

Marine Transportation in Canada

Issue

Marine Transportation contributes in excess of \$175 Billion annually to the Canadian economy. The Marine transportation industry and associated infrastructure are integral to Canada's economy and a critical contributor to the lives of all Canadians. To maintain and improve our standard of living and quality of life, investment in marine transportation must have an enhanced role in government policy making. Marine transportation is a strategic economic and environmental tool.

Background

Canada is a shipping nation, our non- U.S. international trade represents \$51 billion in exports and \$125 billion in imports. It is the dominant mode of transport between non-U.S. countries, accounting for 70% of exports and 40% of imports by value. The marine sector contributes 2 billion a year to the gross domestic product and moves 224 million tonnes of international trade. Total tonnes handled by Canadian ports were 408 million tonnes and 3 million containers and rising. The Port of Vancouver alone accounts for 60,000 direct and indirect jobs. The 19 Canadian Port Authorities handled goods valued at more than 100 billion last year. The marine industry and its costs have a direct influence on our competitiveness of our exports to compete in the world economy.

On May 23, 2001, the Coastwise Coalition, testifying before the House Transportation and Infrastructure Committee Subcommittees on Coast Guard and Marine Transportation quoted DRI-McGraw Hill predicting growth in International Trade to North America will see an increase of 200 to 300% by 2020. Containerized trade alone is expected to grow 100% by 2010 translating into an additional 11,000 container arrivals per day on each coast! Major road systems in Canada are becoming increasingly congested. In addition, the cost of expanding and improving road and highway systems is formidable, and to some extent that cost could be alleviated through greater reliance on marine transportation.

Nevertheless, marine transportation infrastructure is under utilized and some of our internal waterways have seen significant declines in traffic levels. The Canada Marine Act Review determined that the St. Lawrence Seaway is used to only 50 % of its capacity.

In Transport Canada's latest policy documents, "***Straight Ahead, a Vision of Transportation in Canada***", "***Short Sea Shipping, a Canadian Vision***", and "***The Canada Marine Act Review***" * the government of Canada recognizes Marine Transportation as a vital player in the seamless movement of goods, serving key economic nodes including, but not limited to manufacturing, textiles, agriculture and mining. This document recognizes a number of disincentives to marine transportation including excess government fees and regulations, and government provided navigational services that cannibalize this industry's competitive advantage. "Straight Ahead..." recommends:

- a) Transport Canada, in partnership with Fisheries and Oceans Canada and industry partners, will evaluate alternative methods of delivering marine navigational services.

A review of the Canada Marine Act was completed in 2003. This review recommended:

- b) The Government of Canada should make investments in infrastructure for Canadian Port Authorities (CPA) where the amount of capital needed is beyond the ability of the CPA to finance from its cash stream as currently provided for and where the business case for such investment has been approved by the appropriate government department.

- c) Section 25 of the CMA should be clarified to ensure that CPAs are allowed to participate in any programs provided by the Government of Canada that are available to other Canadian companies.
- d) The government should consider financing alternatives for new port infrastructure investments, such as the tax-exempt bonds used widely in the United States. Consideration should also be given to permitting accelerated capital cost allowance write-downs for infrastructure facilities provided by the private sector within a CPA.

Short Sea Shipping is the movement of cargo and passengers by water between points situated within relatively close proximity to one another. This may include domestic as well as international maritime transport along coastlines, to and from nearby islands, or within lakes and river systems. Short Sea Shipping alleviates congested roadways and bottlenecks, improves utilization of waterway capacity, promotes sustainability in transportation and reduces greenhouse gas emissions, augments inter-modalism, and facilitates trade.

Currently there are many studies on going to the potential of Short Sea Shipping initiatives. Due to excessive burdens in the form of taxes and tariff structures assessed to the Marine Industry and Ports and some current policies and regulations administered by government agencies, the potential of Short Sea Shipping may not be realized.

Canada's competitiveness for international traffic is falling behind our closest neighbor and competitor the U.S. There is a need for government to review these policies and place Canada on an even playing field with our U.S. counterparts.

This will ensure the viability of our Marine Industry and continue its role as a vital and integral part of the macro economy, with significant effects on the standard of living of all Canadians. " Short Sea Shipping: A Canadian Vision recommends that Transport Canada" :

- e) Investigate, through regional studies, Short Sea Shipping opportunities in Canada;
- f) Work with other government departments to promote the marine mode;
- g) Improve cooperation with the United States in sharing information and technological experiences.

* The referenced documents can be viewed in heir entirety by following these " links" :

?? "Straight Ahead"

www.tc.gc.ca/aboutus/straightahead/vision/menu.htm

?? "Canada Marine Act Review"

www.tc.gc.ca/pol/en/Report/tp1407b/tp1407b.htm

?? "Short sea Shipping"

www.tc.gc.ca/pol/en/marine/shortseas/ssworkshop.htm

Recommendations

Particularly given the critical current state of border crossings that the Ontario Chamber of Commerce, preferably working in-operation with Quebec & BC Chambers, urge both the federal and provincial governments to:

1. Support the marine industry with policy initiatives similar to those that are provided in trucking, rail and other transportation sectors that would optimize the utilization of the waterways for transportation of all commodities and particularly inter-modal traffic.
2. Implement the recommendations of Transport Canada's policy documents, "Straight Ahead, a Vision of Transportation in Canada" and "Short sea Shipping, a Canadian Vision", as itemized as (a) – (g) in the background section of this Resolution;
3. Undertake a comprehensive National Goods Movement study to determine the current and future market for marine transportation services, and to identify the appropriate investment vehicles for the necessary infrastructure to serve growing demand for marine transportation.
4. Identify marine transportation as an efficient, safe and secure way of moving people and goods in an environmentally respectful way, vital to the national economy, and ensure that marine transportation is considered when making strategic investments.