



November 16, 2009

Department of Finance
Vessels Remission, Tariffs and Market Access
International Trade Policy Division
140 O'Connor Street, 14th Floor, East Tower
Ottawa, Ontario
K1A 0G5

Re: Proposed Remission of Customs Duties on Certain Types of Vessels

Dear Sir or Madam:

The Chamber of Marine Commerce (CMC) represents more than 160 marine industry stakeholders including major Canadian and American shippers, ports, terminals and marine service providers, as well as domestic and international shipowners. The CMC's goal is to advance the development of government policy, legislation and regulations that enhance the competitiveness, safety and environmental sustainability of Canada's marine transportation industry.

The purpose of this letter is to provide comments on the Government of Canada's proposal, published in *Canada Gazette I, Vol. 143, No. 43 — October 24, 2009*, to approve duty remittance of the federal vessel import duty to domestic shipowners, effective January 1, 2010.

The removal of the vessel import duty is extremely important for Canada's domestic marine transportation industry and the overall economic prosperity of Canadian industry for a number of reasons:

- Strategically and economically important commodities such as petroleum products, iron ore and coal for steel production, cement and aggregate materials for the construction industry, grain and agricultural products for consumption and export, coal for power generation, salt for road safety and a variety of other minerals and commodities depend upon the availability of competitively priced marine transportation. By removing the vessel import duty and making marine transportation less costly, the Government of Canada is also ultimately creating economic opportunities and more jobs.
- Marine shipping is the most carbon-efficient mode of transportation. The elimination of vessel import duty allows Canadian shipowners to cost-effectively invest in and renew their fleets with the most efficient, technologically sophisticated and environmentally advanced ships. The increased use of marine transportation contributes positively to the environmental sustainability of Canada's overall transportation system.

- The elimination of vessel import duty will encourage greater use of the waterways, will relieve congestion and reduce wear and tear on our roads. Less congestion and wear on roads reduces the overall tax burden for Canadians. Given marine's superior safety record with significantly fewer accidents and casualties compared to other modes, an increased use of marine transportation will contribute positively to transportation safety overall in Canada.
- The elimination of vessel import duty supports the Government's strategy to enhance the competitiveness of Canada's trade corridors and gateways.
- Removal of the duty will provide on-going opportunities for the employment of Canadian workers in highly skilled, high-paying jobs in the marine industry across the country.

The Chamber of Marine Commerce strongly supports the Government of Canada's proposal to waive the payment of customs duties on future imports of vessels including ferries, tankers, bulkers, unloaders and cargo vessels of all kinds under subheadings 8901.10, 8901.20 and 8901.90 of the Schedule to the *Customs Tariff*.

Whereas the Government has proposed this policy be applied to vessels with a minimum length of 129 metres, the Chamber of Marine Commerce would not oppose the removal of this condition, as it would lead to further opportunities for marine industry stakeholders and benefits for the Canadian economy.

The Chamber of Marine Commerce has previously communicated with the Department of Finance expressing its support for duty remission applications made during the past year by several Canadian shipping companies. We would respectfully request that the duty remission applications currently under review by the Department of Finance be considered in a manner that is consistent with the proposal of the Government to waive the payment of custom duties as of January 1, 2010. This will ensure equity with respect to recent imports of vessels and result in an immediate benefit to the competitiveness of Canadian businesses and marine transportation users who may otherwise have to pay this onerous duty.

Once again, the Chamber of Marine Commerce applauds the Department of Finance's proposal to move in this direction and encourages the Government to proceed with the implementation of the changes proposed in the *Canada Gazette I, Vol. 143, No. 43 — October 24, 2009*.

Sincerely,

ORIGINAL SIGNED BY

Raymond Johnston
President

cc. Hon. James Flaherty, MP, PC, Minister of Finance
Hon. John Baird, MP, PC, Minister of Transport, Infrastructure and Communities