



## INTERNATIONAL SHIP-OWNERS ALLIANCE OF CANADA

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To: The Honourable David Emerson, Chair of the CTA review

November 26<sup>th</sup>, 2014

### **Re: CTA Review: Identifying Improvements Regarding Economic Growth and Prosperity**

*Thank you for the opportunity to provide recommendations on how to improve the economic aspects of the maritime sector. The CTA's Review mandate has identified issues for consideration, two of which will be addressed in this submission:*

- *whether adjustments to the current transportation legislative and policy framework are required to support Canada's international competitiveness, trade interests, and economic growth and prosperity;*
- *how strategic transportation gateways and corridors can be developed and leveraged to support Canadian prosperity through linkages to global markets.*

### **The Need to Develop Canada's Maritime Economic Strategy**

Currently under TC, the focus is on safety, regulations and security. There is no comprehensive strategy in place with respect to economic development of the marine sector or any economic prosperity linkages to global markets.

### **Attracting International Shipping Head Offices to Grow Jobs: Time to Optimize on Investments**

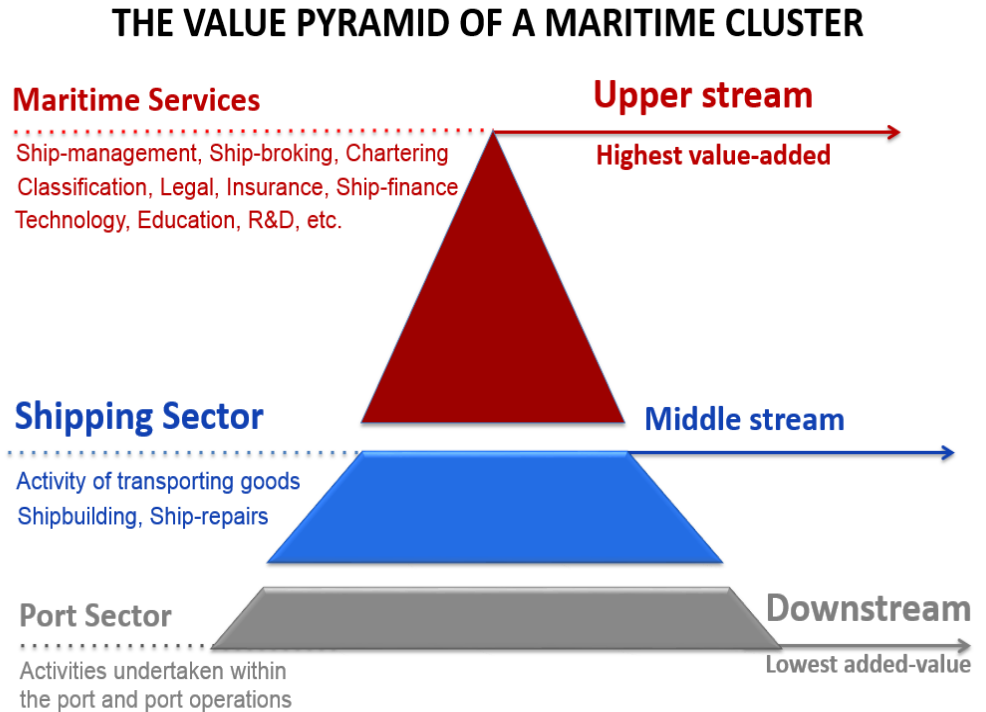
Canada is considered a cargo nation, spending billions on infrastructure development to facilitate trade throughput. Global trade is predicted to grow from 9 billion metric tonnes per year to 24 billion metric tonnes per year due to high resource demand by China and India.

As a young growing nation, Canada should consider strategies to complement its infrastructure and enormous gateway costs. As a cargo nation, Canada's maritime industry revolves around the port which is only one part of a maritime cluster. Furthermore, the port sector belongs to the downstream industry which is the lowest value-added sector and indeed the highest demand for capital cost expenditures. A phase two initiative should be developed to optimize on the enormous investments made and which will inevitably continue.

Sophisticated maritime hubs realize that by attracting international ship-owners in one concentrated geographic area creates additional high-value added businesses to service their head-offices. This is known as the multiplier effect that establishes a maritime cluster. For example, the Dutch cluster has created over 11 subsectors, more than 12,000 shipping and shipping related companies, over a 180,000 jobs, generating over 26 billion Euros to the Dutch economy.

## Wealth Creation: The Need to Attract High-Value Knowledge Jobs

You will note that the attached value pyramid of a maritime cluster shows the port sector belonging to the downstream industry, the lowest value-added sector. It is necessary to begin exploring ways to attract the upper stream part of the industry which brings the highest value-added. We need a strategy to attract maritime services to Canada, which are the high-paying knowledge jobs.



## Recommendations



**1. Restore the presumption of innocence with respect to pollution incidents.**

Although criminal penalties for pollution exist in some jurisdictions, Canada is the only western country that does not have the presumption of innocence in place for such incidents. Unless this regime is adjusted, we will never be able to attract shipping companies to Canada. Shipping is a mobile industry that can be located anywhere in the world and such a regime precludes us from competing globally. This regime is an impediment to economic growth and prosperity.

**2. Establish a Taskforce spanning various Ministries to create an initiative to attract international shipping companies;**

**3. Re-invigorate the International Maritime Centre on the West Coast in collaboration with the BC Government, to administer daily operations and liaise with the taskforce on a regular basis in order to ensure that competitiveness remain.**

Sincerely,

  
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President & Secretary-General