

At the present time, coasting trade activities in Canada are governed by part ten of the Canadian Shipping Act. The current legislation defines "coasting trade" as the carriage by water or by land and water of goods or passengers between two places in Canada, either directly or by way of a foreign port.

Under the present legislation, such carriage is limited to British ships which includes all commonwealth ships. The time has come to clarify this legislation. For one thing, the concept of a British ship has changed since the British Commonwealth merchant shipping agreement was terminated in 1979. The law of the sea was adopted in 1982 by an international convention and the customs and excise offshore application act was passed in 1983. All these events have impacted upon the Canadian Coasting provisions and made it necessary for a new Coasting Trade Act to be adopted.

The current provisions were established in 1934 and were amended in 1966, 1983 and in 1987. Since 1934, a number of things have changed. The most obvious, of course is the offshore oil and gas developments that were not thought of in 1934.

[English]

An important part of both the present and proposed legislation is the waiver system that permits the Minister of National Revenue to issue a licence to a foreign ship to engage in the coasting trade of Canada if no suitable Canadian ship is available. I will speak further about the waiver system in a moment.

Before I proceed I should point out that a predecessor to this bill, Bill C-52, was considered during a previous session of Parliament and was passed by the House. However concern was raised in the other place regarding the treatment of cruise ships which delayed the bill until the session prorogued. This concern has now been resolved by defining coasting trade so that a cruise from Vancouver to Alaska and back to Vancouver would not be included in the definition. It is important to note that the definition requires the cruise ship to return to the port of departure and make a call to a foreign port.

This provision does not apply to the Great Lakes, thereby protecting the important tour boat industry that operates day cruises on the Great Lakes. Bill C-33 reserves the Canadian coasting trade to Canadian ships. As with the current legislation, we must appreciate that there is not always a suitable Canadian ship available or capable of carrying out the task needed. Thus, Bill C-33 retains the existing waiver system.

Government Orders

It goes further by establishing a pecking order if there are no suitable Canadian ships available. In such cases, first priority is given to what are known as non-duty paid ships and second priority to foreign ships. A non-duty paid ship is a foreign built, Canadian registered ship on which duties and taxes have not been paid.

[Translation]

This legislation provides for a number of exemptions. For one thing, a specific exemption is granted to a foreign ship used as a fishing vessel as defined by the *Coastal Fisheries Protection Act* as well as to a ship engaged in any ocean research activity commissioned by the Department of Fisheries and Oceans. Similarly, exemptions are made for ships operated or sponsored by a foreign government and authorized by the Secretary of State for External Affairs. These exemptions will ensure a minimum of conflict with other legislation.

To be consistent with the law of the sea convention, an exemption is provided to salvage operations in waters that are beyond the territorial sea of Canada and above the continental shelf of Canada. It also exempts salvage by U.S. flagged ships in waters contiguous to the United States as permitted by our Canadian Legislation known as the U.S. Wreckers Act.

In the time since Bill C-52 died on the Order Paper, we have determined that there was a need to ensure that no confusion exists during a marine pollution emergency. Thus there is specific provision in Bill C-33 that a foreign ship may engage, with the approval of the pollution prevention officer, in activities related to a marine pollution emergency.

[English]

This bill also recognizes the normal maritime practice whereby in both offshore and Canadian waters ships assisting ships in distress will not be subject to the provisions of this bill. I do not expect there will be any misunderstanding or conflict over this practice.

Another straightforward aspect of this legislation will make the flag requirements for ships compatible with the Canadian Customs regime. These two regimes, while not identical, are very closely aligned. In fact this bill will ease the situation for those wishing to operate ships in Canadian waters and waters above the Continental Shelf of Canada by clarifying the flag requirements which must be observed. The Customs requirements are already well known.