



**Written Submission
for the Pre-Budget Consultations
in Advance of the Upcoming Federal Budget**

Submitted by: Shipping Federation of Canada

February 10, 2023

RECOMMENDATIONS

Supply Chain Oversight and Efficiency

1. That the government provide funding for the establishment and operation of a Supply Chain Office, as per the recommendation contained in the final report of the National Supply Chain Task Force issued in October 2022.

Investment in Trade-Enabling Infrastructure

2. That the government make the National Trade Corridors Fund (NTCF) into a permanent infrastructure funding program.
3. That the government conduct a comprehensive review of the projects that have been built under the NTCF to date, and use the resulting information as a basis for evaluating future funding requests under a permanent NTCF.
4. That the government ensure greater certainty in the approval process for major infrastructure projects by streamlining the timeliness of the current environmental assessment process.

Data and Digitization

5. That the government provide funding for the development of a national supply chain data and digitization strategy, as per the recommendation of the Supply Chain Task Force.
6. That the government provide funding for the development of a “maritime single window” platform to enhance the efficiency of vessel reporting and clearance processes and clearly designate Transport Canada as the lead department on this issue.

Green Shipping

7. That the government help finance a national network of green shipping incentive programs to encourage ships that have implemented measures which are in alignment with Canada’s major environmental priorities to call Canadian ports.
8. That the government support decarbonization of the marine sector via low-impact “green shipping corridors” by funding the establishment of a forum for ports, technology providers and shipping companies to exchange information, share best practices and establish partnerships.

Whale Protection

9. That the government develop a multi-year strategic plan to maximize the efficiency of whale detection efforts in Canada’s major shipping corridors.
10. That the government invest in a network of underwater noise measurement stations, and that the resulting information be made available to ships at a reasonable cost.

Marine Protected Areas

11. That the government provide funding to ensure Transport Canada’s ability to engage in meaningful consultations on the implementation of new standards in Canada’s marine protected areas, which will represent 30% of Canada’s territorial seas by 2030.

BACKGROUND AND CONTEXT FOR OUR RECOMMENDATIONS

The Shipping Federation of Canada, which represents the owners, operators and agents of the ocean ships that deliver Canada's imports and exports to and from world markets, believes that the investment priorities outlined below will play a key role in strengthening and modernizing Canada's transportation network and trade corridors. These priorities will be particularly important as we transition to a new, post-pandemic economic normal, where the ability to find the appropriate intersection between Canada's trade growth objectives and its other major goals, including those related to supply chain resilience and environmental sustainability, will play a key role in achieving a successful recovery over the long term.

Supply Chain Oversight and Efficiency

Given the essential role that the transportation supply chain plays in supporting Canada's economic agenda and its viability as a trading nation, we strongly support many of the recommendations set forth in the report of the National Supply Chain Task force (issued in October 2022), which provide an ambitious yet concrete roadmap for addressing the supply chain challenges that Canada has experienced over the last several years. We particularly support the recommendation calling for the creation of a Supply Chain Office to provide national oversight and more robust management of the transportation supply chain, and better coordinate the activities of the various federal entities whose mandates directly intersect with supply chain operations. As part of this process, it will also be necessary to ensure that agencies with a major impact on supply chain efficiency and competitiveness, and CBSA in particular, have adequate funding to address issues arising from their outdated regulatory requirements, human resource shortfalls, and lack of operational flexibility.

We concur with the Task Force's view on the importance of moving swiftly on this proposal, and therefore recommend that the 2023 budget allocate the necessary funds to establish a Supply Chain Office within the next twelve months, and support its ability to develop a supply chain strategy and initiate the necessary regulatory and legislative reforms within the next 24 months.

Investment in Trade Enabling Infrastructure

Canada's major ports and gateways all expect to see an increase in the volume of trade moving through their facilities over the coming years, and will therefore be more reliant than ever on a fully optimized transportation system that is able to channel the resulting cargo in the most efficient and cost-effective manner possible. Consequently, the need to strengthen and expand Canada's transportation infrastructure will continue to increase, with programs such as the National Trade Corridors Fund (NTCF) continuing to represent a major source of funding in this respect.

In view of the above, we recommend that the 2023 budget include provisions to not only recapitalize the National Trade Corridors Fund (NTCF), but to transition the fund to a permanent program that will ensure a stable source of financing for future infrastructure projects. As part of the transition process, we also recommend that the government conduct a comprehensive review of the projects that have been built under the NTCF to date, with particular emphasis on evaluating each project's role and performance within a given trade corridor from both a transportation and a trade perspective. The resulting information should then be used as a basis for evaluating future funding requests under a permanent NTCF, with a view to ensuring that NTCF expenditures make the greatest possible contribution to Canada's trade objectives and infrastructure needs.

In addition to the above, the federal government must also address the matter of timeliness in infrastructure investment, especially as relates to major projects with significant national benefits. An issue of particular concern is the disconnect that appears to exist between the timelines of the current environmental assessment process led by the Impact Assessment Agency of Canada (IAAC), and the timelines of the projects being assessed in terms of trade and transportation need and / or urgency. We recommend that this process be reviewed in order to identify ways of achieving greater predictability and consistency, and of ensuring that current requirements do not impede Canada's ability to meet its trade infrastructure needs in a timely and effective manner.

Data and Digitization

Although sustained investment in trade-enabling infrastructure is an essential element of ensuring the health of our supply chains for the future, so too is the need to focus on investment in digital tools and platforms that enhance the ability of stakeholders to extract greater value from the huge volumes of data that flow through our supply chains on a daily basis. We therefore recommend that the 2023 budget allocate funds for the development of a national supply chain and data digitization strategy, as recommended by the National Supply Chain Task Force. We view the implementation of such a strategy as the best option for making the system more efficient and competitive in a context where our ability to build physical infrastructure is increasingly constrained by a variety of factors, including lack of space, community pushback and environmental concerns.

In order to move this recommendation forward, it will be important to ensure that data-sharing commitments by stakeholders are based on incentives rather than penalties, that the strategy's primary focus is on connecting existing digital platforms rather than building new ones, and that Canada's major ports play a leadership role from both a regional and a national perspective. As noted by the Supply Chain Task Force, government departments and agencies must also be prepared to join the digitization effort, ideally by migrating to a "single window" reporting model for collecting data from supply chain stakeholders.

With respect to the latter point, and as relates to shipping in particular, the International Maritime Organization (IMO) has mandated that all IMO member states (which includes Canada) must have implemented "maritime single window" functionality by January 1, 2024 in order to allow for the electronic submission of vessel entry and clearance information. Although many maritime nations have made significant progress on this front, Canada is lagging far behind and has yet to take even the most basic steps towards MSW implementation. Not only is this inertia placing Canada out of step with its global trading partners, it is also impeding efforts to increase the efficiency and resilience of our supply chains overall. Given the foregoing, we strongly recommend that the 2023 budget allocate funds for the development of maritime single window functionality in Canada, with Transport Canada being clearly designated as the lead department on this initiative.

Green Shipping

We recommend that the 2023 budget include measures to support the development of a concerted national effort – led by Transport Canada – to establish and help finance a network of green ship incentive programs at ports across the country. Under such a network, ports would provide financial incentives – in the form of reduced port fees or other rebates – to ships that have implemented practices or made investments that are linked to Canada's major environmental priorities, including the reduction of GHGs and harmful air emissions, and the protection of marine mammals from the risk of ship strikes and the impacts of vessel underwater noise.

We also recommend that the 2023 budget provide funds for the establishment of a Transport Canada-led forum in which ports, shipping companies and technology providers can exchange information, share best practices and form partnerships related to the establishment of “green shipping corridors” between Canadian and international ports. This would build on a number of initiatives that have already been undertaken by the federal government and various Canada Port Authorities, while also supporting the goals of the *Clydebank Declaration for Green Shipping Corridors* signed by Canada at COP 26.

Whale Protection Measures

In recent years, the Canadian government has worked closely with the maritime industry to develop technologies for detecting whales in Canada’s vital trade corridors, which are essential tools for protecting whales from the possibility of ship strikes and the impacts of vessel underwater noise. Although significant progress has been made on this front over the last five years, much more remains to be done in terms of achieving greater complementarity of detection tools and developing a better understanding of how to best use the near real-time information they provide. Given these ongoing challenges, we recommend that the 2023 budget provide for the development of a multi-year, strategic plan that is designed to maximize the efficiency and cost-effectiveness of whale detection efforts on Canada’s east and west coast.

We also recommend that the government maintain its financial commitment to more effectively measuring vessel underwater noise at a national level, and continue to promote corresponding investments with its international partners. Towards that end, the 2023 budget should provide funding for the establishment a network of underwater noise measurement stations that adhere to an international standard such as ISO. We have recently seen some positive developments in this respect, including investment in the Marine Acoustic Research Station (MARS) in the St. Lawrence Estuary and investment in underwater noise listening stations in the Salish Sea on the west coast. In order to support the ambitions Canada is pursuing domestically and internationally, these trials should now begin to be expanded, and the resulting information made readily available to ships at a reasonable cost.

Marine Protected Areas

Canada has committed to protecting 30 percent of its oceans by 2030, which will effectively double Canada’s marine protected areas over the next seven years, and result in the implementation of new restrictions on how vessels can operate in those areas. We recommend that these ambitions be supported by adequate funding to ensure Transport Canada’s ability to engage in meaningful consultations with the lead federal departments involved in this initiative (DFO, Parks Canada, ECCC), as well as with relevant marine stakeholders.

Sincerely,



Chris Hall
President and CEO
SHIPPING FEDERATION OF CANADA