Discussion at the Seminar Series

Pre-registrants attending the Cross-Canada seminar series were issued with a copy of the Discussion paper "Trade versus Transportation Barriers". This paper provided a background to the discussion in the 15 seminar workshops, and key excerpts are included in Appendix B for easy reference.

The questionnaire in Appendix C was used as the basis for discussion in the seminar workshops. Where applicable, particular views are ascribed to the specific seminars where they were registered.

Is there cause for concern?

A resounding affirmative. Participants in workshops across the country identified many additional examples of restrictive practices to those outlined in the background paper and questionnaire. Many cited instances of lost sales or curtailed profits arising from their loss of control of transportation costs. This corroborated the results of a recent study **"Canada's Export Trade and Transportation to the Less-developed Countries"** prepared for the Department of External Affairs by E.M. Ludwick & Associates Inc. to the effect that 43% of the Canadian exporters surveyed reported shipping related problems in Canada-LDC trades. Several participants whose sales are directed to multinational enterprises noted that their customers' buying decisions are usually based on landed price, of which transportation costs are the dominant component after original production costs. The fact that governments at the other end of the trade, through their **control of shipping**, were effectively determining the competitiveness of Canadian products, was cited as a primary problem by seminar participants concerned with the viability of Canadian export trade. (Vancouver)

Seminar participants (Halifax) advocated a more pro-active Canadian policy, and cited as an example Japanese government policy which ensures Japanese control of the shipping component in Japan's trade, though not necessarily through the flag of the ship. In the opinion of seminar participants, Canada should seek similar policy mechanisms to provide ensured access to reliable and competitively priced shipping services. Like the Japanese, Canadian exporters and importers are not concerned with the flag flying from the stern of the ship carrying their product, but rather the quality and price of the service.

In discussions Montreal seminar participants pointed out that **tariffs** in the Canada-South American trades are in many instances de facto controlled by South American authorities. It was suggested that Canada's traditional aversion to intervention in maritime shipping places Canadian shippers at a competitive disadvantage vis-a-vis competitors, whose governments actively intervene to ensure their exporters are able to obtain shipping at favourable rates. While Europe, for example, is a major competitor to Canada in trade with South America, seminar participants noted the irony that in many cases the cheapest and most efficient option for Canadian exporters is to ship to Latin America via Europe. Direct Canada-Latin America service frequently costs double the tariff to ship via Europe, despite the need to transship cargo. Thus, Canadian exporters are at an obvious disadvantage in competing with European suppliers with access to competitively priced direct service from Europe to South American destinations. Montreal seminar participants emphasized that, on the basis of these comparative tariff advantages, it was clear that European governments were obviously capable of negotiating better shipping arrangements than Canada with Latin American national shipping lines. This suggested that **pro-active intervention** by the Canadian government was required in support of Canadian exporters in these trades.

The fact that consignees abroad are stipulating the **port of exit** to be used by Canadian exporters was cited as a particular problem by representatives of port authorities from Toronto, Oshawa, Montreal and Quebec City. 75% of Canadian exports to India, for instance, are exported via New Orleans, and some Canadian cargoes destined to Colombia must be exported through the Port of New York. Port of Toronto authorities quoted an example of cargo to Venezuela which they were not allowed to