

## CMSG Bulletin re: CETA (Comprehensive Economic and Trade Agreement)

### 13 September, 2014

#### What is CETA?

- A free-trade agreement between Canada and the European Union (EU) covering a very broad range of trade matters and Canada's largest such trade deal since NAFTA (the North American Free Trade Agreement)
- The agreement will reduce tariffs, trade barriers and protectionist measures in Canada and the EU.
- A substantial amount of information is available using web searches but generally explains the anticipated positive impacts without identifying potential risks or other impacts on Canadian workers.

#### Timelines and Importance

- CETA is a very important matter but is not time-sensitive at the moment.
- There are no CETA negotiations underway regarding maritime services. These negotiations were concluded some time ago and the agreements reached as "outcomes" of these talks are already finalized.
- The eventual implementation and "coming-into-force" date is another matter altogether. Current estimates are approximately 2 years from now.
- There are provisions in CETA which open up portions of Canada's protected coastal shipping trade to EU companies.
- The EU is comprised of 28 nations. EU companies control approximately 40% of the world shipping fleet.
- For the most part, many Canadian ships are tailored to meet the specific demands of the trade within Canada and very few are likely to be sent to work in the EU.
- Current Canadian Law (the Coasting Trade Act of 1992) <http://lois.justice.gc.ca/eng/acts/C-33.3/FullText.html> requires that cargo moving by ship between Canadian ports shall be carried on ships that are Canadian-flagged if such ship is available. Provisions exist to use foreign-flagged vessels when a Canadian-flagged vessel is not available.
- This type of legal barrier against the entry of foreign vessels into the internal shipping of a nation is not uncommon. In the USA, similar protection of national coastal shipping is known as the Jones Act.
- Legislation which provides freedom from competition from other countries contributes to maintaining reasonable levels of compensation and providing a sustainable high-quality transportation system at an affordable cost and provides the revenue needed by Canadian companies to maintain and replace a Canadian fleet to keep it modern, dependable and available.
- The Guild and other organizations have always advocated for and stressed the importance of a vibrant national merchant marine sector. This is an essential component of national security that Canada and other maritime trading nations have learned before, on a number of occasions.
- Prior to the coming-into-force of CETA, the Coasting Trade Act will need to be amended by parliament – along with many other pieces of Canadian legislation that are impacted by the broad range of the provisions of CETA.
- The language and wording used in CETA is being scrutinized by legal experts and will need to be translated into many different languages.

#### The Role of the Guild

- Labour organizations became aware of the provisions contained in CETA by way of "leaked documents" after the text of the marine portions of the agreement had already been finalized.
- While Canada is proud of a regulatory framework that is a product of consultations between government, industry and labour, that is not the case when it comes to international trade agreements.

- In order to investigate this matter carefully, and to determine the way ahead and to be able to properly represent and report accurately to our members in the seafaring community, the President of the Guild met in person with a number of Members of Parliament, heads of industry associations, senior level federal bureaucrats, prominent members of the legal community, the Vice-President of the International Organization of Masters, Mates and Pilots, the President of the International Maritime Pilots' Association and the President of the SIU of Canada.
- The Guild's President was also briefed by telephone on this matter (on Friday September 12<sup>th</sup>) by federal trade and regulatory officials who play a prominent role in CETA and have a keen understanding of the Guild's specific areas of concern.

### **CONCESSIONS IN THE MARINE SECTOR THAT THE GOVERNMENT OF CANADA HAS AGREED TO**

- EU companies will be permitted to use a ship of any flag to move empty shipping containers within Canada. The expectation is that these empty containers will then be refilled with Canadian goods for export.
- Usually, the re-positioning of these empty containers in Canada has traditionally been performed by rail. The impact on Canadian workers employed in the rail industry and other sectors ashore is unclear at this time.
- Government dredging projects with a value of over 7.8 million dollars will become open to bidding by vessels built and registered in the EU. Private dredging projects will become open to bidding by EU companies using vessels of any flag. Procurement rules in CETA contain comprehensive details about determining project values and thresholds.
- Two Canadian companies have recently invested significantly in dredging vessels. Guild members under collective agreement in Vancouver are employed aboard the recently-acquired dredge "FRPD 309" which is expected to be Canadian-flagged in the near future. On the East Coast, Groupe Ocean also operates a newly built Canadian-flag dredge. The impact on Canadian seafarers employed on dredges is unclear at this time.
- EU-registered vessels will be permitted to establish a scheduled feeder service of cargo between the ports of Montreal and Halifax only. Feeder service is the domestic portion of any international import/export from abroad (not just between Canada and EU countries).
- Additionally, EU-vessels under "second-registry" will be permitted to perform the same type of service between Montreal and Halifax only if they are on the continuation-leg of their international voyage.
- It is not known whether or not CETA will evolve in future years to cover any other trade matters, but there are not currently further negotiations going on related to any other maritime provisions.

### **COALITION FORMED**

- The Guild and our partners in other labour organizations will continue to be the voice of those who depend on coastal trade for their livelihood.
- A coalition has been formed to increase awareness that the Canadian maritime industry operates in the interest of Canadians in a safe and efficient and environmentally responsible manner while contributing to Canadian prosperity. This group is called the Canadian Maritime and Supply Chain Coalition and includes the leaders of most maritime-related labour organizations, including the Guild. The Guild and the Coalition intend to advocate aggressively on behalf of Canadians and will continue to work closely with all our network of industry partners to minimize the impact of CETA on Canadian workers.
- Canadian Seafarers have pride in their work, are well-trained, know their jobs, and are competent and capable. The risk of losing traditional seamanship skills and abilities within Canada needs to be prevented.
- Any de-valuation of the importance of employing Canadian Seafarers aboard ships operating in Canada is an outrageous development that cannot be ignored.

The attachments which follow this bulletin include a government news release on this topic issued late yesterday, as well as the letter sent by the Guild on September 9<sup>th</sup> seeking an explanation regarding CETA - the explanation was provided by telephone by federal government officials on September 12<sup>th</sup>.



# The Canadian Merchant Service Guild

A NATIONAL ASSOCIATION OF MASTERS - MATES - PILOTS - ENGINEERS AND OTHER MARINE OFFICERS

## La Guilde de la Marine Marchande du Canada

INCORPORATED 1919

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ASSOCIATION INTERNATIONALE DES PILOTES MARITIMES - FÉDÉRATION INTERNATIONALE DES OUVRIERS DU TRANSPORT - CONSEIL NATIONAL MIXTE DU CANADA

### OTTAWA - VANCOUVER - THOROLD - QUÉBEC - DARTMOUTH - ST. JOHN'S

By e-mail - 9 September, 2014

Tim Meisner, Director General  
Marine Policy, Transport Canada

Dear Tim,

Would it be possible for the Canadian Merchant Service Guild to obtain a short briefing on the expected impact of the maritime services provisions of CETA? Or alternatively, a short telephone discussion would be very helpful. Guild Members have provided me with a copy of your 20 August e-mail describing 3 activities that CETA will open to the EU and these Members are extremely upset as they are employed on ships carrying cargo on the domestic leg of an international voyage. We are extremely concerned that the intention is to open those domestic legs of international shipping to EU vessels. We are unsure whether that falls under the description of a feeder service. If you are able to disclose some general details around certain areas then that would be helpful. Canada is rolling out CETA as a breakthrough agreement, but Guild Members are questioning what new opportunities have been identified for Canadian seafarers and Canadian ships by this new arrangement. This gap in information is causing Canadian seafarers to fear CETA at the same time that there are many others in this country who are celebrating CETA as a success. For the time-being, to narrow down our concerns to a very short list of specifics, the Guild is particularly interested in the following areas:

- Commercial dredging services have been specifically identified. We don't know the rationale for that, but it is a change that has serious potential to significantly impact on Canadian dredging operators. So our question is, how, in the future, will "additional" maritime services currently being provided by Canadian Companies be identified for opening up to EU entities or have they been identified already? Is there a process for stakeholders to participate in those decisions and to be made aware of the impact analysis prior to agreements being reached?
- The provision of feeder services for cargo between the Ports of Halifax and Montreal onboard EU-registered vessels has been specifically identified for some reason. That is troubling. And likewise here, an additional concern is whether additional routes in Canada are at risk or have been identified already or what the process will be for that decision to be made.
- As you know, the Canadian export of grain and natural resources is thriving. A significant number of Canadian seafarers depend on employment only on the "domestic leg" of international shipping, and a significant portion of that international shipping is bound to be between Canada and the EU. In this case of an agreement with the EU, does the use of the term "feeder services" refer specifically to this activity? i.e. Does feeder service only mean the staging and movement "within Canada" of goods that are actually being shipped only "between" Canada and the EU?

I hope you are able to shed some light on these areas as it will be quite helpful for Canadian seafarers to be able to begin to understand the impact of CETA in the near-term.

Yours truly,

*Mark Boucher*

National President  
Canadian Merchant Service Guild

# Fact Check: CETA and the Canadian Marine Shipping Industry

**September 12, 2014** - Foreign Affairs, Trade and Development Canada today issued the following information regarding the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Canadian marine shipping industry:

- CETA will give Canadian companies preferential access to 500 million consumers and a market with an annual GDP of \$18 trillion.
- CETA is projected to increase bilateral trade by 20 percent and increase Canada's GDP by \$12 billion.
- CETA will benefit and help the Canadian shipping industry grow due to this increase in trade.
- CETA will ensure a level playing field for Canadian shipping companies, and existing safety, security and pollution-prevention regulations that apply to foreign vessels operating in Canada will continue to apply, as will requirements applied to foreign nationals working on these vessels.
- CETA fully protects the right of the Canadian government to adopt or maintain any measure affecting the investment in or provision of marine shipping services, with the exception of the following three specific services where limited access has been provided to the EU.

**Dredging Services:** an excavation activity with the purpose of gathering up bottom sediments to keep waterways navigable

- Canadian stakeholders, such as the Vancouver and Saint John port authorities, have indicated in the past that access to international dredging service providers would be beneficial.
- Dredging services can be obtained through the use of either public or private sector procurement contracts. For services contracted by governments under Canada's government procurement commitments in CETA, only covered entities and projects above \$7.8 million are covered.
- Only one federally procured contract in Canada in the last five years has been above this threshold.
- Under CETA, dredging service contractors retain the right to use such selection criteria as quality, price, local knowledge and relevant experience, as well as the ability to apply environmental and social criteria. The terms, size and structure of the contract will continue to be determined by the contractor.
- Canada is a small dredging services market with a small dredging industry. In order to meet their needs, Canadian dredging contractors have used foreign suppliers for large dredging contracts.

**Container Repositioning:** the repositioning of empty containers within Canada on a non-revenue basis

- Canadian stakeholders, more specifically the Shipping Federation of Canada, with the support of key Canadian port authorities, requested this CETA outcome.
- CETA will only allow European vessels to transport their own empty containers on a non-revenue basis. This provides no scope for EU suppliers to offer this service to others.

Feederling: In the context of CETA, feederling is the transport of goods between the port of Halifax and the port of Montréal by a vessel registered in an EU member state. No feederling can be provided to any other ports.

- There are currently no Canadian ship owners providing feeder services between the ports of Halifax and Montréal.
- CETA will require any potential EU provider of a continuous service between Halifax and Montréal to use vessels listed on the national registry of an EU member state and bearing the flag of that EU country. This will ensure a competitive environment since the operators of those vessels are required to adhere to the labour, tax, environmental and safety standards of that EU member state.
- CETA will also permit a one-way feederling service to be provided between Halifax and Montréal, if that trip is a single voyage that includes an international leg. The vessel is required to be listed on the registry of an EU member state and bear the flag of that state.
- Use of “flags of convenience,” which often allow more liberal labour, tax, environmental and safety standards, is not permitted for these feederling services.
- In addition, any ships transiting in Canadian waters must adhere to Canada’s strict safety and environmental regulations at all times.

For more information, please visit [Canada-European Union: Comprehensive Economic and Trade Agreement \(CETA\)](#).

Office of the Honourable Ed Fast  
Minister of International Trade