

(1) Executive Summary

1. The following report has been prepared as a background paper for industry discussion groups and others interested in liner shipping, conferences and shippers' councils. It is intended as part of the preparations for the 1992 Comprehensive Review of transportation legislation, which includes the *Shipping Conferences Exemption Act, 1987 (SCEA 1987)*.
2. The reader who is already familiar with liner shipping and the role conferences play in Canada's foreign trade may wish to go directly to Section 12 on SCEA 1987 (see page 11 on).
3. While the United States has an overwhelming significance in our total foreign trade, Canada's oceanborne trade is primarily with Europe and the Far East. The shift in emphasis towards the Pacific Rim countries has become particularly evident during the last decade. The future of these trades is of particular interest to exporters. Sections 4, 5 and 6 provide a brief review of recent trends in Canada's foreign trade.
4. Sections 7 and 8 provide an overview of conferences and liner shipping in Canadian trades.
5. Shippers' Councils and their role are presented in Sections 9 and 10 with a short summary of the challenges to be met.
6. Legislation which provides exemption from the *Competition Act* (Canada's antitrust legislation) for certain types of shipping agreements concerning rates and other terms of carriage, has been deemed necessary for conferences to operate in Canada's foreign trade. Sections 11 and 12 provide a background of the history of Canadian

conference legislation and of the present legislation under *SCEA 1987*.

7. The experience to date with *SCEA 1987* is reviewed in Section 13. Graphs 4-8 provide a condensed summary of the views of shippers, freight forwarders and shipping conferences. The most remarkable observations are that the legislation is little known by most shippers and that all parties involved believe the legislation has had little effect on the industry.
8. Sections 14 and 15 present issues identified for further consideration in connection with the 1992 Comprehensive Review of transportation legislation, including *SCEA 1987*. The issues are summarized in Tables 1-3.

(2) Introduction

In a time of growing globalization the economic prosperity and future development of Canada depends on the ability of its manufacturing and service industries to compete at home and abroad. Overseas markets play an important role in our economy. Hence, the access to effective and competitive maritime transport is of vital importance.

It was in the spirit of encouraging competition and a dynamic business environment that the *National Transportation Act, Motor Vehicle Transport Act* and *Shipping Conferences Exemption Act* were enacted in 1987.¹ The aim of the new legislation was to respond to shippers' and carriers' needs by means of increased competition and to thus provide the best possible transportation framework.

The *National Transportation Act* established the National Transportation Agency. As part of its mandate, the Agency is responsible for