



2006



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board of directors 2006

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Bryan Wilson  
Lower St. Lawrence Ocean  
Agencies Ltd.

# chairman's address

2006 was a busy and eventful year for the Shipping Federation of Canada, as it addressed a wide variety of policy and operational issues, all the while ensuring that it continued to fulfill its mission of promoting a safe, efficient, competitive, environmentally responsible and quality-oriented marine transportation system. The Federation's main areas of activity included developing and implementing programs to minimize the marine industry's environmental footprint, addressing cost and service issues related to the provision of marine pilotage in eastern Canadian waters, and working to promote the efficient flow of trade in an era of increased security measures through the entire transportation network. The Federation also continued to strengthen its efforts on the lobbying and government relations fronts, to enhance its communications activities, and to collaborate with the other marine associations on issues of collective interest.

The Board of Directors held five regular meetings throughout the year to develop Federation policy on marine-related issues, identify and prioritize agenda items and formulate strategies for future action. The most recent Board meeting was held in Ottawa as part of the Federation's annual government relations day, under the theme of "Quality Shipping for a Quality Coastal State: Getting the Best out of International Shipping." The purpose of the event was to provide key parliamentarians, politicians and senior government officials with an opportunity to meet members of the Federation's Board of Directors and exchange views on their mutual priorities with respect to the international shipping industry. The day's main events included a lunch with representatives from the National Marine and Industrial Council (including the Deputy Minister of Transport, the Deputy Minister of International Trade, and the Commissioner of the Canadian Coast Guard); a series of afternoon meetings between Board members and key officials from various government departments and standing committees; and an evening cocktail reception that was attended by some fifty MPs, political staffers and bureaucrats. This is the fifth such event that the Federation has held, and it has proven to be a valuable means of increasing the Federation's profile in Ottawa and providing a forum for discussing the main issues impacting the industry.

The Federation's District Committees continued to make a significant contribution by representing the interests of their respective regions and addressing issues that are of concern to local members. I would like to thank Jim Stoneman, Chair of the Maritimes District Committee; David Watson, Chair of the

Ontario District Committee; Bruce Partridge, Chair of the Newfoundland / Labrador District Committee; and Sonia Simard, Chair of the Quebec District Committee for the valuable insight they have contributed to the Board's deliberations. Their participation has played an important role in facilitating the Federation's ability to respond to the needs of members in all regions, and ensuring that the Federation views the industry from the broadest perspective possible.

The Federation's standing committees also continued to do excellent work with regard to subjects of ongoing interest to the industry. On behalf of the entire Board of Directors, I would like to take this opportunity to thank the members of the Pilotage Committee, the Customs Committee, the Seaway Committee, the Passenger Committee, the Intermodal Committee and the Environment Committee for their commitment to the Federation and their willingness to play an active role in helping shape the context in which the maritime industry operates. The time and expertise that committee members contribute to addressing the issues of the day is a key element of the Federation's success.

The Federation created a new staff position, Director of Environmental Affairs, this past year, in recognition of the substantial amount of time and resources that are being devoted to environmental issues. Given that environmental matters were previously handled by the Director of Marine Operations and the Director of Policy and Government Affairs as part of their already full complement of duties, the creation of the new position will ensure that the Federation devotes the necessary amount of effort and expertise to the many environmental issues on the marine industry agenda, without sacrificing the attention that other key issues continue to require.

The Federation was pleased to welcome several new members in 2006, including Echo Freight Inc. as a core member, and Voyageur Marine Transport Ltd. and BIMCO as affiliated members. On behalf of the entire Board of Directors, I extend a warm welcome to you all.

Finally, I would like to take this opportunity to thank my fellow Directors for the cooperation and expertise they have so willingly provided throughout the year, and to the President and staff of the Federation for their loyalty and support.

Paul Gourdeau  
Chairman



# president's report

2006 was in many ways an issue-driven year, with the Federation focusing a considerable amount of time and expertise on addressing challenges arising from subjects such as the environment, pilotage, customs requirements and security. Although environmental issues continued to play a dominant and growing role on the Federation's agenda, pilotage matters were also of strong interest to members, as the weaknesses of the legislative framework governing the pilotage system became increasingly apparent throughout the year. Similarly, customs issues gave rise to a variety of concerns within the Federation and its membership, especially in terms of the Canada Border Services Agency's development of policies that all too often seemed to be at odds with the operational realities of the shipping industry. Other issues of interest included the ongoing development of regulations and processes to enhance the security of both ships and cargoes; Canada's ratification and implementation of a number of key international conventions governing shipping activity; and the promotion of the "quality shipping / quality coastal state" concept within Canadian waters.

Many of these subjects will undoubtedly continue to play a major role in the Federation's agenda for 2007. Other initiatives on the horizon include the coming into force of the *Canada Shipping Act 2001* and all its accompanying regulations; the possible reassessment of the *Shipping Conferences Exemption Act* in light of developments in the U.S. and Europe; the outcome of the government's effort to dismantle the Canadian Wheat Board so it no longer has a monopoly for marketing Canadian wheat and barley; and of course, the results of the review of the *Pilotage Act* that was underway at the time of writing this report.

As part of the strategic planning exercise undertaken in 2005, the Federation conducted an electronic membership survey in April 2006 to determine the level of member satisfaction with the Federation's policies, programs, services and personnel. I am pleased to report that the overall results of the survey were very positive, with the majority of respondents indicating that they view the Federation as a valuable organization, especially with respect to its information and operational services, its transparency and accountability, and the competence of its management and staff. The survey also elicited a great deal of useful information on such items as the most frequently consulted pages on the Federation's website, the level of

member involvement in specialized services such as training and education, and the degree to which members value the Federation's role as an industry representative. The survey has proven to be an invaluable tool for gauging the pulse of the Federation's membership, thereby enabling us to ensure that our programs and services continue to be as closely tailored to the concrete needs and expectations of our members as possible.

Another essential element of the strategic plan that was implemented during the year was the development of an action plan to guide the Federation's future government relations activities. Key components of the plan include making systematic contact with new government representatives who deal with the marine industry; offering marine-specific training seminars and workshops for political parties, MPs and relevant government departments; working to launch marine days in the Atlantic provinces (similar to those already held in Quebec, Ontario and nationally); and developing an internal mapping process to guide the Federation's government relations activities. In addition, the plan calls for further development of the Federation's relationship with Environment Canada, and greater efforts to bring together Transport Canada and the Canada Border Services Agency on issues related to security.

The Federation developed a similar action plan to organize and guide its communications activities for the year, which was based both on recommendations arising from the strategic planning process and on a review of the Federation's communications activities in 2006. The main elements of the communications plan include consistently producing quality documents, updating and renewing the Federation's website, generating more writing and speaking opportunities for the Federation staff, developing a comprehensive media contact list, cultivating relationships with selected journalists, and carrying out more public outreach on the marine industry and relevant issues. The plan also highlights the importance of developing "talking points" or key facts about both the marine sector in general and the main issues confronting the industry, which are designed to provide the Federation's Board, management and staff with a tool for delivering consistent, articulate and well-grounded messages to the media and others.



The 2006 annual conference, entitled “Green Shipping: A New Licence to Trade?,” was held in Montreal on April 6 immediately following the Annual Meeting, and was well-received and well-attended by industry stakeholders. The conference took the form of a two-hour panel discussion on the environmental challenges facing the business of shipping, and the degree to which environmental compliance is becoming a pre-requisite for being competitive in the maritime industry. Panel members included representatives from the Port of Montreal, the St. Lawrence Seaway, Environment Canada, the World Wildlife Fund and the bulk and container shipping sectors. This marked the fifth conference that the Federation has held since 2000, and our experience to date has shown that such events serve as an excellent forum for exploring the major issues facing the marine sector, bringing together various types of industry expertise, and reinforcing the Federation’s role as a leading provider of industry information, advocacy and outreach.

As in previous years, the Federation collaborated closely with other marine stakeholders and associations on issues of mutual interest, mainly through the forum of Canada’s Marine Industry Alliance (CMIA), which comprises Canada’s major marine associations. The CMIA was instrumental in working with the Commissioner of the Canadian Coast Guard to launch a new Marine Advisory Board, which will serve as a permanent discussion forum between the Commissioner and the marine industry, with particular focus on Coast Guard services provided to external clients and stakeholders. The Federation also continued to have observer status on the National Marine and Industrial Council (which is made up of eight senior industry representatives along with the Deputy Ministers of Transport, Fisheries and Oceans, International Trade, Industry and Environment), and to participate in the *Green Marine* initiative, which is a voluntary program aimed at demonstrating and communicating the marine sector’s commitment to addressing key environmental issues in a proactive and responsible manner.

The Federation continued to play a leading role on the training and education front, mainly through delivery of the in-class and Internet versions of the *Certificate in Marine Transportation* offered in conjunction with Concordia University, and the presentation of a series of one-day training courses on the transportation of dangerous goods. In May, the Federation joined forces with a number of other organizations (namely, le Comité sectoriel de main d’oeuvre de l’industrie maritime,

Innovation Maritime, Sodes, and les Armateurs du Saint-Laurent) to offer a day-long workshop on the environmental management of ships and the practical shipboard aspects of implementing environmental regulations, guidelines and best practices. More recently, the Federation held a day-long seminar on various aspects of the shipping industry for the Hamilton Port Authority. Participants included not only members of the port’s Board of Directors and staff, but also representatives from the city of Hamilton, environmental groups, academic institutions, port tenants, shippers, ship operators and marine service providers, for a total of more than one-hundred attendees in all.

All in all, 2006 was a year that presented many interesting challenges for the Federation, which the staff met with enthusiasm, dedication and professionalism. 2007 will undoubtedly be just as replete with issues and initiatives, and I am confident that the Federation’s team is ready to tackle the year’s challenges head on.

Michael Broad  
President

## Atlantic

In the Atlantic region, the Atlantic Pilotage Authority's (APA) proposal for an overall tariff increase of 7.3 percent was the subject of extensive consultation with a variety of user groups, including the Federation. Although the tariff translated into fairly moderate increases at ports such as Halifax (4 percent), Canso (5 percent) and Saint John (6 percent), its impact on ports such as Placentia Bay (15 percent) and St. John's (25 percent) was significantly higher. The APA's justification for the proposed increase was based in large part on the regulatory change that came into effect last May, which increased the minimum size of Canadian-flagged ships subject to compulsory pilotage from 1,500 to 5,000 GRT, thereby eliminating the need for pilots for a substantial number of offshore supply and service vessels in areas such as St. John's. As far as the 15 percent increase at Placentia Bay was concerned, the Authority justified this on the basis of its construction of two new pilot boats for the region at a cost of \$6.5 million. Although Federation members expressed concern at the level of increases at some ports, and would have preferred that the costs associated with the construction of new pilot boats be billed as a separate charge, they generally accepted the APA's justifications for the new tariff and did not feel that an objection was warranted.

In April, the Federation's President and Director of Marine Operations met with Newfoundland members and the CEO of the APA to discuss ongoing service deficiencies at Placentia Bay. Although the Federation urged the APA to add more pilots to the Placentia Bay workforce, the Authority expressed confidence that the regulatory amendment removing the imposition of pilotage on offshore supply vessels less than 5000 GRT would address its capacity issues by providing for two additional pilots.

## Great Lakes

In the Great Lakes region, the Great Lakes Pilotage Authority (GLPA) implemented a two-year tariff increase this past September. The tariff incorporated an overall increase of 2.5 percent, along with a shift in the weighting factor applicable to smaller ships, as a result of which such ships were charged an additional increase of 8 percent in 2006 plus another 7 percent in 2007. The latter was designed to correct an anomaly whereby revenue from smaller classes of ships was insufficient to cover the minimum cost of providing the pilot for such assignments.

Although this tariff had been appealed by the Canadian Shipowners Association, the Canadian Transportation Agency ultimately ruled in favour of implementing the increase.

The GLPA also implemented a 2 percent surcharge in 2006, which was designed to raise sufficient capital reserves to enable the Authority to meet the Treasury Board's demand that it reduce its dependence on a \$2 million line of credit to pay its monthly bills during the first part of the year before revenue from the new navigation seasons begins to flow. After reviewing the Authority's finances, the Federation's Pilotage Committee agreed that the surcharge should continue to be implemented in 2007.

Meanwhile, on the U.S. side of the Great Lakes, the U.S. Coast Guard implemented a 5 percent increase in pilotage rates this past May, which was in addition to the 20 percent interim increase that came into effect in April 2005. The revised rate also increased (by two) the number of pilots needed for International District 1 (Snell to Cape Vincent) and Lake Ontario, and eliminated the surcharges that were being paid for pilot boats on the Detroit River. More recently, the U.S. Coast Guard published an interim rule to increase pilotage rates by 22.62 percent, effective March 26, 2007. At the time of writing, the Federation's Pilotage Committee was reviewing the proposal and consulting with members in order to determine its response.

## Laurentian

In the Laurentian region, a significant amount of time and effort were devoted to the Laurentian Pilotage Authority's (LPA) proposed tariff increase of 10.1 percent for the District 1 (Quebec to Montreal) sector, which had been overturned by the Canadian Transportation Agency (CTA) in late 2005 following an appeal by the Federation. The Federation's objection had been based on the impact of ongoing delays in District I, as well as the disparity between the LPA's promises with respect to implementing service improvements and the improvements that had actually been delivered. The LPA subsequently appealed the CTA's decision with the Privy Council, in response to which the Minister of Transport appointed a mediator (Alfred Popp, QC, the former head of Justice Canada's admiralty section and the former Chair of the International Maritime Organization's legal committee) to try to find a resolution to the LPA's tariff and service issues that would be acceptable to all the stakeholders involved. The Federation was an active participant in the mediation process, meeting with Mr. Popp on several occasions and providing information as requested. Although



the mediation ultimately ended without an agreement between the LPA and the pilot corporation, Mr. Popp did issue a series of recommendations that he viewed as the optimal means of enabling the two parties to resolve their impasse.

The next development in this file occurred in June, when the Governor-in-Council, acting in response to the appeal launched by the LPA, overturned the CTA's ruling disallowing the contested 10.1 percent tariff increase. However, this decision was accompanied by a directive from the Minister of Transport instructing the LPA and the pilot corporation to resolve their outstanding issues and reach a new agreement based on the recommendations that had been put forward by mediator Popp. The key elements of those recommendations included the need to address quality and reliability issues related to night navigation and double pilotage; the need to negotiate a long-term (five year) contract with annual increases not exceeding CPI; the need to eliminate the productivity clause in the District 1 service contract; the need to implement a 2 percent reduction in the current District 1 service contract; and the need to harmonize the service contracts in Districts 1 and 2. Although the Minister gave the two parties two months in which to implement these five recommendations, the deadline came and went with absolutely no progress being made.

In November, the Federation launched another challenge with the Canadian Transportation Agency, this one in response to the LPA's proposal for a new tariff increase of 4.5 percent for 2007, which the Authority argued was necessary to offset an accumulated deficit of over \$7 million. In response to this argument, the Federation noted that the proposed tariff increase represented a short-term solution to the LPA's financial woes, which would do nothing to address the systemic problems that had contributed to its inability to meet the key points contained in the Minister's five-point directive. A decision from the CTA was still awaited at the time of writing this report.

## **Pilotage Review**

In response to the impasse in the Laurentian region, and its underscoring of the *Pilotage Act's* failure to provide the Pilotage Authorities with the leverage and means to improve service when dealing with unwilling or uncooperative service providers, Transport Canada launched a series of cross-Canada consultations on pilotage early in 2007. Although the consultations were targeted towards three aspects of the *Pilotage Act* as potential areas for amendment,

the Federation used the consultative process as an opportunity to address the equally pressing issue of whether the *Pilotage Act's* overall objectives of providing a safe and efficient pilotage service are actually being met. Towards that end, the Federation recommended a number of changes to the operation and management of the pilotage system, including reconsideration of the crown corporation structure under which the Pilotage Authorities operate, the exclusion of service contractors from membership on the Authorities' Boards of Directors, and the inclusion of guidance on Board composition within the *Pilotage Act*.

The Federation also provided comments on the review panel's recommendations for amending specific aspects of the *Pilotage Act* (namely, the governance structure under which the Pilotage Authorities operate, the filing of tariff appeals with the Canadian Transportation Agency, and the current regulatory review process). With respect to the pilotage system's current governance structure, the Federation expressed support for the proposal to amend the *Pilotage Act* so as to permit the Pilotage Authorities to hire pilot corporations and employee pilots simultaneously, which would give the Authorities greater flexibility and management options. The Federation also recommended that the arbitrator in the "final offer selection" process have access to all the information that may be relevant in assessing which of the two offers should be retained, and that he/she have the power to reject both final offers and call for new ones if necessary. With respect to the efficiency of the CTA objection process, the Federation expressed strong opposition to the proposal to replace this process with a 30-day comment period, noting that the CTA has historically provided users with a very valuable neutral forum in which to raise and seek commentary on tariff and service issues. Finally, with respect to the current process for reviewing pilotage regulations, the Federation recommended that this process be tightened within shorter timeframes, and that efforts towards that modernization of risk assessment procedures continue in the interests of public safety.

In addition to submitting a written brief to the review panel, the Federation also participated in the hearings that took place in Newfoundland, Quebec, and Ontario, where it addressed tariff and service issues specific to the Atlantic, Laurentian and Great Lakes regions. In addition, the Federation appeared at the review panel's final hearing in Ottawa, where it provided a summary of positions and recommendations on how best to address the challenges posed by the current pilotage system.

## Ballast Water Management

Canada's new *Ballast Water Management Regulations* came into effect in June after extensive discussion and consultation with industry. The regulations incorporate the Federation's *Code of Best Practices for Ballast Water Management*, and have been harmonized as much as possible with the U.S. Coast Guard's ballast water requirements and the International Maritime Organization's (IMO) ballast water convention. The new regulations require all ships to have an on-board ballast water management plan as of December 8, 2006.

On the U.S. side, the State of Michigan issued a draft permit proposal last summer requiring all oceangoing vessels conducting port operations in the state to obtain a permit from the Michigan Department of Environmental Quality (MDEQ) as of January 1, 2007 showing that a) they will not discharge aquatic nuisance species; or b) in the case of ballast water discharge, they will use one of four on-board ballast water treatment methods (none of which is commercially available or IMO-approved). The Federation made a number of representations on this proposal during the year, strongly urging Michigan lawmakers to abide by the IMO timeline for the implementation of approved ballast water management technologies (2009 for new ships, and a gradual phase-in period until 2016 for all ships), and to recognize ballast water exchange as an effective management method in the intervening period. Although the new requirement has now been implemented, the Federation remains cautiously optimistic that ongoing representations by itself and other groups will lead to some changes in the near future. In the meantime, the full impact of the permit requirement will not be felt until the St. Lawrence Seaway's 2007 navigation season is underway.

## Pollution Prevention Regulations

In June, Transport Canada proposed new *Regulations for the Prevention of Pollution from Ships and Dangerous Chemicals*, which are designed to consolidate and update current pollution prevention measures for waters under Canadian jurisdiction. The regulations include a compilation of current requirements under the *Canada Shipping Act*, as well as new requirements that will permit Canada to implement provisions of Annexes IV, V and VI of the *MARPOL Convention* and to adopt the *Anti-Fouling Systems Convention*. The new requirements include stricter approval standards for new oily water filtering equipment and bilge alarms, a requirement for ships to record sewage

operations and obtain receipts for discharges to shore pump stations, a revised definition of "garbage" which now includes cargo sweepings and residues from non-toxic bulk cargoes, and a requirement for ships to undergo inspection and certification in order to ensure compliance with various air emission provisions. The Federation's comments to Transport Canada, which were based on consultations with the Environment Committee, expressed general support for the new regulations while urging the Department to accelerate the implementation rate for reception facilities.

## Lake Ontario – St. Lawrence River Water Levels Report

The International Lake Ontario – St. Lawrence River Study Board completed its five-year study on the development of a new plan for regulating Lakes Ontario water levels with the release of a final report this past May. The report proposed three possible plans (A+, B+ and D+), each of which provides varying degrees of economic and environmental improvement for stakeholders. After studying the report and consulting with other commercial navigation interests, the Federation submitted a detailed response to the study board expressing support for Plan D+, which is the most preferable option for the shipping industry because it evens flows out over the year and improves the stability of water levels without increasing flooding either upstream or downstream. Although this plan would benefit all stakeholders (especially hydroelectric, pleasure craft, riparian and commercial navigation interests), it has encountered opposition from conservation groups and recreational boaters, who believe that the two alternative plans (A+ and B+) would provide additional environmental benefits and higher water levels, especially in Lake Ontario.

## Memorandum of Understanding on Enforcement

The final version of the joint Transport Canada / Environment Canada *Memorandum of Understanding (MOU) on Enforcement for the Protection of the Marine Environment* was signed by the Deputy Ministers of both departments last June. In previous discussions with the two departments, the Federation had strongly recommended that the MOU be amended to explicitly indicate that Transport Canada would be the lead department responsible for all diversions and detentions of vessels at sea, and that Transport would take the lead in cases where departmental responsibility is unclear. Although the government

did not agree to amend the MOU in this respect (based on the argument that the legislation gives enforcement responsibility to Environment Canada), the latter undertook to consult Transport in all cases involving diversions and detentions so as to avoid unnecessary delays. The government also provided assurance that any sections of the MOU requiring adjustment could be reviewed and commented on by the shipping industry at the national CMAC meeting, with changes being considered only after such review and comment has taken place.

## **HNS Convention**

The Federation worked with Transport Canada's international marine policy section during the year on the implementation mechanisms for the HNS (Hazardous and Noxious Substances) Convention, which Canada intends to ratify in the near future. The convention provides for a two-tiered compensation regime in spill cases, with the first tier being paid by the shipowner, and the second tier by an international compensation fund which is financed by levies on HNS cargo (over a 20,000 ton threshold) received by marine terminals in signatory countries.

## **Code of Best Practices for Managing Oily Water Waste in Ships' Engine Rooms**

During the year, the Federation's Environment Committee revised the *Code of Best Practices for Managing Oily Water Waste in Ships' Engine Rooms*, which replaced the previous *Code of Best Practices for Bilge Water Management*. The Code is designed to be used as an on-board tool to enhance management practices and facilitate adherence with Canadian legislation and MARPOL obligations. The Federation recently produced a laminated version of the Code for use by member companies on board the ships they represent. As such, it should prove to be extremely useful not only from an operational perspective, but also as a means of demonstrating due diligence and compliance under Bill C-15 (the revised *Migratory Birds Act*).

## **Atlantic Marine Forum**

The Federation made substantial progress on implementing the Atlantic Marine Forum during the year, which is designed to provide a forum for addressing environmental issues that are specific to commercial shipping and related activities in the Atlantic provinces. The Forum comprises three working groups

(one in Nova Scotia, one in New Brunswick, and one in New Brunswick / Prince Edward Island), each of which brings together Federation members and representatives from federal and provincial governments, environmental groups, academic institutions and other relevant parties. Each of the three groups will work to identify and prioritize the main environmental issues facing the marine industry in their particular region, with a view to developing an environmental action plan comprising both individual and collective actions in response to those issues. The Nova Scotia Working Group, which was the first to get off the ground, met twice during the year, and has identified five key issues for which it intends to develop an environmental strategy. The Newfoundland Working Group held its inaugural meeting in St. John's this past January, while the New Brunswick / P.E.I. Working Group held its first meeting in March.

## **Database of Marine Industry Environmental Programs**

The Federation continued to develop its *Database of Marine Industry Environmental Programs*, which is a compendium of environmental programs (policies, guidelines and best practices) that have been developed and implemented by shipping companies, marine associations and other stakeholders throughout the world. As such, it is designed to provide a snapshot of an organization's environmental activities and commitments at any given point in time, and to serve as an informational "toolbox" that shipping companies and industry stakeholders can consult in order to gauge and / or improve their own environmental performance. The database, which currently contains about 150 programs, is in its final programming stages, after which it will be submitted to the Federation's membership for review and commentary. The intent is to ultimately make the database available to all members (and potentially others) via the Federation's website.

# security and customs

## Marine Transportation Security Regulations

The Federation attended several meetings in Halifax and Montreal during the year on Transport Canada's proposed new *Marine Transportation Security Clearance Program* (MTSCP). Under the new regulations, individuals involved in the container and passenger trades at the ports of Halifax, Montreal and Vancouver will be required to have security clearance by December 15, 2007, with other ports and bulk terminals (Quebec, Saint John, St. John's, Toronto, Hamilton, Windsor, Prince Rupert, and Victoria), coming on stream by the end of 2008. The Federation has been involved in the mapping process to assess the specific positions that will need security clearance under the regulations, and is a member of the Transport Canada working groups considering the applicability of the regulations to port workers and to off-port personnel such as marine carrier employees, ship chandlers, repair crews, etc. The Federation's position on the security clearance question has consistently been that this requirement should apply to those individuals who need direct access to the terminal and/or the port, and that voluntary measures such as those specified by Customs' *Partners in Protection* program should be used for other individuals.

## FAL Convention

During the year, the Federation endeavoured to enhance awareness within the Canada Border Services Agency (CBSA) of the *International Convention on the Facilitation of International Maritime Traffic* (also known as the *FAL Convention*), which appears to be little known within the Agency despite the fact that Canada is one of the convention's signatories. A key issue of concern is that the *FAL Convention* falls under the jurisdiction of Transport Canada, meaning that closer adherence to its provisions would require CBSA to work more closely with that Department. Several important amendments to the *FAL Convention* entered into force in November 2006, most of which are designed to encourage the use of electronic systems for exchanging data and to generally simplify trade procedures. Specific recommendations arising from the amendments include the development of a single point (or "single window") to which all data associated with the arrival, stay and departure of ships, persons or cargoes should be transmitted; and the use of pre-arrival data for the subsequent release and clearance of passengers and cargo. Given the potential role of these provisions in facilitating the flow of Canada's imports and exports, the Federation will continue to make representations to CBSA on the importance of working within the spirit of the *FAL Convention*.

## ACI Program

Following the implementation of Customs' ACI program (which requires mandatory electronic reporting for all US trans-border marine shipments) in December 2005, the Federation continued to meet with CBSA officials with a view to encouraging the agency to harmonize its ACI requirements with the United States. As a result of extensive discussion and numerous representations by the Federation, it now appears that CBSA will agree to delay reporting of in-transit cargoes in the Great Lakes, and of US-origin FROB (freight remaining on board) cargoes, until June 26, 2008. This decision will be reviewed again in 2008 and changed if necessary.

Meanwhile, Phase III of the ACI program commenced on January 18, 2007 with an expected completion date of 2012. Phase III includes ACI reporting of rail and truck cargoes; ACI reporting of information from freight forwarders, importers, and customs brokers; and electronic crew lists from marine and air carriers. The Federation will be on many of the sub-committees working on ACI III, all of which fall under the umbrella of the BCCC (Border Commercial Consultative Committee) which meets three or four times per year. CBSA is investing \$431 million in Phase III of the ACI program as part of the *Safe and Secure Border* initiative.

## Long Range Planning Committee on Cruise Ship Issues

During the year, the Federation joined forces with the Northwest Cruise Ship Association to form a new committee to examine long-term issues with CBSA and Immigration. The committee, which will also include representation from other cruise ship associations in Quebec and the Atlantic region, will address such issues as cruise ship cost recovery; the Immigration department's \$25,000 assessment in cases of undocumented passengers, stowaways or deserters; the number of ports designated as cruise ship ports by CBSA; and the number of bars permitted on cruise ships. With respect to the latter issue, CBSA has reconsidered its previous decision of allowing one bar per one-hundred passengers in favour of allowing one bar per deck. A *D-Memorandum* announcing this change is expected to be published before the start of the 2007 cruise ship season.

### **Pilotage Committee**

Ross Baldwin, McLean Kennedy Inc.  
Robert Calvé, Lower St. Lawrence Ocean Agencies Ltd.  
Andrew Digby, Robert Reford  
Christian Daviau, Montreal Marine Services Inc.  
Mike Kent, Inchcape Shipping Services  
Ivan Lantz, Shipping Federation of Canada  
Michael O'Morchoe, OOCL (Canada) Inc.  
Donald Poirier, Hapag-Lloyd (Canada) Inc.  
Tony Scalzo, Montship Inc.  
Robert Vandenberg, Gresco Ltd.  
David Grieve, Fednav Ltd. (Chair)

### **Customs Committee**

Chad Allen, OOCL (Canada) Canada Inc.  
Lisa Brown, Protos Shipping Ltd.  
Frank Caucci, Zim Integrated Shipping Services (Canada) Co. Ltd.  
Donny Coelho, Robert Reford  
Bill Currie, Currie Maritime Corporation  
Dan Crowe, Fednav Ltd.  
Doug Davison, Montship Inc.  
Linda Hall, Atlantic Container Line  
Jennifer Holmes, Holmes Maritime Inc.  
Steve Holt, Montship Inc.  
Gabriel Lagunes, Maersk Canada Inc.  
Denis Legoff, Hapag Lloyd (Canada) Inc.  
Marlene Nassar, OOCL (Canada) Inc.  
Jason Skorski, Norton Lilly International  
Jim Moram, Shipping Federation of Canada (Co-Chair)  
Heather Morrison, Maersk Canada Inc. (Co-Chair)

### **Seaway Committee**

Marcos Antoniadis, Navitrans Shipping Agencies Inc.  
Andrew Digby, Robert Reford  
Tony Dobsch, Colley Motorships Ltd.  
Robert Muir, Gresco Ltd.  
Philippe Roderbourg, Fednav Ltd  
Ivan Lantz, Shipping Federation of Canada (Acting Chair)

**Passenger Committee**

Agnieska Kroskowska, Cross Marine Inc.  
Ross Baldwin, McLean Kennedy Inc.  
René Castonguay, Quebec Port Authority  
Henry Flight, St. John's Port Authority  
Lou Holmes, Holmes Maritime Inc.  
Stephen Masters, Montreal Port Authority  
James Murphy, Ramsey Greig & Co. Ltd.  
Larry Nolan, Halifax Port Authority  
Martial Savard, Robert Reford  
Tony Scalzo, Montship Inc.  
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