

regulations. There was a news release with respect to these regulations in which some objections were expressed. Part of that news release reads as follows:

The Honourable Wilfred Bishop, New Brunswick Minister of Transportation, expressed the concern of the Atlantic ministers in the proposed changes to the coasting trade laws of Canada. All ministers thoroughly endorsed the maritime code now before parliament and were assured by Mr. Lang that the federal government will hold further consultations with the provinces before the new regulations are introduced under the code.

But bear in mind that the Atlantic premiers, in December of 1975, requested that the bill not be passed until these regulations were approved by the Atlantic area, in compliance with the assurance given by the former minister of transport who advised the present minister of the positions which had been taken. Let me cite some examples of cost which can occur as it is presently understood. If this can be effectively denied, I will have no quarrel, but so far I have heard no denial in spite of the search I have made for information. Labrador Liner Board has been advised that under the regulations presently proposed it would cost \$650 per day for the ships which they use—one usually, and two at least part time, for approximately seven months of the year. Their additional cost, as they understand the proposal, is \$650 per day per ship for the movement of their wood products from Labrador to the Liner Board plant on the island. This is indicative of at least one of the costs.

As I mentioned earlier, comparable legislation in the United States has put the state of Washington in an unsatisfactory competitive position on the east coast of the United States. This legislation will put British Columbia and its lumber products in an unsatisfactory competitive position on the east coast of Canada. Under this structure, Washington lumber could conceivably move into eastern Canada quite a bit more cheaply in international bottoms than could British Columbia lumber, except for one thing: there has been a suggestion that there may be an exception for B.C. lumber. This is not a firm suggestion, but there has been the suggestion that B.C. lumber might move as an exception to the regulations of this legislation. I think Atlantic Canada, and all Canada for that matter, should know, if exceptions are made for B.C. lumber, are exception to be made for east coast products?

One of the things which I think is misunderstood in the consideration of this bill is that we are not talking in terms of 100,000-ton vessels or 150,000-ton vessels. We are talking in terms of small vessels for coastal trade, in the main, excepting perhaps traffic between the Pacific and the Atlantic which might consist of larger ships. However, basically the coastal trade in going to be moved in relatively small ships, and as a result of this the cost of the small ship is going to rise much faster than it would in the case of the larger ship.

I say this because the Canadian Shippers' Association pointed out to the committee that it had been able to reduce shipping fares under certain conditions comparable to the marine code as it applied in the Great Lakes and the St. Lawrence systems. However, there have been two factors which I do not think are applicable to the general coastal trade of Canada. One is that as the St. Lawrence Seaway was deepened, locks were made capable of carrying bigger ships—bigger ships came into use and an economy of scale was introduced.

Maritime Code

Second, and at about the same time, although not exactly coincidental, massive shipments of bulk products from Sept-Isles to Great Lakes' points made a possible two-way trip for a boat. It could have a load coming and going, with a little dead space in between, I agree, as it went from, perhaps, a steel port to a grain port on the lakes or as it went from a grain port to Sept-Isles in the St. Lawrence system. Therefore, though economies were exercised as a result of an opportunity for two-way hauls, when a comparable law applied in the seaway I do not see comparable opportunities for economies as we refer to the coastal trade of Canada. I think this should be taken into consideration and all hon. members of the House should recognize that in the main we are talking about a small ship transportation structure.

I am sure the Minister of Transport does not wish to impose anything detrimental on any area of Canada, but if we explore the water competitive structure I wonder if the minister knows that the freight rate on Prince Edward Island potatoes—perhaps the Minister of Veterans Affairs (Mr. MacDonald) would be particularly interested in this—as they are shipped to Canadian points is established on the estimated cost of moving potatoes on an historical basis to water points in Canada such as Montreal and Toronto. That is how that rate has arrived at the level it is today. If by any chance the implementation of the Maritime Code produces a substantial rise in the cost of transportation by water estimated for potatoes from Prince Edward Island to Toronto, that same increment in rate will apply to potatoes from P.E.I. as they are moved by rail from P.E.I. to Toronto or Montreal. These are the broadening effects that this bill can have.

● (1600)

This, of course, would apply to the same product in New Brunswick, because the New Brunswick rate on this product to the inland areas of Canada is competitive with Prince Edward Island. Therefore, if the Prince Edward Island rate rises because water competitive rates rise, the New Brunswick rate will rise as well. This imposes very serious hardship on one of the sources of income for Prince Edward Island and New Brunswick. We are not talking of imaginary things when we talk of these inequities, Mr. Speaker. We are talking of real things by example from other jurisdictions. We are talking of the effect of the Jones Act in the United States. This will have identical effects in Canada. It will require a federal subsidy to keep the rates at the present level or to protect the water competitive rates as we know them today. No witness who has appeared before the committee on behalf of the minister, the minister or his parliamentary secretary, is prepared to give an assurance to any part of Canada that any of these items will be monitored and regulated or that exceptions will be made in order to control costs.

Last night I had representations from the feed industry of the Atlantic area. They pointed out that not too long ago the rail rates for feed grains transported to the Atlantic area had dropped by \$3 per ton in the last five years. This did not take place because the rails found they could transport grain more cheaply than before, but because of the private enterprise of the entrepreneurs who moved grain by water to Halifax, to Summerside and to Fort