

CANADIANS ONLY TO OWN CANADIAN SHIPS

A recommendation that the right to own and register ships in Canada be restricted to Canadian citizens and companies incorporated in Canada is contained in the report of a special inquiry by the Canadian Transport Commission, made public recently by Transport Minister Paul Hellyer. Under the present terms of the Canada Shipping Act, a vessel may be registered under the Canadian flag by citizens or corporations or Commonwealth countries or the Republic of Ireland.

The report, by the CTC's water-transport committee, also proposes a federal guide-line to limit the expansion of Great Lakes fleets owned or controlled by iron-ore companies. It sees a danger that unchecked growth by these "captive fleets" could destroy effective competition in the lakes bulk shipping industry.

The inquiry into ship ownership and registration law was initiated at Mr. Hellyer's request late in 1967 and included public hearings last April in Ottawa and Vancouver. Briefs were submitted by 25 companies and organizations.

SUBSIDIARIES INCLUDED

Dealing with the question of Canadian subsidiaries of foreign corporations, the report recommends that only firms whose senior management personnel are Canadians should be allowed to own and register ships in Canada. It rejects as unworkable the idea of identifying a Canadian ship-owning corporation by the degree of share ownership involved.

This management qualification would "help to assure, in cases where there is a specifically Canadian interest involved as opposed to that of a foreign interest, that the Canadian interest is given the weight to which it is entitled," the report says.

LOAN TO BRAZIL

The Government of Canada has approved a development loan of \$9,320,000 to Brazil, which will be used to expand electric power generation, transmission and distribution facilities in ten Brazilian states. In making the announcement, the Secretary of State for External Affairs, Mr. Mitchell Sharp, stated that the loan, which will bring electricity to an additional two million Brazilians, is the largest single loan Canada has extended to a Latin American country.

THREE PROJECTS

The programme will be under the control of Centrais Electricas Brasileiras (Electrobras), which will use the money to finance three Brazilian electrical development projects. The first of these will require \$7,592,000 of the total to build a steam power-plant in the City of Belém, comprising two turbo-generating

GREAT LAKES TRAFFIC

The 30,000-word document, signed by CTC Commissioners H.J. Darling, the committee chairman, A.P. Campbell and J.E. Dumontier, takes special note of the Great Lakes bulk traffic situation.

During the inquiry, independent carriers contended that the private fleets of iron-ore and steel interests threatened to secure a monopoly over bulk commodity movements in the St. Lawrence and Great Lakes region. Ore vessels that carry ore up the Seaway system from parts on the lower St. Lawrence River usually seek return grain cargoes.

The report says the economies of this two-way movement are too important to be prohibited. But it agrees that a potential danger to competition exists and must be met.

"We therefore recommend that the Government lay down as a guide-line that the fleet of any iron-ore company or its affiliate, associate or subsidiary shipping company neither carry nor contract to carry in any one year more than 20 per cent of its own or associated company's traffic...less any amounts carried on behalf of other ore companies," the committee says.

During 1967, six bulk carriers operated under the Canadian flag by ore and steel interests handled slightly more than 10 per cent of the upbound ore traffic through the St. Lawrence Seaway. Grain was carried on about half of the return trips.

The report says the proposed 20 percent limit would allow for some expansion of captive ore fleets without threatening other shipping interests.

Another recommendation by the committee calls for broader control by the Canadian Transport Commission over acquisitions in the transportation industry.

units each with a nominal capacity of 25MW. The project will take four years to complete and will supply sufficient energy to meet estimated needs in the region until 1977.

The second portion of the loan, amounting to \$864,000, will be used by Electrobras to retain the services of a Canadian engineering consultant firm which will supervise the extension and improvement of the distribution systems of nine electric companies in northeast Brazil. The project will include the installation or reconstruction of sub-transmission lines, primary distribution feeders, sub-stations, and miscellaneous regulating and control equipment. It will take about three and a half years to complete.

The final portion of the loan, also amounting to \$864,000, will be used by Electrobras to hire a Canadian consulting firm to give technical assistance for four years on high-voltage transmission and hydroelectric plan programming.