



Asia-Pacific
Economic Cooperation

2006/TPT-WG-28/MEG/006

Maritime Transport in Canada Supplementary Information to the Host Presentation

Purpose: Information
Submitted by: Canada

Note: The attached extract is Chapter 8 of the *Transportation in Canada 2005 Annual Report*. A full copy of the Report can be obtained at www.tc.gc.ca/pol/en/anre/menu.htm



**28th APEC Transportation Working Group Meeting
Vancouver, Canada
5-8 September 2006**

The value of marine exports increased by 13.4 per cent in 2004, mainly to the United States, Japan, China and the United Kingdom. The value of imports increased by six per cent.

MAJOR EVENTS IN 2005

LEGISLATIVE AND REGULATORY CHANGES AND INITIATIVES

CANADA SHIPPING ACT AND REGULATORY REFORM UNDER THE CANADA SHIPPING ACT, 2001

The *Canada Shipping Act, 2001* (CSA 2001) received Royal Assent on November 1, 2001. Until the necessary regulations are in place, however, the existing *Canada Shipping Act* and its related regulations will remain in full force and effect.

The new regulations are being dealt with in two phases. Phase 1, expected to be completed early in 2007, will see more than 50 existing regulations reformed and streamlined into an estimated 22 regulations. At that time, the CSA 2001 will come into force. Phase 2 will see the remaining regulations modernized so they are consistent with the requirements of the new Act.

The CSA is the main legislation overseeing personal safety and environmental protection in Canada's marine sector. It applies to Canadian vessels operating anywhere and to foreign vessels operating in Canadian waters. In 2003, CSA legislative and regulatory responsibilities relating to pleasure craft safety, marine navigation services, pollution prevention and response, and navigable waters were transferred from Fisheries and Oceans Canada to Transport Canada.

With these added responsibilities, Transport Canada conducted cross-country public consultations on the Phase 1 regulations throughout 2004 and 2005. The bulk of these consultations occurred at the spring and fall regional and national meetings of the Canadian Marine Advisory Council (CMAC). In addition, several of the individual projects conducted outreach sessions with

stakeholders at strategic locations across Canada. The Regulatory Reform Project had for the most part completed its formal consultation phase by the end of 2004, and most projects are now in the legal drafting phase. A few individual projects continued consultations during 2005.

Some of the 22 streamlined regulations to come out of Phase 1 include Administrative Monetary Penalties, Ballast Water and Control Management, Cargo, Fumigation and Tackle, Collision, Competency of Operators of Pleasure Craft, Environmental Response, Fire Safety, Fishing Vessel Safety, Heritage Wreck, Load Lines, Marine Personnel, Prevention of Pollution from Ships and for Dangerous Chemicals, Small Vessels, Vessel Clearance, Vessel Operation Restrictions, and Vessel Registration and Tonnage. Added to the original list of Phase 1 regulations are Vessel Certificates, Safety Management, Ships Registry and Licensing Fees Tariff, and Appeal from Detention Orders, along with three minor regulations that need to be repealed. For more information on the CSA 2001 Regulatory Reform Project, visit www.tc.gc.ca/marinesafety/menu.htm.

MARINE LIABILITY ACT

MARITIME LAW REFORM DISCUSSION PAPER

In May 2005, Transport Canada released the Maritime Law Reform Discussion Paper. This paper proposes a number of amendments to the *Marine Liability Act* as well as the modernization of outdated concepts in maritime law.

The proposed amendments include the possible ratification of four international conventions: the 1976 Convention on the Limitation of Liability for Maritime Claims, as amended by its 1996 Protocol; the Supplementary Fund Protocol of 2003 of the International Oil Pollution Compensation Fund Convention (this would increase the available compensation for oil pollution from

\$405 million to \$1.5 billion per incident); the 2001 Convention on Bunker Oil Pollution Damage; and the 1996 Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (this would provide a new liability regime for carriage of such substances). The proposed amendments also include a proposal to remove from the passenger liability regime (Part 4 of the MLA) certain types of vessels used mainly in adventure tourism.

MARINE ATLANTIC ADVISORY COMMITTEE

In November 2004, an advisory committee was formed to study a wide range of issues and identify long-term strategies for stabilizing Marine Atlantic's ferry service operations. The Committee held consultations with stakeholders and with representatives from Marine Atlantic in January 2005. In March 2005, the Committee provided the Minister of Transport a final report covering all aspects of its mandate and including 41 recommendations for improving the ferry service. The recommendations were in the areas of operations and service, fleet configuration and renewal and long-term funding and pricing strategies. There were three key recommendations: eliminate the drop-trailer service; plan for a three-vessel fleet composed of larger ferries purpose-built for the service; and based on estimated operational savings (over 14 years) from these two initiatives, roll-back rates by 15 per cent. On November 15, 2005, the Government of Canada announced its decision to continue the drop-trailer service provided that the level of cost recovery for the service is acceptable; the service is handled more efficiently by Marine Atlantic; and the trucking industry improves efforts to work with Marine Atlantic on initiatives to better manage traffic demand. Transport Canada continues to work with Marine Atlantic to develop a long-term strategy that will consider important elements such as rates structure, governance and fleet requirements.

NATIONAL MARINE AND INDUSTRIAL COUNCIL

The National Marine and Industrial Council (NMIC) was established in 2004. The industry's primary objective for this industry-government forum is to raise the profile of Canada's marine transportation as an economic generator. The Council also provides a venue for discussing marine policy issues with leaders from the marine industry and deputy ministers of departments that have direct influence on the marine transportation sector. Key issues being discussed cut across several federal departments and include competitiveness, security, innovation and infrastructure.

The Council is made up of industry executives, including cargo shippers, domestic and international shipowners, port operators and marine service providers from across the country, and federal government senior officials, including the deputy ministers of Transport Canada, Industry Canada, Fisheries and Oceans Canada, International Trade Canada and Environment Canada. The inaugural meeting of the NMIC took place on May 31, 2004. The Council holds meetings bi-annually.

SHORTSEA SHIPPING FOR INCREASING INTERMODALITY

Following the successful 2004 National Marine Conference on Shortsea Shipping in Montreal, Transport Canada continued efforts in 2005 to promote shortsea shipping opportunities as a means to help alleviate congestion, strengthen intermodalism, improve utilization of waterway capacity, facilitate trade and reduce greenhouse gas emissions — in other words, to increase the efficiency of the overall transportation system.

Transport Canada continued to pursue the promotion of shortsea shipping through a 2003 Memorandum of Cooperation with the United States and Mexico. The memorandum intends that North American transportation authorities would cooperate in exchanging information and experiences on shortsea shipping. Transport Canada also undertook several studies and initiatives to understand and assess the opportunities, challenges, policy considerations and overall state of shortsea shipping in Canada, whether on the west or east coast, the St. Lawrence Seaway, the Great Lakes or in the Arctic. Furthermore, Transport Canada continued to be an active member of the Quebec Shortsea Shipping Roundtable. This roundtable works to create a clearinghouse for information and expertise, communicate information to stakeholders, and promote and support shortsea shipping projects.

CANADA MARINE ACT

In June 2005, Bill C-61, "An Act to amend the *Canada Marine Act* (CMA) and other Acts," was introduced in Parliament. The proposed amendments follow the tabling of a June 2003 report pertaining to the first five years of operation of the Act. C-61 fine-tuned the existing provisions and provided Canada Port Authorities (CPAs) with access to federal funding for certain infrastructure projects (to a capped amount) and national security. Bill C-61 was complemented by other policy initiatives aimed at maximizing the efficiency of the marine sector and strengthening its role in Canada's international trade. With the dissolution of the 38th Parliament in November 2005, Bill C-61 died on the order paper.

INFRASTRUCTURE

CANADA'S PORTS AND HARBOURS SYSTEM

Within the national transportation system, Canada's ports and harbours provide crucial links between economic activities and otherwise inaccessible markets. They are vital gateways to the rail and road networks.

The National Marine Policy, announced in December 1995, has been realized through the *Canada Marine Act* (CMA). With that announcement, the federal government began reorganizing Canada's ports system. Since then, it has implemented a restructuring process to commercialize marine infrastructure. To facilitate this restructuring, three categories of ports are specified by the National Marine Policy: (1) Canada Port Authorities (CPAs), (2) regional/local ports and (3) remote ports.

Under the National Marine Policy, 19 major Canadian ports were deemed vital to Canada's domestic and international trade. The Canada Port Authorities, established under the CMA, have also met criteria for financial self-sufficiency, diversified traffic and intermodal connections. Independently managed, the CPAs are essential links in Canada's domestic and international trade. The 19 CPAs are: Fraser River, Vancouver, North Fraser, Nanaimo, Prince Rupert, Port Alberni, Thunder Bay, Windsor, Toronto, Hamilton, Montreal, Quebec City, Trois-Rivières, Saguenay, Sept-Îles, Saint John, St. John's, Belledune and Halifax. These include former Canada Ports Corporation's major divisional ports and former harbour commissions. The Port of Oshawa is the last harbour commission operating in Canada.

CPAs were incorporated by Letters Patent for the purpose of operating a particular port. They act as agents of the Crown under the CMA for certain purposes. As such, they have the authority to engage in activities related to shipping, navigation, transport of passengers and goods, and handling and storing of goods. They can also engage in other activities that the Letters Patent deem necessary to support port operations. With respect to these activities, however, they are not agents of the Crown.

Although CPAs were granted the right to operate and manage a port, they cannot issue shares. They may be given Crown land to operate and manage, but not to own. They may, however, acquire and own land in their own name. They may also establish fair and reasonable fees for use of the facilities or services provided at the port as a way of covering costs. CPAs may not discriminate among users of the port, but they may differentiate in their fees and services based on the volume or value of goods or on any basis generally accepted commercially.

CPAs must also demonstrate public accountability. As set out in the CMA, each board of directors includes seven to eleven members. (All CPAs have seven members, except for Vancouver, which has nine). Each board appoints the officers of the CPA. A majority of each board is appointed in consultation with port users. In addition, the federal and respective provincial and municipal governments each appoint one director.

Most Transport Canada-owned ports are regional/local ports. These range from ports with a high volume of regional and local traffic to smaller ports with little or no commercial activity. In accordance with the Port Divestiture Program, the federal government is terminating its operational and ownership interests in regional/local ports. This means transferring them to other federal departments, provincial governments or local interests. Local interests include municipal authorities, community organizations and private interests. For remote ports serving as the primary transportation portals for isolated communities, Transport Canada will retain control and administration unless local stakeholders are willing to assume ownership of them.

PORT DIVESTITURE

The Port Divestiture Program was originally scheduled to end on March 31, 2002. As part of the federal government's efforts to modernize Canada's marine system, however, the program was extended by Cabinet until March 31, 2006. As such, Transport Canada will continue to transfer ownership and operations of its regional/local ports to local communities. Local accountability will help create a more effective and efficient port system by instilling commercial discipline and efficiency. In addition, greater autonomy will enable ports to apply more effective business principles while promoting employment and economic growth. Once ports have been transferred, Transport Canada ends its operational role. This includes directly enforcing regulations, collecting user fees, and monitoring port operations.

Before the National Marine Policy came into force, Transport Canada controlled and administered 549 public ports and port facilities. Of these, 462 have been transferred, deproclaimed or demolished, or have had Transport Canada's interests terminated. As of December 31, 2005, 87 sites remained under Transport Canada control. In addition, there are 20 sites where facilities have been transferred but cannot be deproclaimed because the harbour bed has not yet been divested. For detailed port information, see tables A8-1 and A8-2 in the Addendum.

Table 8-1 summarizes the classification of ports as of December 31, 2005.

As of December 31, 2005, 65 sites had been transferred to other federal departments and 40 had been transferred to provincial governments. Another 120 sites were divested to local interests. In addition, 26 sites have either been demolished or have had Transport Canada's interest terminated through lease or licence terminations.

Since the Ports Divestiture Program began, 271 public ports have been deproclaimed. Of these, archival research identified another 26 harbours beyond the original 549 port sites listed in the National Marine Policy. Transport Canada continues to administer 61 regional/local ports and 26 remote ports nationwide.

FINANCIAL PERFORMANCE

For detailed financial information, see Addendum tables A8-3 to A8-6.

In 2004, the operating revenues of the CPAs totalled \$310 million, up 3.4 per cent from 2003. Vancouver and Montreal accounted for 55 per cent of this amount. Twelve of the 19 CPAs reported greater operating revenues, ranging from increases of \$0.05 million to \$1.9 million. Montreal and Quebec City had the greatest increases, at \$1.9 million (2.8 per cent) and \$1.7 million (12.8 per cent), respectively.

Operating expenditures increased by \$10.6 million, with individual increases ranging from \$0.02 million to \$4.1 million. Only five CPAs reported lower expenses, ranging from \$0.03 million to \$1.0 million decreases. The ports reported \$11.3 million in total gross revenue charges, up 3.7 per cent from 2003. The port authorities spent \$110 million on capital projects in 2004.

The ratio of operating expenditures as a percentage of operating revenues for the CPAs averaged 84 per cent in 2004. Individual ratios ranged from 60 per cent to 180 per cent. The overall return on assets was 3.4 per cent.

In 2004, the net income of all port authorities totalled \$48 million. Six CPAs reported higher net incomes ranging from \$0.02 million to \$3.2 million increases, while four reported net losses ranging from \$0.2 million to \$4.8 million.

TABLE 8-1: PORT CLASSIFICATIONS AS OF DECEMBER 31, 2005

	<i>Federal</i>	<i>Provincial</i>	<i>Local</i>	<i>Total</i>
Federal Agency Ports				
Canada Port Authorities	19	N/A	N/A	19
Harbour Commissions	1	N/A	N/A	1
Ports Operated by Transport Canada				
Regional/Local	61	N/A	N/A	61
Remote	26	N/A	N/A	26
Ports Transferred¹				
From Transport Canada	65	40	120	225
Status of other former Transport Canada Ports				
Demolished	8	N/A	N/A	8
Interests terminated	18	N/A	N/A	18
Deproclaimed ²	211	N/A	N/A	211

Notes: N/A = Not available.

Additional detailed information on ports is presented in tables A8-1 and A8-2 in the Addendum. This includes summaries of the provincial distribution of the ports Transport Canada administered from 1996 to 2005 and the divestiture status of regional/local and remote ports on a regional basis.

1 Includes 18 sites where facilities have been transferred but harbour bed has not yet been deproclaimed, 64 sites that were transferred to Fisheries and Oceans Canada and one site that was transferred to Health Canada.

2 Public harbours deproclaimed between June 1996 and March 1999.

Source: Transport Canada

Based on some preliminary data, tonnage handled at CPAs increased from 228 million tonnes in 2003 to 237 million tonnes in 2004. Five CPAs accounted for 69 per cent of total cargo by volume: Vancouver (31 per cent), Saint John (11 per cent), Montreal (10 per cent), Quebec City (9 per cent) and Sept-Îles (7 per cent). The revenues per tonne decreased from \$1.34 in 2003 to \$1.31 in 2004, while expenses per tonne remained the same at \$1.1 for 2003 & 2004.

Transport Canada's Port Programs incurred a total net loss of \$42.7 million in fiscal year 2004/05. This total was derived from \$13.6 million in gross revenues minus \$26.9 million in expenses, \$11.6 million in capital expenditures and \$17.8 million in grants and contributions for port divestiture transfers. For details, see Table A8-6 in the Addendum.

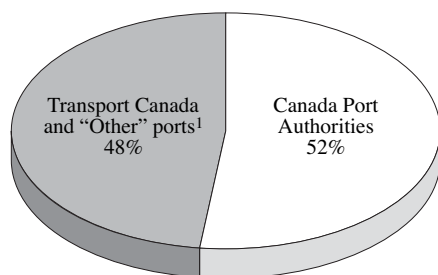
PORT TRAFFIC

Preliminary data indicate that Canada's ports handled approximately 456 tonnes of cargo in 2004, up about three per cent over 2003. Statistics Canada data was unavailable for 2004. Therefore, these estimates were derived from CPA sources and historical data.

Preliminary data from CPA Web sites shows that CPA ports handled approximately 237 million tonnes of cargo in 2004, representing 52 per cent of total cargo.

Figure 8-1 shows estimated traffic shares by port groups in 2004.

FIGURE 8-1: TRAFFIC SHARES BY PORT GROUPS, 2004



¹ "Other" ports represents locations owned and operated by Fisheries and Oceans Canada, provincial and municipal governments, or private facilities.

Source: Statistics Canada

The 2004 tonnage breakdown for CPAs was: Vancouver, 73.6 million tonnes; Saint John, 26.3 million tonnes; Montreal, 23.6 million tonnes; Quebec, 21.8 million tonnes; Sept-Îles, 17.5 million tonnes; Halifax, 13.8 million tonnes; Fraser River, 13.9 million tonnes; Hamilton, 12.0 million tonnes; Thunder Bay, 8.5 million tonnes; Windsor, 5.3 million tonnes; North Fraser, 5.1 million tonnes; Prince Rupert, 4.4 million tonnes; Trois-Rivières, 2.3 million tonnes; Belledune, 2.2 million tonnes; Nanaimo, 2.0 million tonnes; Toronto, 1.9 million tonnes; St. John's, 1.6 million tonnes; Port Alberni, 1.0 million tonnes and Saguenay, 0.39 million tonnes.

Tonnage at Transport Canada ports is expected to remain steady based on the consistent revenues collected for 2004.

SMALL CRAFT HARBOURS PROGRAM

Fisheries and Oceans Canada

Within the Fisheries and Oceans Canada (DFO), the Small Craft Harbours Program (SCH) operates and maintains a national system of harbours to provide safe and accessible facilities for commercial fishers and recreational boaters. SCH's mandate is to keep harbours critical to the fishing industry open and in good repair. DFO's long-term objective is to retain a network of approximately 750 core, locally managed fishing harbours. All non-essential harbours (i.e., recreational harbours and fishing harbours with low or no activity) will be divested.

Fishing harbours

The SCH program has supported the creation of local harbour authorities (HAs) since the late 1980s. The harbour authorities manage the commercial fishing harbours within their own communities. Typically, they are local, non-profit organizations composed of fishers and other harbour users that lease the harbour from the SCH and provide services, maintenance and harbour management. As of December 30, 2005, harbour authorities managed 682 core fishing harbours across Canada. This amounts to about 91 per cent of the SCH program target. Usually, low or no-activity fishing harbours with a negligible impact on the commercial fishing industry or the community at large do not generate enough community interest to form harbour authorities. Such harbours will be divested or, if necessary, demolished. To date, 291 fishing harbours have been divested and 90 are in the final stage of divestiture.

Table 8-2 shows the number of fishing harbours remaining in the SCH portfolio as of December 31, 2005, by region and type of management.

TABLE 8-2: SCH FISHING HARBOURS BY MANAGEMENT TYPE AND REGION, AS OF DECEMBER 31, 2005

	<i>Harbour Authorities</i>	<i>Small Craft Harbours</i>	<i>Regional Total</i>
Pacific ¹	72	76	148
Central and Arctic	33	37	70
Quebec	51	32	83
Maritimes and Gulf	281	44	325
Newfoundland and Labrador	245	133	378
Total²	682	322	1,004

¹ Totals include 47 mooring buoy sites in British Columbia.

² There are no harbour authorities in Northwest Territories, Nunavut or the Yukon.

Source: *Small Craft Harbours, Department of Fisheries and Oceans*

Recreational Harbours

The SCH program intends to divest all its recreational harbours. Since 1994/95, 661 (or 78 per cent) of all SCH recreational harbours have been divested or are in the final stages of divestiture. The SCH disposal strategy was approved by Treasury Board in 1995. It permits disposals at a consideration of \$1.00, subject to conditions. One condition is the requirement to maintain public access for at least five years. Prior to transfer, environmental assessments and reasonable repairs are completed to ensure facilities are in a safe condition before being

transferred. Recipients are mainly municipalities, local non-profit organizations, First Nations or other federal departments. If no public body is interested in acquiring the facilities, they are offered at market value to the general public. As a last resort, when neither public nor private parties show interest in the facilities, they are demolished. The recreational harbour divestiture program is expected to continue for several more years.

Tables 8-3 to 8-5 summarize, by region, the status of the SCH recreational harbour divestiture program, recipients of harbours divested, and management type of remaining SCH harbour sites, respectively.

MARINE PILOTAGE

In Canada, navigation and/or ship handling of vessels through coastal and inland waterways in a safe and efficient manner is directed and controlled by regional pilotage authorities. There are four of these authorities in Canada: Atlantic (APA), Laurentian (LPA), Great Lakes (GLPA) and Pacific (PPA). Each responds to the particular requirements of marine traffic and to the geographic and climatic conditions of the waterways in its region.

TABLE 8-3: SCH RECREATIONAL HARBOUR DIVESTITURES BY REGION AS OF DECEMBER 31, 2005

	<i>Fully Divested 1995 – 2004</i>	<i>Fully Divested 2004/05</i>	<i>Final Stage of Divestiture</i>	<i>Total Divested</i>	<i>Remainder to be Divested</i>	<i>Regional Total</i>
Pacific	54	0	4	58	7	65
Central and Arctic	273	9	17	299	146	445
Quebec	204	11	9	224	29	253
Maritimes and Gulf	74	5	0	79	1	80
Newfoundland and Labrador	1	0	0	1	1	2
National Totals	606	25	30	661	184	845

Source: *Small Craft Harbours, Fisheries and Oceans Canada*

TABLE 8-4: RECIPIENTS OF DIVESTED SCH RECREATIONAL HARBOURS AS OF DECEMBER 31, 2005

	<i>Province¹</i>	<i>Municipality</i>	<i>Private Sector</i>	<i>Other²</i>	<i>Total by Region</i>
Pacific	51	1	1	5	58
Central and Arctic	19	204	21	55	299
Quebec	3	186	2	33	224
Maritimes and Gulf	4	19	4	52	79
Newfoundland and Labrador	0	1	0	0	1
Total	77	411	28	145	661

¹ Many of these properties were subject to provincial reversionary interests.

² Refers to sites that have been transferred to local non-profit organizations, First Nations or other federal departments, as appropriate.

Source: *Small Craft Harbours, Fisheries and Oceans Canada*

TABLE 8-5: SCH RECREATIONAL HARBOURS BY MANAGEMENT TYPE, AS OF DECEMBER 31, 2005

	<i>Managed Under Lease</i>	<i>Small Craft Harbours</i>	<i>Other¹</i>	<i>Total by Region</i>
Pacific	1	0	6	7
Central and Arctic	99	36	11	146
Quebec	3	26	0	29
Maritimes	0	1	0	1
Newfoundland and Labrador	0	1	0	1
Total	103	64	17	184

¹ Refers to a variety of management and non-management situations. Some infrastructure, such as shoreline reinforcement or breakwaters, are largely stable and do not require ongoing management. Some facilities are part of a larger development (i.e., a marina, and managed as part of that development). In other cases, facilities no longer exist at the site and there is nothing to manage.

Source: *Small Craft Harbours, Fisheries and Oceans Canada*

The LPA, GLPA and PPA each experienced a deficit in 2005, resulting in a combined loss just under \$4 million for the four pilotage authorities. However, this was less than the combined deficit reported last year. Table 8-6 shows the financial results for the four pilotage authorities in 2005.

TABLE 8-6: PILOTAGE AUTHORITY FINANCIAL RESULTS, 2005

(Thousands of dollars)

<i>Pilotage Authority</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>Net income (loss)</i>
Atlantic Pilotage Authority (APA)	16,172	16,484	312
Laurentian Pilotage Authority (LPA)	56,505	59,819	(3,314)
Great Lakes Pilotage Authority (GLPA)	15,570	16,403	(833)
Pacific Pilotage Authority (PPA)	47,640	47,736	(96)
Total Pilotage Authorities	135,887	140,442	(3,931)

Source: Pilotage Authorities' 2005 draft annual reports

Using the average number of assignments per pilot as an indicator, overall, the efficiency of pilotage services continued to increase in 2005. The only exception was the APA where the average number of assignments per pilot stayed roughly the same as in 2004. The variations between the authorities and from year to year are related to traffic levels. Assignments increased for the LPA and PPA, but decreased for the APA and GLPA. Overall, there were more assignments in 2005 than in 2004.

Table 8-7 shows the number of assignments for each pilotage authority and the total for all pilotage authorities in 2005. For information on other years, see Table A8-8 in the Addendum.

TABLE 8-7: TOTAL PILOTAGE ASSIGNMENTS AND ASSIGNMENTS PER PILOT, 2005

<i>Pilotage Authority</i>	<i>Indicators</i>	<i>2005</i>
Atlantic (APA)	Pilots	54
	Total Assignments	11,690
	Assignments Per Pilot	216
Laurentian (LPA)	Pilots	174
	Total Assignments	22,197
	Assignments Per Pilot	128
Great Lakes (GLPA)	Pilots	59.5
	Total Assignments	6,443
	Assignments Per Pilot	108
Pacific (PPA)	Pilots	110
	Total Assignments	13,219
	Assignments Per Pilot	120
Total All Authorities	Pilots	397.5
	Total Assignments	53,549
	Assignments Per Pilot	135

Source: Pilotage Authorities' 2005 draft annual reports

CANADIAN COAST GUARD

The Canadian Coast Guard (CCG), an integral part of Fisheries and Oceans Canada, is a key national institution. Through the CCG Canada exerts its influence over its waters and coasts and delivers on public expectations of clean, safe, secure, healthy and productive waters and coastlines.

The CCG offers nine services.

Aids and Waterways Services supports marine safety, accessibility of waterways and environmental protection by maintaining approximately 17,300 navigational aids (short- and long-range) and by monitoring conditions of 75 shipping channels.

Marine Communications and Traffic Services monitors 450,000 vessel movements annually, provides marine distress/safety communications and coordination, conducts vessel screenings, regulates vessel traffic movement, and provides information systems and public correspondence around the clock on a year-round basis.

Icebreaking Services provides icebreaking and related services to facilitate safe and expeditious movement of maritime traffic through and around ice-covered Canadian waters. Related services include ice reconnaissance, harbour breakouts, information provision, routing assistance, etc.

Search and Rescue Services delivers search and rescue preparedness and response services to save and protect lives in Canada's maritime environment.

Environmental Response Services delivers environmental incident preparedness and response services that protect the marine environment under Canadian jurisdiction. It also provides response assistance to other countries under international agreements.

Maritime Security Services supports the Government of Canada's national security objectives by contributing to security on Canadian waterways.

Coast Guard College Services trains junior officers for Coast Guard service.

Fleet Services manages, operates and maintains CCG vessels and aircraft to help deliver civilian marine services in support of the Government of Canada's maritime priorities.

The CCG contributes to other Government of Canada objectives, including its maritime priorities, through delivery of civilian marine services (expertise, personnel and infrastructure such as vessels and aircraft) on behalf of other government departments or through support to agencies and organizations.

On December 12, 2003, changes were announced to the structure of the Government of Canada, including the creation of the CCG as a Special Operating Agency (SOA). In the same year, an Order in Council initiated the transfer of responsibilities for marine safety and security policies to Transport Canada from Fisheries and Oceans Canada. This affected how the Coast Guard was to conduct its remaining services. The design and operation of the CCG as an SOA was approved by Treasury Board on March 21, 2005, and the CCG officially became an SOA on April 1. The CCG is in fact the largest Special Operating Agency in Canada. As such, it will focus on providing essential and valuable services to mariners in Canadian waters.

CCG physical assets are worth approximately \$5 billion. SOA status gives the Coast Guard greater flexibility in delivering more efficient and effective services as a national institution focussed on operations. It also allows the CCG to strengthen its relationship with the remainder of Fisheries and Oceans Canada, and deliver critical services to all clients, while playing an enhanced support role with the developing national security agenda.

FINANCIAL PROFILE

Table 8-8 shows the Coast Guard's financial results for the past four fiscal years. Results for 2005/06 reflect forecasted revenues and expenditures to fiscal year-end and will not be finalized until the end of the fiscal year. Refer to Table 8-9 for a breakdown of the Coast Guard's revenues and gross expenditures by sub-activity.

TABLE 8-8: CANADIAN COAST GUARD REVENUES AND EXPENDITURES, 2002/03 – 2005/06

(Millions of dollars)

	2002/03	2003/04 ¹	2004/05 ²	2005/06 ³
Revenue	37.0	37.4	40.4	50.1
Gross Expenditures	498.0	504.5	543.3	548.0
Net Expenditure	461.0	467.1	502.9	497.9

1 2003/04 figures do not include the Coast Guard College.
 2 2004/05 figures include amounts related to the Coast Guard College, which was transferred to the Coast Guard as of April 1, 2004.
 3 Gross and Net Expenditures exclude Program Enablers.

Source: Fisheries and Oceans Canada

TABLE 8-9: CANADIAN COAST GUARD PLANNED REVENUES AND EXPENDITURES, 2005/06

(Millions of dollars)

	AWS	MCTS	ICE	SAR	ER	College	Fleet
Revenues	32.4	0.2	13.8	0	0	3.7	0
Gross Expenditures ¹	125.2	98.1	55.9	93.6	10.6	8.0	156.6
Net Planned Spending¹	92.8	97.9	42.1	93.6	10.6	4.3	156.6

Note: AWS: Aids and Waterways Services; MCTS: Marine Communication and Traffic Services; ICE: Icebreaking Services; SAR: Search and Rescue Services; ER: Environmental Response Services; Fleet: Fleet Management Services.

1 Gross expenditure figures exclude Program Enablers.

Source: Fisheries and Oceans Canada

The Marine Navigation Services Fee was introduced by the Coast Guard in June 1996. It is intended to collect \$27.7 million annually, including administrative costs.

To comply with the Government of Canada's cost recovery policy, several years ago, the Coast Guard began to recover the costs it incurs while providing services to industry.

A transit-based Icebreaking Services Fee was introduced by the Coast Guard in 1998. It is intended to collect \$13.8 million annually, including administrative costs.

The Maintenance Dredging Services Tonnage Fee was established in September 1997. It was originally intended to temporarily cover the CCG's full costs for providing maintenance dredging services in the St. Lawrence Ship Channel. The Coast Guard and the commercial marine transportation industry continue to work toward a long-term arrangement under which the industry would assume responsibilities for these dredging services.

Table 8-9 breaks down the Coast Guard's 2005/06 revenues and expenditures for its main sub-activities. Both revenues and expenditures are forecasts only and will not be finalized until the end of the fiscal year.

ST. LAWRENCE SEAWAY

The St. Lawrence Seaway is a unique inland waterway cutting to the industrial heartland of North America. It serves 15 major international ports and some 50 regional ports on both sides of the Canada–United States border.

The Seaway is made up of the Montreal–Lake Ontario (MLO) section, running from Montreal to Lake Ontario, and the Welland Canal section, joining Lake Ontario to Lake Erie. The MLO section has seven locks over 300 kilometres, five in Canada and two in the United States. The Welland Canal section has eight locks over 42 kilometres, all in Canada.

The locks and channels of the Seaway accommodate vessels up to 225.5 metres long, 23.8 metres wide and 8 metres in draft. Combined, these 15 locks gradually raise vessels 183.2 metres above sea level, the height of a 60-storey building.

Management, operation and maintenance of the navigational aspects of the Canadian portion of the Seaway are the responsibility of the St. Lawrence Seaway Management Corporation (SLSMC). The SLSMC was established as a not-for-profit corporation by Seaway users and other interested parties. It assumed management of the Canadian Seaway on October 1, 1998, under a long-term agreement with the federal government pursuant to the *Canada Marine Act*. The SLSMC charges tolls and generates other revenues to finance the operation and maintenance of the Seaway. When required, it also receives additional funds from the federal government to eliminate operating deficits.

In 2005, the Seaway handled an estimated 43.3 million tonnes. Once again, iron ore was the main commodity shipped, at 11 million tonnes. This total was 5.5 per cent higher than in 2004. Shipments of grain also increased, by 4.8 per cent, to total 9.8 million tonnes. Overall, bulk cargo flows were about the same as in 2004. Volumes of general cargo, including imported steel movements, declined by 23 per cent to 3.3 million tonnes, from 4.3 million tonnes the year before. Table 8-10 shows cargo movements for 2003 and 2004 while Table 8-11 shows traffic by commodity for the same years. For a longer time series, see tables A8-9 and A8-10 in the Addendum.

TABLE 8-10: ST. LAWRENCE SEAWAY CARGO MOVEMENTS, 2004 AND 2005

Year	(Thousands of tonnes)	
	Montreal-Lake Ontario Section	Welland Canal Section
2004	30,800	34,285
2005 ¹	31,273	34,160

¹ Figures are estimated as of December 31, 2005.

Source: St. Lawrence Seaway Management Corporation

TABLE 8-11: ST. LAWRENCE SEAWAY TRAFFIC BY COMMODITY, 2004 AND 2005

Year	(Thousands of tonnes)					
	Grain	Iron Ore	General Cargo	Coal	Other	Total
2004	9,322	10,459	4,252	4,230	15,203	43,466
2005 ¹	9,773	11,032	3,264	3,701	15,513	43,301

Note: Combined traffic in the two sections of the Seaway.

¹ Figures are estimated as of December 31, 2005.

Source: St. Lawrence Seaway Management Corporation

RATES AND TARIFFS

The SLSMC implemented a 1.72 per cent cargo toll and ship charge increase for the 2005 navigation season in both sections of the Canadian Seaway. This increase is in accordance with the management agreement between the SLSMC and the federal government, which stipulates annual tariff increases based on the lesser of the annual average percentage change in the Consumer Price Index or two per cent.

FINANCIAL PROFILE

In fiscal year 2004/05,¹ the Seaway generated \$74 million in revenues from tolls and other sources. This was an increase over the \$66.6 million generated in 2003/04. Toll revenues rose 12.1 per cent to \$70.3 million, up from \$62.7 million. This growth resulted from a combination of the two per cent mandatory toll increase and the significant increase in general cargo, with its higher tariff.

Also in 2004/05, Seaway operating expenses increased from \$59.2 million to \$60.2 million. These expenses are related to the management and operation of the Seaway infrastructure. Salaries, wages and benefits accounted for most of this total. Expenditures for the asset renewal program increased from \$24.3 million to \$32.1 million. These expenditures represent the cost of maintenance and major repairs of lock, canals, bridges, buildings and other infrastructure assets.

Table 8-12 shows the financial performance of the St. Lawrence Seaway from 2002/03 to 2004/05.

TABLE 8-12: ST. LAWRENCE SEAWAY FINANCIAL PERFORMANCE, 2002/03 TO 2004/05

Year ¹	(Thousands of dollars)			
	Revenues	Expenditures	Excess of Revenues Over Expenses	Net Excess of Revenues Over Expenses ²
2002/03	66,815	84,394	(17,579)	(4,015)
2003/04	66,555	86,247	(19,692)	(3,087)
2004/05	74,005	98,439	(24,434)	(1,737)

¹ April 1 to March 31.

² Following contribution from Capital Trust Fund.

Source: St. Lawrence Seaway Management Corporation

¹ Tolls in fiscal year 2004/05 are for traffic in the 2004 navigation season.

INDUSTRY STRUCTURE

A fleet of Canadian-flag operators, which provides domestic and transborder shipping services, is part of Canada's marine industry. International trade is served largely by foreign-flag operators calling at Canada's major ports.

DOMESTIC SERVICES

The majority of domestic shipments of bulk materials on the Great Lakes and along Canada's coastline is carried by the Canadian merchant fleet. By the end of 2005, the fleet, which is defined as self-propelled vessels of at least 1,000 gross tons² flying the Canadian flag, included 184 vessels and 2.4 million gross tons.

In 2005, the dry bulk fleet was made up of 61 vessels and included straight-deck bulkers dedicated mainly to grain transportation, and self-unloading vessels carrying various bulk commodities. Although these carriers are declining in number, they remain the backbone of the Canadian merchant fleet, accounting for 46 per cent of tonnage and 33 per cent of vessels in 2005. By comparison, while the number of tankers decreased from 35 in 1985 to 27 in 2005, their capacity share increased from 11 to 31 per cent of total gross tonnage, due to the addition of larger units. In the last 20 years, the capacity of ferries vessels has also increased (from 10 to 17 per cent of total gross tonnage).

At the domestic and international level, an extensive fleet of tugs and barges was also in operation. In 2005, the Canadian Transportation Agency estimated that the Canadian fleet of tugs and barges included 309 tugs (121,000 gross tons) and 835 barges and scows (905,000 gross tons). Approximately eight per cent of the tug population had tonnage greater than 1,000 gross tons and were used in offshore supply.

Table 8-13 shows the transport capacity of the Canadian-registered fleet by type of vessel in 1985, 1995 and 2005.

TABLE 8-13: CANADIAN-REGISTERED FLEET BY TYPE, 1985, 1995 AND 2005

Type of carrier	Gross tons (Thousands of tons)			Number of vessels		
	1985	1995	2005	1985	1995	2005
Dry bulk	1,812	1,300	1,088	109	74	61
Tankers	269	186	743	35	27	27
General cargo	82	91	105	19	15	17
Ferries	264	344	398	56	60	73
Other	97	33	38	6	7	6
Total	2,524	1,955	2,373	225	183	184

Note: Self-propelled vessels of 1,000 gross tons and over, including government owned ferries; excluding tugs used in offshore supply.

Source: Canadian Transportation Agency and Transport Canada

EASTERN CANADA

A fleet of dry bulk vessels (straight-deck and self-unloaders), tankers, general cargo and other vessels provides freight services in eastern Canada, including the Arctic. The three largest operators in the Great Lakes–St. Lawrence region are Algoma Central Corporation, Upper Lakes Group and Canada Steamship Lines. Seaway Marine Transport, a partnership of Algoma Central Corporation and Upper Lakes Group, manages the largest fleet of self-unloading vessels and gearless bulk carriers on the Great Lakes, St. Lawrence River and waters of eastern Canada.

WESTERN CANADA

On the west coast, a large tug and barge fleet provides domestic marine cargo services. While most operators are involved mainly in the domestic trades, some also trade between Canadian and U.S. ports.

Washington Marine Group controls several of the largest tug and barge operations, including: Seaspan International Ltd., the west coast's largest Canadian tug and barge operator; Cates Tugs; Norsk; and Kingcome Navigation Company. Rivtow Marine Inc. (a SMIT Company) is the second-ranked tugboat company in British Columbia.

² Gross tonnage is the capacity in cubic feet of the spaces within the hull and of the enclosed spaces above the deck of a vessel, divided by 100. Thus 100 cubic feet of capacity is equivalent to one gross ton. However, capacity of a cargo carrying ship can also be expressed as dead-weight tonnes (1000 kg) required to immerse the hull at a particular draught (usually the maximum summer draught).

NORTHERN CANADA

In the western Arctic, Northern Transportation Company Limited (NTCL) is the main marine operator for the Mackenzie River Watershed (including the Mackenzie River and Great Slave Lake), the Arctic coast and islands, and Alaska. Utilizing a fleet of tugs and dual-purpose barges, NTCL's principal concerns are bulk petroleum products and dry cargo for communities, defence installations, and oil and gas exploration sites across the North. Working with the Government of the Northwest Territories, NTCL chartered a tug and tank barge in 2005 and brought petroleum products from Vancouver into the Western Arctic via Point Barrow.

In early 2001, responsibility for the eastern Arctic sealift for dry cargo and bulk fuel was transferred from the Canadian Coast Guard to the Government of Nunavut. Since then, all Government of Nunavut departments, corporations, agencies and contractors are required to use the contracted carrier. All other shippers using this service may ship under the same terms and conditions of the contract.

Under multi-year contracts, Nunavut Sealink and Supply Inc. (NSSI) and Nunavut Eastern Arctic Shipping (NEAS) continued to supply dry cargo sealift for the Eastern Arctic during the 2005 season. NSSI, a partnership between Transport Desgagnes and Arctic Cooperatives Ltd., served the seven Kivalliq communities and four Baffin Island communities. NEAS served the remaining 10 Baffin Island communities. The cargo was shipped from Montreal. As the option to extend the current Resupply Agreement to 2008 was not exercised in 2005, the current contract will expire in 2006. In December, the Government of Nunavut issued a request for proposals to secure marine transport for dry cargo beginning in the 2006 season.

The Woodward Group and NTCL, also with multi-year contracts, continued to deliver bulk fuel to the region. Utilizing two tankers travelling from Montreal and Churchill, the Woodward Group serviced the Baffin and Kivalliq regions in 2005. NTCL served the Kitikmeot region.

In addition to the Arctic sealift for Nunavut communities, resupply services to the Nunavik region are managed by the Quebec Ministry of Transportation. The James and Hudson Bay Cree are served out of Moosonee, with cargo originating in the Toronto region.

Beginning in 2004, Gardewine North, Hudson Bay Railway, The Port of Churchill and Moosonee Transportation Limited formed an alliance to provide sealift transportation to the Kivalliq. Moosonee Transport,

located in James Bay, leased two barges from NTCL to resupply seven Kivalliq communities with dry cargo in July and August. Shippers are offered one single thru-rate for freight that encompasses a combination of truck, rail and marine transportation modes from either Thompson or Winnipeg (Manitoba) to the Kivalliq Region in Nunavut.

Mining operations in the Arctic regions also have vessels calling with supplies inbound and carrying zinc and lead concentrates to world markets outbound.

INTERNATIONAL SERVICES

Marine freight transport at the international level includes bulk shipping and liner shipping.

Bulk shipping is the transport of large volumes of homogeneous cargo, often in shiploads. These services are provided under time charters (short-term and long-term contracts) and short-term "spot" or "tramp" contracts, generally for a specified number of voyages or days, or for a given quantity of cargo. The bulk shipping industry operates in a competitive market. Most of Canada's international bulk trade is carried under time charter arrangements on foreign-flag ships. Types of Canadian bulk cargoes include coal, iron ore, grain and potash.

Liner shipping is the transport of many individual consignments of cargo, at fixed prices for each commodity, on ships that operate regularly among ports of call on a scheduled basis. Liners often use standardized containers that can easily be transferred to trains or trucks for transport away from the port to carry the cargo. Large fleets of specialized container vessels operating on major trade routes around the world dominate liner shipping.

Shipping lines that call at Canadian ports provide liner services either independently or as members of shipping conferences that adhere to rates and/or conditions of service under a conference agreement. These practices are exempt from certain provisions of the *Competition Act* by the *Shipping Conferences Exemption Act* (SCEA), which was amended in 2002.

Independent shipping lines (also called non-conference carriers) contribute to a competitive international shipping industry by offering rates and services comparable with those of conference operators. Shipping lines sometimes choose to be a conference member on certain routes and an independent operator on others.

Most of the Canadian-controlled international fleet operates under foreign flags and employs foreign officers and crews.

SERVICES AVAILABLE TO CANADIAN SHIPPERS

In 2005, the Canadian Transportation Agency had 15 shipping conference agreements on file. Conferences are no longer required to file their tariffs with the Agency.

Five of the conferences operate between eastern Canada, northern Europe and the Mediterranean. Atlantic Container Line, Canada Maritime Ltd., Hapag-Lloyd Container Line, P&O Nedlloyd, Mitsui O.S.K. Lines and Orient Overseas Container Lines are among the major lines serving Canada as conference members.

Table 8-14 lists the 15 conference agreements on file with the Canadian Transportation Agency.

TABLE 8-14: SHIPPING CONFERENCES SERVING CANADA IN 2005

Canadian Continental Eastbound Freight Conference (E)
 Canada–United Kingdom Freight Conference (E)
 Continental Canadian Westbound Freight Conference (E)
 Australia–Canada Container Line Association (E & W)
 Mediterranean Canadian Freight Conference (E)
 Canada/Australia–New Zealand Association Carriers (CANZAC) (E & W)
 New Zealand–Canada Container Lines Association (E & W)
 Canada Transpacific Stabilization Agreement (E & W)
 Mediterranean North Pacific Coast Freight Conference (Canada) (W)
 Canada/Australia–New Zealand Discussion Agreement (E & W)
 Canada North Atlantic Westbound Freight Conference (E)
 Canada Westbound Transpacific Stabilization Agreement (E)
 Joint Mediterranean Canada Service Agreement (E)
 Canadian Pacific/Latin American Freight Service (W)
 Columbus/Maruba Working Agreement (W)

Notes: E = East Coast; W = West Coast

Source: Canadian Transportation Agency

Due to provisions on independent action under the SCEA, shippers benefit from competition between conference and non-conference carriers as well as from competition within conferences. Under these provisions, individual conference members are allowed to offer rates or services that differ from those found in the conference agreement. And, with the 2002 SCEA amendments, conference members now have to give only five, rather than 15, days' advance notice to other conference members if it intends to take independent action.

The 2002 SCEA amendments also allow a conference member to sign service contracts with shippers without having to disclose the contract terms and conditions to other conference members. It further allows a conference and a shipper to negotiate and sign confidential, conference-wide service contracts. These contracts must, however, be filed with the Canadian Transportation Agency in order to comply with the SCEA.

In 2005, the Canadian Transportation Agency accepted filings for only five service contracts,³ down from 15 in 2004 and 25 in 2003. The contracts applied to both inbound and outbound traffic and to origins and destinations on both the east and west coasts of Canada.

PASSENGER TRANSPORTATION

FERRY SERVICES

While most major ferry operators in Canada belong to the Canadian Ferry Operators Association (CFOA), Canada's ferry services are marked by wide differences in ownership, services and vessel type. Owners range from small, private operators to provincial governments and federal Crown corporations. Terminals and docking facilities are owned, leased and operated by ferry companies, municipalities, private companies and federal and provincial governments. Vessel types range from small cable ferries to large cruise-type vessels and fast ferries. Operations range from seasonal to year-round service.

For details on the major ferry services, see Addendum Table A8-11. In addition, most major ferry services have their own Web sites, routes and rates.

The 2004 traffic figures for all CFOA members (2005 figures not yet available) give a good indication of the relative size of CFOA operations. An estimated 38 million passengers and 16 million vehicles used Canadian ferry services in 2004. By far Canada's largest operator, the British Columbia Ferry Services Inc. carried over 22 million passengers and 8.6 million vehicles. British Columbia's Ministry of Transportation and Highways and Fraser River Marine Transportation, also operating inland ferry services, carried another 7.2 million passengers and 3.3 million vehicles. In Quebec, La Société des Traversiers du Québec carried 5.4 million passengers and 2.7 million automobile equivalent units (AEU).

In Atlantic Canada, federally supported ferry services are now limited to those provided by Marine Atlantic Inc., a federal Crown corporation, and Northumberland Ferries Ltd. and C.T.M.A. Traversier Ltée, both private-sector operators. On the west coast, the federal government provides an annual grant to British Columbia that is directed to BC Ferries.

3 Service contracts are pro-competitive provisions designed to maintain Canadian conference legislation in balance with Canada's major trading partners and support the recent trend toward a greater reliance on the marketplace.

In 2004, Marine Atlantic Inc. carried 417,550 passengers and 224,014 vehicles between Newfoundland and Labrador and Nova Scotia. Northumberland Ferries Ltd. and C.T.M.A. Traversier Ltée carried approximately 494,681 passengers and 207,135 vehicles. The remaining CFOA members, including provincial operators in Newfoundland and Labrador, Manitoba, Ontario and New Brunswick, accounted for approximately 3.5 million passengers and 1.3 million vehicle crossings.

CRUISE SHIP INDUSTRY

Large cruise vessels calling at Canada's ports are owned by foreign-based companies. Sailing under foreign flags, these vessels offer two basic types of extended cruises: the luxury cruise and the "pocket" cruise, which is distinguished by vessel capacity of typically less than 150 passengers.

After the Caribbean and the Mediterranean, Alaska cruises through British Columbia's scenic Inside Passage are the third most popular in the world. Vancouver and, increasingly, Seattle serve as "home ports," where passengers embark and disembark for these voyages. In 2005, Vancouver's share of this traffic experienced a 2.1 per cent decline from 2004 to 910,172 passengers. This decline is attributable mainly to the Port of Seattle's ability to attract cruise ships by opening new facilities, and to the impact of world events on travel and tourism.

In eastern Canada, luxury cruise vessels regularly depart New York and, travelling up the eastern seaboard, call in at Halifax, Charlottetown and other east coast ports before entering the St. Lawrence River and heading to Quebec City and Montreal. Shorter cruises also sail out of New York or Boston for Halifax, Saint John and other Atlantic ports. Many ports, including Saint John, have been investing in new facilities to serve cruise passengers.

Other Canadian ports also benefit from calls by cruise lines, including Victoria, British Columbia; St. John's, Newfoundland and Labrador; and Sydney, Nova Scotia.

Table 8-15 shows international cruise ship traffic at major Canadian ports in 2004 and 2005. Addendum Table A8-12 gives a longer time series.

TABLE 8-15: INTERNATIONAL CRUISE SHIP TRAFFIC AT MAJOR CANADIAN PORTS, 2004 AND 2005

(Passengers)

Year	Vancouver	Montreal	Quebec City	Halifax	Saint John
2004	929,976	43,385	71,280	212,834	138,622
2005 (prel.)	910,172	35,359	66,000	190,000	91,000

Source: Canada Port Authorities

FREIGHT TRANSPORTATION

At the time of publication of this report, 2004 data on marine origin-destination traffic was not available from Statistics Canada. This data is scheduled for release by Statistics Canada in July 2006. Therefore, many of the tables in this section could not be updated with 2004 traffic data. Where feasible, Transport Canada has estimated traffic based on data published on the Web sites of the various Canadian Port Authorities (CPAs).

The CPA's domestic and international traffic data for 19 ports was also used to estimate marine freight traffic handled at all Canadian ports in 2004. In addition, historical transborder, and overseas traffic data was correlated to the international marine trade data (on a value basis) in order to estimate the 2004 traffic flows for each sector. Finally, total traffic handled as well as flows were correlated with Canada GDP at basic prices (in 1997 dollars).

In 2004, estimated marine freight traffic totalled 387 million tonnes,⁴ up 3.2 per cent from 2003. Estimated domestic flows⁵ accounted for more than one fifth of this (69.4 million tonnes), up 1.6 per cent from the year before (68.3 million tonnes). Canadian-flag vessels carried an estimated 95.8 per cent (66.5 million tonnes) of domestic flows. In 2004, Canada-U.S. estimated traffic totalled 128.6 million tonnes, up 4.1 per cent from 2003, and "Other" international (deep-sea or overseas) traffic⁶ increased by an estimated 3.1 per cent to 189 million tonnes.

4 Based on traffic flows rather than tonnage handled at Canadian ports (domestic volumes are not double counted).

5 Maritime traffic that originates from and is destined for a Canadian port. Flows count traffic volume only once, in contrast to port loadings and unloadings, for which, in the case of domestic traffic, the volumes get counted twice.

6 "Other" international traffic includes shipments to and from foreign countries other than the United States.

Table 8-16 shows Canada's 2002 to 2004 marine traffic statistics by sector. Addendum Table A8-13 covers the same information from 1986 to 2004.

TABLE 8-16: CANADA'S MARINE TRAFFIC STATISTICS BY SECTOR, 2002 – 2004

	Flows -----			Total Flows	Total Handled
	Domestic	Transborder	Overseas		
2002	62.6	114.3	168.4	345.4	408.1
2003	68.3	123.5	183.2	374.9	443.0
2004 (Est.)	69.4	128.6	188.9	386.9	456.3

Source: Statistics Canada, *Shipping in Canada, Cat. 54-205*
CPA ports web sites & Transport Canada traffic estimates for 2004

Table 8-17 compares the CPA port traffic (domestic and international) for 2003 versus 2004 as well as the 2004 estimated traffic handled at all the Canadian ports.

These 19 CPA ports handled more than half, 237 million tonnes, of all Canadian marine cargo in 2004. The balance of Canadian marine cargo represents 219 million tonnes of cargo handled by an equally important regional port system consisting of more than 200 ports located from the Atlantic to the Pacific to the Arctic.

MARINE TRADE

International trade data indicates that Canadian international marine trade in 2004 totalled \$117.5 billion (excluding shipments via U.S. ports). This is up 9.3 per cent from 2003. Marine imports totalled \$63.4 billion, while marine exports totalled \$54.1 billion.

Table 8-18 shows the value of the marine exports/imports by country of origin/destination in 2004.

The value of imports increased by 6.0 per cent, notably with increased cargos inbound from China, Germany, Norway, and South Korea. The principal commodities imported from China were: textiles, leathers, and end products; furniture, major appliances, household equipment; and machinery and electronic equipment.

The value of exports also increased, by 13.4 per cent, mainly to the United States, Japan, China, and the United Kingdom. The principal commodities exported to the U.S. were petroleum products, and crude oil; for Japan and China it was forest products, grains and other food products.

Table 8-19 shows the value of the marine share of Canada's international trade in 2004.

TABLE 8-17: CANADA'S MARINE DOMESTIC & INTERNATIONAL TRAFFIC HANDLED FOR CPA'S AND OTHER PORTS, 2003 – 2004

Port	Millions of tonnes 2003	Port per cent share	Millions of tonnes 2004	Port per cent share	Difference per cent (2004 vs. 2003)
Vancouver	66.7	15.1	73.6	16.1	10.3
Saint John	26.1	5.9	26.3	5.8	0.7
Sept Îles/Pointe Noire	22.9	5.2	17.5	3.8	(23.3)
Montreal/Contrecoeur	20.8	4.7	23.6	5.2	13.7
Quebec/Lévis	20.2	4.6	21.8	4.8	8.2
Halifax	13.9	3.1	13.8	3.0	(0.3)
Fraser River ¹	13.7	3.1	13.9	3.0	1.5
Hamilton	11.0	2.5	12.0	2.6	8.9
Thunder Bay	8.3	1.9	8.5	1.9	3.5
North Arm Fraser River ¹	4.7	1.1	5.1	1.1	9.0
Windsor Ontario	4.6	1.0	5.3	1.2	14.0
Prince Rupert	4.3	1.0	4.4	1.0	2.8
Belledune	2.3	0.5	2.1	0.5	(7.6)
Nanaimo	1.9	0.4	2.0	0.4	3.0
Trois Rivières	1.9	0.4	2.3	0.5	24.6
Toronto	1.6	0.4	1.9	0.4	20.6
St. John's	1.6	0.4	1.6	0.4	0.6
Chicoutimi (Port Sagueny)	0.5	0.1	0.4	0.1	(18.2)
Port Alberni	1.0	0.2	1.0	0.2	2.3
Total CPA Ports	227.9	51.4	237.3	52.0	4.1
Other Ports²	215.2	48.6	219.0	48.0	1.8
Total Handled All Ports²	443.0	100.0	456.3	100.0	3.0

¹ Due to double countings in domestic traffic for Fraser River & North Fraser River ports, use Statistics Canada data for 2003.

² Estimated 2004 total traffic (456.3 millions) by Transport Canada, based on 2004 CPA traffic & historical market shares of the CPA ports.

Source: CPA ports Web sites data

TABLE 8-18: TOTAL MARINE IMPORTS/EXPORTS BY COUNTRY (2004 VS 2003)

(Billions of dollars)

Country of Export	Exports ¹		Percentage change	Country of Import	Imports		Percentage change
	2003	2004			2003	2004	
United States	12.1	13.6	12.5	China, Peoples Republic	8.8	10.7	21.9
Japan	7.0	7.4	6.5	Japan	7.5	5.5	(26.8)
China, Peoples Republic	4.0	5.9	45.9	Germany	4.3	4.5	3.4
United Kingdom	2.5	2.8	10.0	Norway	3.1	3.9	26.8
Korea, South	1.6	1.8	11.6	Korea, South	2.9	3.4	20.5
Germany	1.7	1.7	(0.3)	United Kingdom	3.3	2.9	(14.2)
Italy	1.4	1.2	(13.3)	United States	3.2	2.7	(14.7)
France	1.3	1.3	(1.8)	Algeria	1.8	2.5	38.0
Netherlands	1.2	1.3	16.3	Italy	2.0	1.9	(7.5)
Norway	0.9	1.5	62.8	France	1.9	1.7	(11.0)
Belgium	1.1	1.2	8.6	Iraq	1.1	1.1	1.9
Taiwan	0.9	1.0	10.0	Taiwan	1.1	1.1	4.2
Hong Kong	0.6	0.8	24.7	Australia	1.1	1.1	3.0
Mexico	0.6	0.7	23.6	Saudi Arabia	0.9	1.2	40.0
Spain	0.5	0.8	42.5	Thailand	1.0	1.0	0.8
Other Countries	10.3	11.1	8.5	Other Countries	16.0	18.3	14.3
Grand Total (Exports)	47.8	54.1	13.4	Grand Total (Imports)	59.8	63.4	6.0

1 Including domestic exports and re-exports.

Source: Statistics Canada, Cat. 65-202 and 65-203; Special tabulations

TABLE 8-19: VALUE OF MARINE SHARE OF CANADIAN INTERNATIONAL TRADE, 2004

(Billions of Canadian dollars)

	Marine	All Modes	Marine (per cent)
Transborder			
Exports ¹	13.57	347.89	3.9
Imports	2.69	208.65	1.3
Total U.S.	16.26	556.54	2.9
Other countries			
Exports ¹	40.57	63.68	63.7
Imports	60.67	146.06	41.5
Total	101.24	209.75	48.3

Note: Table may not add up due to rounding.

1 Including domestic exports and re-exports.

Source: Statistics Canada, Cat. 65-202 and 65-203; Special tabulations

In 2004, marine traffic with the United States totalled \$16.3 billion, based mainly on exports of 13.6 billion. Nonetheless, this represented only 2.9 per cent of total Canada–U.S. trade. The bulk of the traffic was handled by surface transport modes, such as trucking and rail.

Canada's marine trade with overseas countries (excluding the United States) totalled \$101.2 billion in 2004. Exports accounted for \$40.6 billion of this total, while imports accounted for \$60.7 billion. In terms of value, marine transport accounted for 48 per cent of all overseas trade and was the dominant mode for shipping overseas freight.

Asia, western Europe and the United States are the major areas of exports/imports. The principal commodities exported to foreign countries in 2004 (including the United States) were forest products (\$9.1 billion); gasoline/fuel oils (\$7.2 billion) and grains (\$5.3 billion). Imports consisted of crude petroleum (10.9 billion); textiles, leathers, and end products (\$9.5 billion); automobiles (\$6.3 billion); machinery (\$5.3 billion); and other food products (\$3.1 billion). For more information on the United States and overseas countries and principal commodities exported/imported by value, see Addendum Table A8-18.