

annual reviews of the transportation legislation for the years 1988 through 1991. These reviews are intended to provide a means for buyers and sellers of shipping services to express views on the legislation. A Comprehensive Review of the transportation legislation is scheduled for 1992 which will provide an opportunity to consider adjustments to the current legislation.

(3) Purpose of the report

This report is intended as a background paper for industry discussion groups and others interested in liner shipping and liner conferences in the Canadian context. It provides an overview of the *Shipping Conferences Exemption Act, 1987* and outlines the respective roles of liner conferences and the Canadian Shippers' Council (CSC), which is the designated shippers' group under section 21 of *SCEA 1987*.

Liner services refer to regular or scheduled operations of general cargo and container vessels. Many such services are operated under conditions established by liner conferences which are agreements between shipping lines serving a particular route or region. *SCEA 1987* exempts certain practices of liner conferences from the *Competition Act* while protecting the public interest and increasing competition. In a global environment of intense commercial competition between nations, it is of the utmost importance to Canada's foreign trade that its shippers have access to liner services that are competitive both in quality and in price with those available to other trading nations.

Maritime liner transport has experienced an increasing interdependence with other modes of transport through the development of intermodal systems and therefore can no longer be seen in isolation. As a result, the Comprehensive Review of transportation legislation in 1992 provides an opportunity to consider the

importance of global transport and logistics networks. The growing importance of such systems will almost certainly have important ramifications for carriers and shippers and may change their relationships in the market place.

(4) Canada's Foreign Trade

Canada relies increasingly on the export of goods and services as a source of employment and economic growth. Between 1950 and 1985 the share of exports has increased from 16.9 percent to close to 30 percent of the Gross National Product (GNP).² As the eighth largest trading nation in 1990, Canada has a vital interest in all matters relating to world trade. In 1990, Canada's exports accounted for 3.8 percent of world exports while imports were 3.3 percent of world imports.³

The major thrust of Canadian trade is directed towards the United States. The US accounts for approximately two thirds of imports and three quarters of exports. However, Canada cannot afford to ignore other trade areas which represent major trade opportunities in the years ahead. It is for these overseas markets that liner services and *SCEA 1987* are of particular relevance.

(5) Canada's Overseas Markets

The dominant role of the United States in Canadian trade may have created a predominantly "continental" attitude which may have prevented a more global approach to trade and transport. However, to ensure Canada's future prosperity and growth, overseas markets, notably in Europe and Asia Pacific, must be given greater priority in the years ahead.

Graph 1 shows the development of Canada's trade with two important trading blocks: the