 - Closure of Lantic Sugar.

Population & Industrial Base in Saint John



A TALE OF TWO CITIES: THE MONCTON COMPARISON

- While Saint John saw its industrial base decline, Moncton's industrial base grew by **32%**.
- Moncton's strength has been in logistics and manufacturing for the Maritime provinces due to its strategic location.
 - For example, the Molson factory is scaled to produce for the maritime region, not for export to the rest of Canada or the US. This is one of the factors that has helped Moncton grow to be NB's largest region.
- Comparatively, the Saint John Region struggled to grow other sectors of its economic base enough to offset losses in the industrial base over this period. Pivoting an economy is a complex & challenging undertaking.





EMERGING OPPORTUNITIES IN THE INDUSTRIAL SECTOR

THE SHIFTING INDUSTRIAL LANDSCAPE

A number of factors including **climate change**, the **pandemic** and a **shifting geopolitical landscape** are improving Saint John's strategic position for industrial investment and **tipping the scales back in Saint John's favour**.

This could be a **game-changer** for the region.



THE SHIFTING INDUSTRIAL LANDSCAPE

Emerging trends that will drive future industrial opportunities for the Saint John region include:



Re-Shoring / Friend-Shoring

A trend towards returning industry closer to domestic markets & friendly countries to reduce supply chain vulnerabilities.



The Energy Transition

The move towards net-zero will require once in a generation level investments in the production of new technology to power the world's future. The requirements for these investments align with the Saint John industrial value proposition.



Industrial Land Scarcity

Post COVID-19, increased warehousing demand has been driving industrial land scarcity and increased costs. This may make once challenging sites valuable assets for the region.



Industrial Supply Chain

Saint John has a strong industrial supply chain relative to the emerging opportunities. This is only strengthened by a reinvigorated Port and enhanced rail options.



A construction worker wearing a white hard hat, glasses, and a high-visibility vest is looking at a tablet device. He is standing in front of a row of grey concrete blocks. The background shows a construction site with a building under construction.

EMERGING OPPORTUNITIES

BATTERY SUPPLY CHAIN

- With the future needs of electric vehicles and energy grid storage, the battery manufacturing supply chain is a major opportunity for the region.
- Canada is recognized as a leading country to invest in battery supply chain manufacturing. Highly competitive Investment Tax Credits (ITC's) have been rolled out by the Federal Government.
- The Saint John Region is one of the best locations in Atlantic Canada for Cathode and Anode manufacturing:
 - We have a well-established Port with capacity for growth.
 - We have a robust chemical supply chain.
 - We have Three Class-1 Railways.
 - We have a large industrial labour force.
 - We have a diverse and highly non-emitting electricity grid.
 - We have Industrial raw water supply.
 - We have nimble Post-Secondary institutions.

Canadian EV supply chain leadership

#1

in the world for global lithium-ion battery supply chain

#3

globally for raw material capacities

TOP 10

producer of nickel, cobalt, graphite, aluminum, lithium and Platinum Group Metals (PGMs)



Example of a proposed Ford Cathode Manufacturing Facility in Quebec.

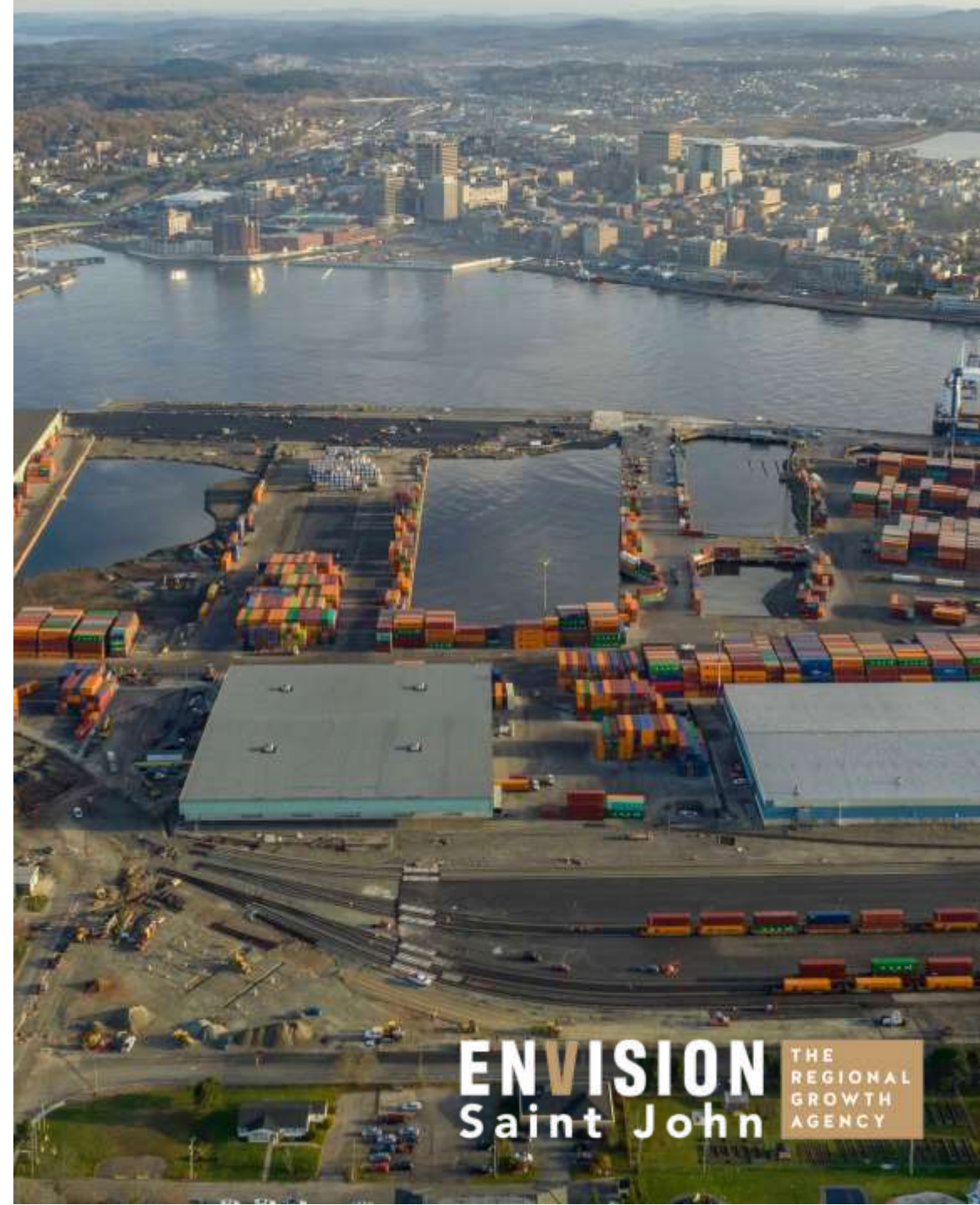
GREEN HYDROGEN

- Green Hydrogen is expected to be an important energy source of the future, specifically for heavy transportation and industrial operations.
- Saint John has been identified (with Belledune) as one of two provincial hydrogen hubs for the province.
- Saint John has a very strong value proposition for hydrogen production because:
 - We have a strong existing port and chemical supply chain
 - Our Industrial Raw Water Service
 - Wealth of Potential “Off Takers” or Local Users
 - Industrial Labour Force
 - Efficiencies of Coordination with Local Industry



PORT & LOGISTICS HUB

- The Port, Logistics and Transportation sectors have added more than **700 jobs** to the regional economy between **2018 and 2023**.
- The introduction of both DP World & CPKC, in addition to the port modernization project has significantly enhanced our region's value proposition.
- The port has increased container traffic from 75,000 to 150,000 TEU's in recent years and is expected to continue to grow. The Port modernization project will increase Port capacity to **800,000+** TEU's.
- There is a potential opportunity to leverage this growth to support an off-site logistics park, to capture more value-added employment within the sector.



Emerging investment opportunities in the green energy and manufacturing sectors are more environmentally friendly than the industry of the past.



Many new industrial opportunities are looking to run primarily off of grid electricity or direct green energy, helping to reduce their carbon footprint.



Green Hydrogen production opportunities focus on using green energy to produce hydrogen from water.

WHAT WE NEED TO BE READY



LARGE SITES

Land must be large enough for development (100+ acres).



SERVICES

Land must be well-serviced or can be reasonably serviced in a short timeline:

- Industrial and potable water supply
- Highway access
- Electrical transmission proximity, and capacity



APPROVALS

Uncomplicated approval process with reduced risk.



SPEED

Speed to market is critical:

- Zoning
- Site preparation
- Infrastructure and serving

KEY TAKEAWAYS

WE NEED TO SEIZE THIS OPPORTUNITY

- Our industrial base is a very important part of our economy.
- Global trends, Federal/Provincial Priorities, & our value proposition are aligning.
- This is a **once in a generation** opportunity, and we need to be ready for it.





QUESTIONS?

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