



Applying the *Coasting Trade Act* to Modular Barges

To help promote operator and stakeholder compliance with Canadian law, this document outlines the requirements for the use of modular barges in Canadian waters.

A modular barge is made up of individual modules that are put together to create a larger unit. Although a modular barge may or may not be self-propelled, and can be arranged in different ways, it's considered a vessel under the [Canada Shipping Act, 2001](#) and subject to the [Coasting Trade Act](#). Each module of a modular barge requires a coasting trade licence, if they aren't Canadian-registered and duty paid.

Modular barges are often used for marine construction like: crane operations, dredging services, drilling operations, as floating bridges, and to move equipment, workers or construction material.

The *Coasting Trade Act*

Coasting trade refers to any commercial marine activity within Canadian waters. Above the continental shelf of Canada, these activities must be related to the transport, exploration or exploitation of the minerals and non-living natural resources of the continental shelf.

The *Coasting Trade Act* supports Canadian marine interests by reserving the coasting trade of Canada to Canadian registered duty paid vessels. The legislation provides a process to temporarily import a foreign or non-duty paid vessel under a coasting trade licence when a suitable Canadian-registered duty paid vessel isn't available. A coasting trade licence can be valid for up to one year.

Apply for a coasting trade licence

For a vessel owner or operator to obtain a coasting trade licence, the Canadian Transportation Agency must determine that no duty paid Canadian vessel is suitable and available to provide the service. The vessel is also subject to Transport Canada safety inspection. All certificates and documents relating to the vessel must be valid and in force. Duties and taxes for the vessel must also be paid.

For more information and links to the licence process, forms and key contacts, please visit:

<http://www.tc.gc.ca/eng/policy/acf-acfs-menu-2215.htm>.

Penalty for engaging in a coasting trade activity without a licence

Any vessel that is found in contravention of the *Coasting Trade Act* is guilty of an offence and is liable on summary conviction to a fine not exceeding fifty thousand dollars. In addition, where a vessel commits an offence on more than one day or an offence is continued by a vessel for more than one day, it shall be deemed to be a separate offence for each day on which the offence is committed or continued.

Using a modular barge in Canadian waters

Each module of a modular barge is subject to the *Coasting Trade Act*. This means that a coasting trade licence would be required for each module of a foreign-registered or non-duty paid modular barge used for any commercial activity in Canadian waters.

Canadian-registered modular barges

Canadian-registered modules that are duty paid don't require coasting trade licences when assembled into a modular barge. Coasting trade licences are only required for modules that aren't duty paid. Each module of a non-duty paid modular barge requires a licence for each activity it's used for.

Private dredging contracts

Canadian-registered modules that are duty paid don't require coasting trade licences when assembled into a modular barge used to conduct dredging services in Canada. Coasting trade licences are only required for modules that aren't duty paid. Each module of a non-duty paid modular barge requires a licence for each activity it's used for.

Federally procured dredging services

Only Canadian-registered and manufactured vessels or vessels that have been substantially modified in Canada (including modular barges), may provide dredging services for the Government of Canada valued below \$5 million SDR (special drawing rights). A vessel that wasn't built in Canada must get a certificate of qualification from the federal government to be certified. The vessels must be:

- substantially modified in Canada to the point it has mostly Canadian equipment (including add-on value)
- registered in Canada, and,
- Canadian-owned for at least 1 year

Rented from a United States (U.S.) based company

Modules rented from a U.S.-based company are subject to the *Coasting Trade Act* when assembled into a modular barge. Each module of the modular barge require a licence for each activity it's used for.

Foreign-registered (non-European Union (EU) member state)

Ownership

Modules under ownership can be foreign-registered, but coasting trade licences are required when assembled into a modular barge. Each module of the modular barge requires a licence for each activity it's used for.

Renting

If the modules are rented, they can be foreign-registered, but coasting trade licences are required when assembled into a modular barge. Each module of the modular barge requires a licence for each activity it's used for.

Registered in the European Union (EU)

Private dredging contracts

Eligible EU entities may conduct private dredging services in Canada without a coasting trade licence. Modular barges (made up of individual modules) may be used for these services. To be eligible to provide these services, an entity must be:

- incorporated in an EU member state,
- or be located outside of the U.S. and only use vessels on an EU member state register.

Entities can be non-profit, private and government-owned corporations, trusts, partnerships, sole proprietorships, or joint ventures.

Federally procured dredging services

Under the Comprehensive Economic and Trade Agreement (CETA), EU enterprises using EU-registered vessels are allowed to bid for federal project contracts valued at more than \$5 million SDR (special drawing rights). However, a coasting trade licence is still required for each vessel (including each module of a modular barge). This temporary licence isn't subject to the condition that no suitable Canadian duty or non-duty paid vessel is available.

Register a modular barge in Canada

Each module of a modular barge needs to be registered as a commercial vessel, provided there is a qualified owner, in either the Canadian Register of Vessels or the Small Vessel Register, depending on their gross tonnage and other factors.

To register a vessel in the Canadian Register of Vessels, the owner must qualify as follows under the *Canada Shipping Act, 2001* (CSA):

Under the CSA, a “qualified person” means:

- a Canadian citizen or a permanent resident within the meaning of the *Immigration and Refugee Protection Act* subsection 2(1), or
- a corporation incorporated under the laws of Canada or a province

Unless they’re registered, listed or otherwise recorded in a foreign state, the following vessels may be registered under CSA Part 2:

47 (b) A vessel that is owned by a corporation incorporated under the laws of a foreign state if it is operated solely by:

- (i) a subsidiary of the corporation that is incorporated under the laws of Canada or a province
- (ii) a corporation employee or director of a branch office in Canada that is carrying on business in Canada, or
- (iii) a vessel management company incorporated under the laws of Canada or a province

The registered owner of a vessel in the Canadian Register of Vessels must provide proof of ownership. If the vessel was registered in another country, they must also provide proof that the vessel has been deleted from that country’s register. The vessel can’t remain registered, listed or otherwise recorded in a foreign state.

If your vessel doesn’t meet these conditions, then the vessel can’t be registered in Canada.

The modules of a modular barge will require coasting trade licences if they aren’t Canadian-registered and duty paid.

If you have questions about the registration process, please contact Transport Canada’s Vessel Registry Office at: 1-877-242-8770 or VR-IB@tc.gc.ca.

Questions?

If you have questions about the application of the *Coasting Trade Act*, please contact Transport Canada’s Domestic Marine Policy Group: tc.coastingtrade-cabotage.tc@tc.gc.ca.