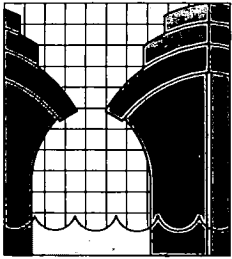


# SHIPBUILDING



**A** trade agreement with the U.S. that had the effect of establishing a North American market for shipbuilding could benefit this depressed Canadian industry.

Employment in shipbuilding and ship repair is about 6,000, only half the number of jobs as in the 1970s. Major shipyards are located in Nova Scotia, Québec, Ontario, and British Columbia. Equipment manufacturers are concentrated in Ontario and Québec. The value of new construction, repairs, and conversions totalled \$1 billion in 1985, with exports at \$186 million. Imports were \$381 million.

- The recent decline in Canadian shipbuilding reflects worldwide overbuilding; new competitors in Third World countries; governmental intervention around the world; and the hardships of the Canadian fishing and shipping industry.
- Raising Canada's 25 per cent tariff on ships to keep out Third World imports would defeat the goal of general trade liberalization to which Canada is committed under the General Agreement on Tariffs and Trade (GATT).
- Both the Canadian and American shipbuilding industries are highly protected; but the barriers in the U.S. are higher than in Canada.
- A combination of tariffs, ship-American rules in the coastal trade under the Jones Act, appropriation acts, and procurement

policies virtually close the U.S. shipbuilding market to outside suppliers.

- Canadian shipyards, sometimes the main or sole support of their communities, are virtually dependent on government orders.
- Although Canada has not been a large exporter of ships, what we have exported has usually been to the U.S.
- Statistics prove that Canadian shipyards are more efficient than are American yards; an open U.S. market could be the way back for a Canadian industry that was once a world leader. This is the goal of trade negotiations.
- The Canadian Shipbuilding and Ship Repairing Association has publicly supported the free trade initiative if the Jones Act is on the table. Four marine sub-sectors have a stake in the trade talks: shipbuilding, ship repair, marine equipment and offshore oil and gas equipment.



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