

*Adjournment Debate*

assistance of the CNR, will double its vessel capacity and its terminal facilities at the port of Montreal.

● (2210)

My general concern is that CNR's involvement with the CAST shipping group may well have an adverse effect on Atlantic ports, particularly the ports of Halifax and Saint John, and yet contribute very little to the Canadian economy or to marine transportation in Canada.

Let me point out some special concerns which may arise from CNR's direct involvement in CAST operations in the port of Montreal. First of all, let us consider the ownership of CAST. CAST is operated by Euro-Canadian Shipholdings Limited of Bermuda. Sixty-one per cent of the shares of that company are held by Dolphin Investments Limited, and that company is under the effective control of Frank Narby, a Canadian residing in Europe. Only 18 per cent of the shares of Euro-Canadian Shipholdings Limited are owned by CNR, leaving the operation of CAST in the hands of foreign persons.

The construction of the six container ships involved in the expansion program will take place in Yugoslavia and South Korea at an expenditure of approximately \$180 million, so that this expenditure will not result in any jobs for Canadians or any real advantage to the Canadian economy.

An additional point is that the doubling of the container traffic on the North American routes is not anticipated over the next three or four years of CAST's expansion, so that in order to live up to its new capacity, CAST will have to rob traffic from other container carriers, in particular the container carriers which serve the ports of Halifax and Saint John and go on to serve other ports on the Atlantic coast.

My major concern is the welfare of the port of Halifax. Marine transportation is a viable and important industry in the province of Nova Scotia, providing millions of dollars in supplies and services and providing employment for a large number of persons. It is said that in the Halifax area one out of seven jobs can be attributed to marine transportation and to the operation of the port of Halifax. The port of Halifax, in terms of its magnitude of operation, handled in 1979, 2.1 million tonnes of cargo, and this would involve, in terms of container traffic, approximately 200,000 containers. Container traffic was down 7 per cent in 1980, although the port manager hopes it will increase in 1981.

In addition to container cargo, the port of Halifax handles a large amount of general cargo. The auto port operates a very effective and efficient system for transporting automobiles. In 1980 it handled approximately 79,000 vehicles. The port of Montreal in the last completed year, 1980, experienced an 11 per cent increase in container traffic. That would lead one to conclude that perhaps the port of Montreal is getting some special advantages in the container field.

What we want on the east coast and what we want for the port of Halifax is fair treatment from the government departments and agencies involved in marine transportation. We have in Halifax a new container facility coming on stream in 1982. That is the Fairview Cove container pier, and we look

forward to a substantial increase in the container traffic in order to utilize the facilities which will be available at that pier. That kind of expansion cannot take place if we do not get fair treatment from the Canadian National Railways, which is the major source and recourse for land traffic from the container pier facility now in place in the port of Halifax and which will be the land transportation source for the new Fairview Cove container pier.

We believe the CNR has taken a dangerous step in its direct involvement with the CAST operation, and we believe that such a step should not be taken without a full and public inquiry and review being carried out on the relationship of CNR and international marine transportation corporations. There is a great danger that conflict of interest will occur and that CNR might be inclined to favour operators such as CAST over operators who have served ports like Halifax and Saint John.

● (2215)

In addition, there is the danger that difficulties will develop with the good relations which now exist between the east coast Canadian ports and the ports on the east coast of the United States.

Other factors could be mentioned, particularly the benefits received by the port of Montreal through the Government of Canada in relation to ice-breaking activities, which amount to millions and millions of dollars annually. So, we must be very careful in dealing and tampering with the subtle fabric of our marine transportation system.

It is my concern and interest to bring to the attention of the House the particular involvement of the CNR with the CAST shipping group and to inquire of the minister how he explains this involvement. I ask for his assurance that it will not have an adverse effect upon the port of Halifax and other east coast ports.

**Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce):** Mr. Speaker, I congratulate the hon. member for his interest in and commitment to the port of Halifax, but the question he posed to the Minister of Transport (Mr. Pepin) really deals with the rationale behind CAST's plans for expansion and CN's involvement in this venture. It does not concern the development of the harbour of Montreal or the harbour of Halifax.

According to Mr. Frank Narby, the head of the CAST group, CAST expects the competition for container traffic on the north Atlantic to be greatly intensified in the coming years. By using bigger ships burning low-grade bunker oil and offering door-to-door service at attractive prices, CAST expects to meet the competition and increase its share of the market. CAST's unique service, combined with its experienced management, puts it in a very strong competitive position.

[Translation]

Mr. Speaker, CAST intends to expand its container transport operations by increasing exports of U.S. coal, and as was mentioned by the hon. member, not six but eight freighters for