

A stylized compass rose in the top left corner, with a blue and gold color scheme. The letter 'E' is visible on one of the compass points. In the background, a light blue map of Quebec is overlaid on a darker blue background.

# Québec Marine

## Transportation Policy

### Québec at the Helm

# Le Saint-Laurent



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# Message

## from the Minister of Transport

Although historians credit Jacques Cartier with the discovery of the Saint-Laurent, it is to Samuel de Champlain that the honour goes for giving that name to the river, which previously was known by an array of other names. The Native peoples long called it "the river that walks". Used to colonize New France and for the fur trade with Europe, the Saint-Laurent emerged as a major waterway of the world. Its hundreds of kilometres make it one of our chief collective resources. The Saint-Laurent has profoundly marked the territorial organization of Québec. Along its banks are Québec's main communities, and throughout history, it has shaped our nation through its tributaries and its wealth.



Long known for freight transportation, the Saint-Laurent has experienced a marked decline in this regard over the past 20 years. The staggering growth of trucking in particular has caused a reduction in the demand for maritime transportation. The withdrawal of the federal government from its traditional responsibilities for the Saint-Laurent has also diminished the competitiveness of maritime transportation. But the benefits of maritime transportation are manifold, especially its competitive costs and environmental advantages. Hence, given its high quality infrastructure and services, and its strategic position, which makes it the shortest route between Europe and the American heartland, the Saint-Laurent must serve as a key development tool.

The adoption of a marine transportation policy is a major step from the standpoint of the integration of all transportation modes. This integrated approach will enable the government to equip Québec with a truly comprehensive transportation plan focused on consistency and multimodality. The primary objective pursued has a number of facets, including the establishment of a strategic transportation network incorporating all transportation modes and the installation of multimodal facilities that ensure continuous and harmonious movement of people and goods, at a competitive cost and in an environmentally friendly manner.

To enable the maritime sector to make a greater contribution to Québec's economic development, it must be supported with a view to helping it become further integrated with other transportation modes. More than an effort to revive a tradition and give new vitality to an essential sector of activity, this policy, which is resolutely open to the modern world, contains guarantees for success in meeting current and future maritime and intermodal transportation challenges.

The Saint-Laurent is one of our richest collective assets. My colleague and friend Jacques Baril could not have devoted more courage, conviction and determination to this policy, which is a masterly contribution to the economic and social development of Québec.

A handwritten signature in black ink, reading "Guy Chevrette". The signature is stylized with a large, sweeping "G" and "C".

Guy Chevrette

# Message

## from the Minister for Transport and Maritime Policy

It is with immense pride that I introduce Québec's first marine transportation policy, the fruit of many months of consultation, meetings, discussion and thought.

At an early age, in school, we learned that the Saint-Laurent was one of the great rivers of the world and that Jacques Cartier had planted his cross in Gaspé in 1534. As adults travelling across Québec, we have had the good fortune to discover the many faces of the Saint-Laurent, and to experience its richness and diversity, its animal and plant life. We have also had the good fortune to meet the endearing people living along the river, as we let its shores and charms permeate our souls. It is for these reasons that the Québec people have always had for this giant such a strong attachment, intimately entwined with their history.

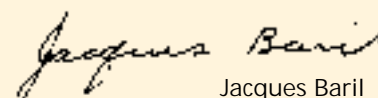
This imposing waterway, which springs from the very heart of the continent it has helped to open to the world, has always been a source of pride for Quebecers. The Saint-Laurent remains today an extraordinary instrument of economic, social and heritage development for Québec. But in several respects its potential has not been fully realized. A strategic waterway and the backbone of the Saint-Laurent/Great Lakes system, the river should be used to a greater extent for intercontinental trade and become a special link in North America. At the same time, it could also breathe new life into cabotage, a profitable way to use this magnificent waterway in order to relieve traffic on our overcrowded roads.

The government is taking such a direction in this first marine transportation policy, a tool made necessary by the current circumstances: the growth of trade, North American competition, the withdrawal of the federal government from a sector where it was traditionally present, and the Québec government's constant concern for the economic development of all its regions.

The restructuring of the freight transportation industry, the competitiveness of the Saint-Laurent, workforce training, sustainable development, and the promotion and development of river tourism are all challenges that call for carefully targeted action. To ensure that the Saint-Laurent plays a strategic development role in the 21st century, steps must be taken immediately. By coupling its support with the daily efforts of all maritime stakeholders, the Québec government makes a commitment to do everything in its power to renew the vitality of the Saint-Laurent. Although this first marine transportation policy does not claim to provide all the solutions to the many challenges it posits, it nonetheless proposes a series of concrete measures and actions that, I hope, will meet maritime transportation needs.

I want to sincerely thank all maritime stakeholders and partners who contributed directly or indirectly to the preparation of this policy. After 400 years of history, Québec finally has its first marine transportation policy. To achieve the objectives we have set for ourselves, we must step up our efforts in unison. With the collaboration of everyone, we will be able to truly say that Québec is at the helm.



  
Jacques Baril

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# Québec at the helm

As a strategic communication link providing direct water routes to Québec's hinterland, the Saint-Laurent has for years been the driving force behind Québec's development. From Jacques Cartier to Samuel de Champlain, the development of New France and the fur trade up until the opening of the Seaway in 1959 and the golden age of shipbuilding and beyond to the present day, the Saint-Laurent and its tributaries have been at the heart of Québec's development and closely linked to the advancement of its people.

The social and economic benefits of shipping and port activities on the Saint-Laurent have always been significant and still are. The river is used for many and varied purposes, including transport of cargo and passengers. It is an area of natural beauty for the public to enjoy, explore and use for sporting and leisure activities. It is constantly at the centre of our lives and development. The thousands of people who live on the shoreline between the Atlantic Ocean and Valleyfield are indeed fortunate to be witnesses to the role the river plays in our daily lives.



The Saint-Laurent/Great Lakes system forms an impressive network of navigable inland waterways. The system is 3700 km long, extending from the Atlantic Ocean to the head of the Great Lakes. It is navigable up to a depth of 11.3 metres year-round, without locks right up to Montréal. It can accommodate ocean-going vessels of up to 65,000 t in Montréal and close to 300,000 t in Sept-Îles. Upriver from Montréal, 16 locks make it possible for lakere and ocean-going vessels of 8.2 metre draft to reach the Great Lakes, except between January and March.

The shipping industry on the Saint-Laurent plays a major strategic role in responding to the commercial needs of the North American continent. It is this reality which has led the gouvernement du Québec to draw up an official policy on ocean and inland shipping for the first time in its history. There is no official shipping policy on the Canadian level and the federal government is currently withdrawing from involvement in ownership, management and infrastructure or service development in the shipping industry. As a result of this situation, the gouvernement du Québec has decided to develop an official policy to promote and accelerate the development of the maritime industry in Québec.

This first official Québec policy on marine transportation does not claim to solve all the issues or problems, rather it shows a strong desire on the part of the gouvernement du Québec to work together with the shipping industry to lay strong foundations for a dynamic future. The present context is certainly highly favourable as globalisation offers unique opportunities for developing the shipping industry. Intermodal transportation is much more than a fashionable buzzword, it is an essential component to making freight transportation as efficient as possible. Furthermore, the government has placed regional development high on its list of priorities and the shipping industry can play an important role in this effort. Lastly, the various uses of the Saint-Laurent, including the freight transportation industry, are well in accord with increasing concerns regarding sustainable development.

The main areas of concern were agreed upon after consultations held in August 2000 and March 2001. All the partners involved in shipping agree that this means of transportation can play an increasing role in the future. The Québec Marine Transportation Policy sets out in concrete terms the vision that the gouvernement du Québec has developed with its partners. Through this policy the government seeks to address three major issues:

- Provide ease of movement of passengers and cargo through a competitive shipping industry.
- Develop related industries such as cruise travel and shipbuilding and repair.
- Coordinate government action relative to the shipping industry and the socio-economic development of coastal regions.

One of the ministry's missions is to facilitate the movement of passengers and goods and to manage the overall planning of the transport system in Québec. The ministère des Transports is, therefore, proud to introduce this concrete action plan for marine transportation which clearly sets out a direction for the future. This policy is also part of an overall plan to create a single, integrated transport policy that will bring together all the different means of transportation. Work is currently underway in this area.

A source of pride  
and prosperity

Throughout history the Saint-Laurent has contributed to Québec's overall development and still does today. The river is one of our most valuable natural resources and we want to be able to continue to see it as a source of pride and prosperity for the future. We must, therefore, all work together to develop the Saint-Laurent.



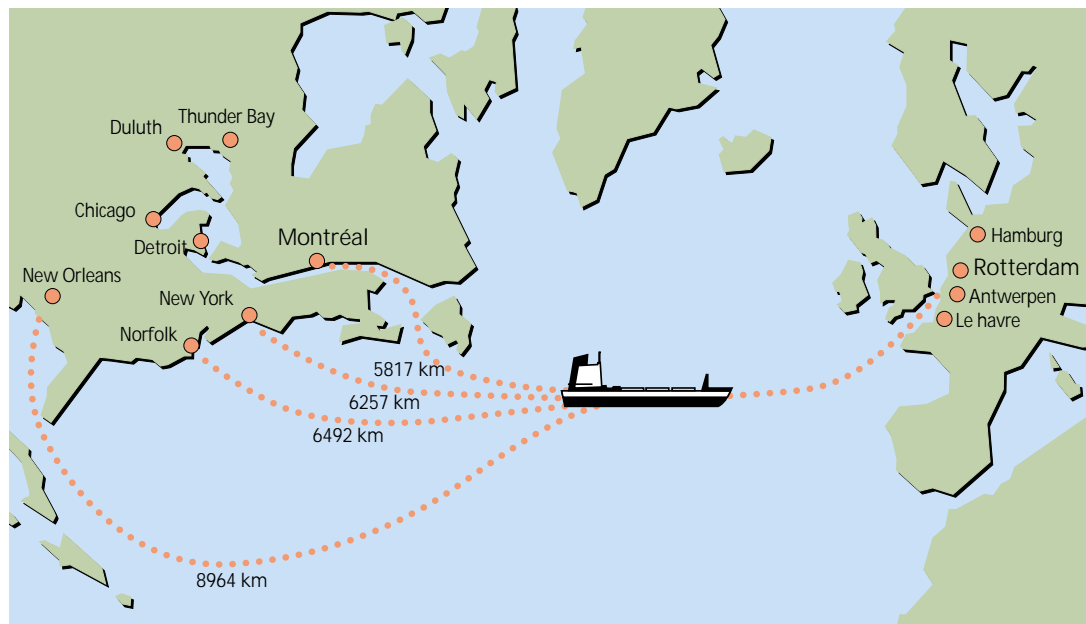
Marine transportation :  
a dynamic process in a highly competitive environment

transport



# Marine transportation : a dynamic process

The strategic importance of the Saint-Laurent for Québec comes from its position as one of the major intermodal freight transportation systems. Some 3,700 km of navigable waterways run deep into the heartland of the North American continent, as far as Duluth, Minnesota, on the far western edge of Lake Superior. This seaway is the shortest route between Europe and the heart of America, two of the most industrialized parts of the world.



The activities found on the Saint-Laurent are many and varied. The river is, of course, used in part for passenger transportation, tourism, leisure and environmental-based activities, but the main activity remains freight transportation. This industry is a major contributor to Québec's economic development. In 1998 alone it generated revenues of over \$3.1 billion for Québec shipping or port-related companies and created more than 26,000 direct or indirect jobs with an annual payroll of \$1 billion. For the governments of Québec and Canada, it translated into direct and incidental tax revenues of \$204.6 million and \$140.7 million respectively.

The shipping industry has an important impact on the regions along the Saint-Laurent, both in the south and the north. The activity generated by the various ports along the river contributes to the development of several communities. The shipping industry supports several key areas of the Québec economy. Paper mills, aluminum smelters, steel factories and oil refineries are the main users of these ports. They receive raw materials and ship processed products.

## The shipping industry supports several key areas of the Québec economy

The dynamism of the port-based activities of communities can often be a good indicator of the economic health of a region. As part of its plan to address regional development as a top priority, Québec has put many different measures in place to promote economic development. In its March 29, 2001 budget, the gouvernement du Québec set aside an additional \$800 million to promote the development of resource regions. The combined actions

of the government to develop Québec's maritime industry will greatly benefit all the regions along the Saint-Laurent.

### 1.1 The increase in international trade

The changes brought about by the technical revolution and trade liberalization between an increasing number of nations have shaken up the established economic order. Trade rules and regulations are changing and production centres and consumers are moving. Since the General Agreement on Tariffs and Trade (GATT) was signed in the middle of the 20th century, many more agreements designed to further liberalize world trade have been entered into. Today the word "globalisation" can be heard everywhere and there is general agreement among the 132 members of the World Trade Organization (WTO) to continue in this direction. There are numerous bilateral or multilateral agreements in place throughout the world. The emergence of several developing countries also promotes an increase in international trade.



In North America, the Free Trade Agreement with the United States (FTA) in 1989 and with the addition of Mexico in 1994 (NAFTA) also helped promote trade at the continental level. The Free Trade Area of the Americas (FTAA), expected to come into effect in 2005, will speed up the process even more.

## Québec cannot ignore this trend toward globalisation

Québec cannot ignore this trend toward globalisation and the economic initiatives undertaken since the nineties have been steps in the right direction. Québec's economy, traditionally based on natural resources, has now shifted toward service industries. The aerospace industry, biotechnology and information technology are among the most successful new sectors of the Québec economy

As a result of this favourable context, Québec's exports of goods and services have made impressive progress over the last decade.

Distribution of international exports of Québec goods by continental region			
	1990	1998	1999*
United-States	75,7 %	83,3 %	85,2 %
Europe	14,9 %	10,0 %	9,2 %
Asia / Pacific	5,0 %	3,3 %	2,7 %
Latin America	2,4 %	1,9 %	1,5 %
Africa / Middle East	1,9 %	1,5 %	1,4 %

\* First ten months of the year.

Source: Statistics Canada / Institut de la statistique du Québec.

From 1990 to 1999, the total value of exports increased by 130%, from \$35 billion to almost \$80 billion. Increased trade between Québec and the United States is one of the main reasons for this upward trend. In 1999 more than 85% of all Québec exports were shipped to the United States, as compared to 75% in 1990. Europe is Québec's second largest economic partner at 9.2%, far behind the United States.

The gouvernement du Québec, represented by the ministère de l'Industrie et du Commerce, has intensified its initiatives to promote exports and diversify export markets during recent years. Similarly, there is a concerted effort to develop Latin American markets as part of a program called "La décennie des Amériques".

All these changes have a direct impact on transportation-related industries, as an increase in trade inevitably results in an increase in the movement of goods. In addition, new management practices aimed at reducing inventories in the manufacturing sector create an increase in the movement of goods.

To promote  
exports and diversify  
export markets

Globalisation offers exceptional opportunities to the shipping industry. The current context is highly promising and the potential benefits are tremendous.

## 1.2 Competition in North America

The Saint-Laurent/Great Lakes system's great asset is that it is part of one of the largest multimodal transportation networks in the world. The seaway extends from the Atlantic Ocean to Montréal, Toronto, Detroit and Chicago, an area that is home to more than 100 million people, making it a strategic route upon which much trade is conducted.

The Saint-Laurent has numerous competitors for the transportation of cargo in North America. In addition to competing with alternative shipping routes, the Saint-Laurent also faces competition from the road and rail modes.

### Atlantic coastal ports

Atlantic coastal ports can be divided into two groups: those situated to the north of Washington DC and those to the south. Northeastern American ports-New York, Baltimore, Halifax and Saint John, N.B.-are experiencing a decrease in business activity, whereas those in the southeast-Norfolk, Charleston and Miami-are seeing impressive growth. Their ability to compete with the port of Montréal for container traffic should not be underestimated.

### Main surface access routes to various North American ports



Transportation on  
the Mississippi has the  
advantage of being  
toll free

Container traffic in ports situated south of Washington has grown far in excess of that in Montréal. During the last decade, container traffic has increased by 242% in Port Everglades, 164% in Miami, 137% in Jacksonville, 119% in Norfolk and 111% in Charleston. The port of Norfolk near Baltimore and New York represents a serious threat for the port of Montréal. Since 1987 it has seen such growth that it has now practically caught up with Montréal in terms of numbers of containers handled.

### Gulf of Mexico and Mississippi ports

Purely in terms of transshipping volume, the Mississippi and Gulf of Mexico system is the most important coastal front in North America. Traffic has been increasing steadily since 1975, from 450 to 700 MLT<sup>1</sup> for the Mississippi system. The network relies on a unique system of barge transportation for the section upriver from Baton Rouge, which serves some of the richest regions in terms of natural resources on the North American continent and reaches the industrial heartland of America. It also boasts a well-organized and effective rail network.

This network provides serious competition for the ports of the Saint-Laurent for the shipment of grain and raw materials, such as coal and ore, towards Canadian and American markets. It is interesting to note that in 1980 14.4 MT of American grain was transported through the Great Lakes and the Saint-Laurent, compared to only 12.4 MT of Canadian grain. Shipment of American grain has, however, steadily decreased to reach its current level of 6.6 MT. Canadian grain reached its highest level, at 17.4 MT in 1983, but fell back to just 6.9 MT in 1998.

Transportation on the Mississippi has the advantage of being toll-free and getting assistance from the US Army Corps of Engineers for maintenance. On the other hand, two separate business taxes, a US\$0.244/gallon gasoline tax and the Harbour Maintenance Tax (HMT) must be paid. The HMT is levied to finance 40% of the dredging costs, whereas the gasoline tax partly finances the maintenance of inland navigable waterways. In comparison, the Saint Lawrence Seaway Management Corporation finances its operations in their entirety. Due to American tax policies supporting the cost of new barge construction and competition from rail transportation, the cost of freight transportation has been maintained at a relatively low level.

Because of its shallow draft, the poor condition of some locks and the successive droughts and flooding that have plagued the area, the competitiveness of the upper part of the Mississippi and the reliability of the system are, however, weakened. The situation is totally different in the southern section of the Mississippi, from Baton Rouge to the Gulf of Mexico. This important industrial zone is home to many ports and can handle vessels with a forty-foot draft. The traffic there is among the busiest in the world.

## Pacific ports

Pacific ports, both on the American and Canadian side of the border, have seen a steady increase in traffic over the past 25 years. Bulk cargo and container traffic is heavy. These activities are mainly concentrated in the ports of Vancouver, Seattle, Portland, Long Beach-Los Angeles and Oakland. Sustained growth in these areas is due to a general trend of market migration towards the West coast and is also encouraged by new economic cooperation agreements between Asian and Pacific countries.

## Competition and complementarity with road and rail modes

For some years now, even though their activities complement those of the shipping industry, road and rail carriers have been fiercely competing with maritime shipping on certain continental routes, particularly for transportation of such goods as aluminum, paper and gasoline. The Ultratrain and the supply of gasoline to the Saguenay-Lac-Saint-Jean region by road are good examples of this.

These changes show that the shipping industry is losing some of its competitiveness, but it also needs to be seen in the context of the socio-economic costs that all taxpayers will have to bear. Roads are deteriorating, noise levels are increasing, roads are congested and pollution is rife. If we add to this the road safety risks caused by heavy vehicle traffic we can see that there is a heavy price to pay for these changes in modes of transportation.



Road and rail carriers have been fiercely competing with maritime shipping on certain continental routes

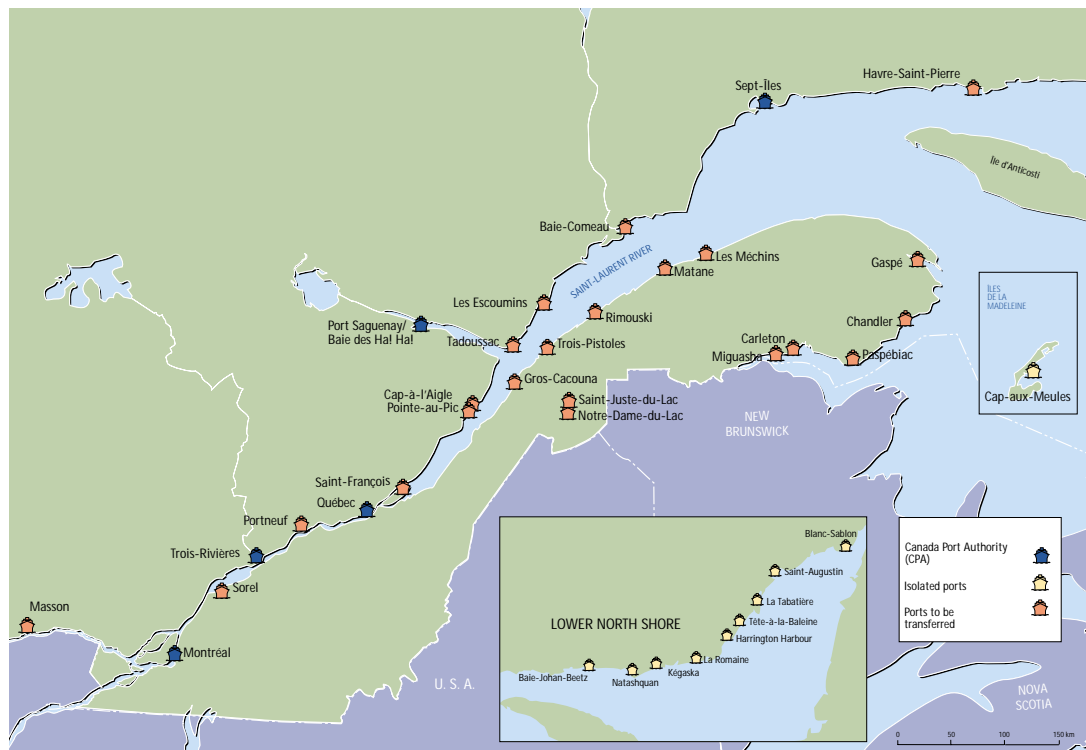
Such competition brings to mind the equity of carriage policies. Shipping and rail and road transport should be more complementary than ever today. Whenever one system makes significant gains over another, the related costs should be taken into consideration, otherwise we are in danger of establishing a long-term imbalance for the whole intermodal transport system. In the coming years the great challenge for the various partners in the transportation industry will be to develop mutually beneficial complementary agreements that will have positive consequences for their customers and for society as a whole.

### 1.3 The importance of the Saint-Laurent for the regions of Québec

The Saint-Laurent is the gateway into North America and has always been a driving force behind the development of the regions. In addition to the tourist industry, the river and its tributaries also generate other economic activities. For several of the municipalities lining its shores, the ports of the Saint-Laurent are an important part of daily life. In all, the Saint-Laurent is home to about 20 commercial ports, more than 50 fishing harbours, approximately 30 ferry services, a few private infrastructures and over 200 tourist-oriented sites.

Ownership of these port infrastructures is shared between municipalities, the Gouvernement du Québec, the Canadian government and the private sector. The vast majority of commercial ports belong to Transport Canada, but efforts are being made by the federal government to withdraw its interests from several of these ports. The federal government will, however, remain involved in ports deemed of national interest. These ports came under Canada Port Authority (CPA) responsibility in 1997 when the Canada Maritime Act was adopted and their management was transferred to local authorities. The intent is that these operations will be self-financing. There are five ports with this status in Québec: Montréal, Trois-Rivières, Québec, Port Saguenay and Sept-Îles. Together, these five ports handle nearly 60% of all port-related activities in the province of Québec.

Canada Port Authorities (CPA) and port infrastructures to be transferred by Transport Canada



Note: This list does not include:

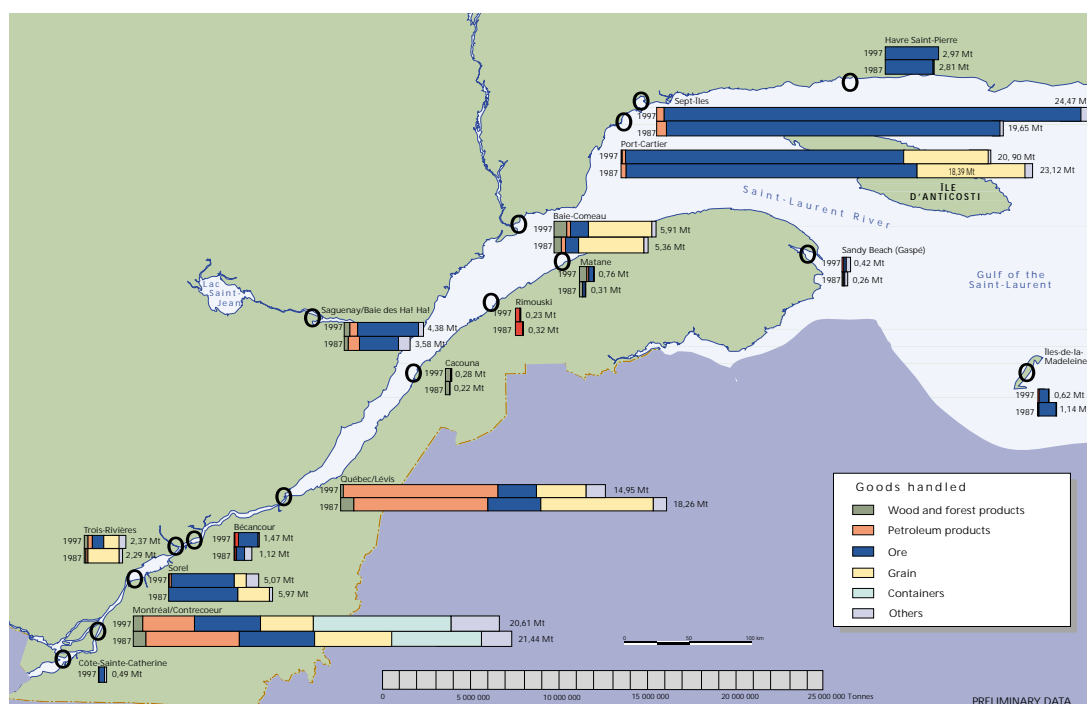
- Private ports, municipal ports or ports already owned by the Gouvernement du Québec;
- Transport Canada installations which have already been transferred (mainly 10 ferry docks);
- Transport Canada installations which are officially closed.

For several of the municipalities lining its Shores, the ports of the Saint-Laurent are an important part of daily life.

In the port of Montréal approximately 20 MT of goods are handled each year. Montréal is the only port equipped to handle container carriers and indeed, much of the port's business is generated by this type of traffic. Other products passing through the port in significant quantity include petroleum products, ore and grain.

Traffic in the port of Québec is mainly generated by petroleum products, dry bulk, grain and chemicals. The ports of Sept-Îles and Port-Cartier almost exclusively handle ore from North Shore mines and, in fact, handle a greater tonnage of goods than Québec City and Montréal. The ports of Port-Cartier and Baie-Comeau also handle a large quantity of grain, as these ports are at the bridgehead for vessels from the Great Lakes before grain is redirected toward international markets by ocean-going vessels.

### Tonnage by category of cargo in the main ports of Québec



Although less important in terms of actual traffic, other ports of the Saint-Laurent can often offer prime access routes to international markets for industries such as aluminum smelters, pulp and paper plants and sawmills. The socio-economic impact of these industries for their regions goes far beyond the size of port traffic.

## 1.4 Freight transportation on the Saint-Laurent

Despite an increase in Québec exports and a favourable economic context, traffic in the ports of the Saint-Laurent has fallen significantly in the past 20 years. From 130 MT in 1980 to 100 MT in 1990, the volume of goods transiting through the ports of the Saint-Laurent has remained steady at around 105 MT since then. Traffic passing through the locks upriver of Montréal has followed a similar trend. From the opening of the St. Lawrence Seaway in 1959 until the end of the seventies, the volume of cargo transhipped had more than doubled, going from less than 30 MT to more than 70 MT per year. Volume fell back to 40.9 MT in 1993, but has now stabilized at 50 MT per year.

In 1998, the value of Québec goods transported by sea was estimated at \$6.2 billion, or 11% of the total. As for imports, approximately a quarter of the \$43.6 billion worth of imported goods, or a little over 10 billion dollars, were transported by ship. Although the proportion of goods transported by ship varies from year to year, the value of imports remains superior to that of exports. During the period from 1980 to 1997, the value of products imported by ship increased significantly, but did not make up for the decrease in exports.



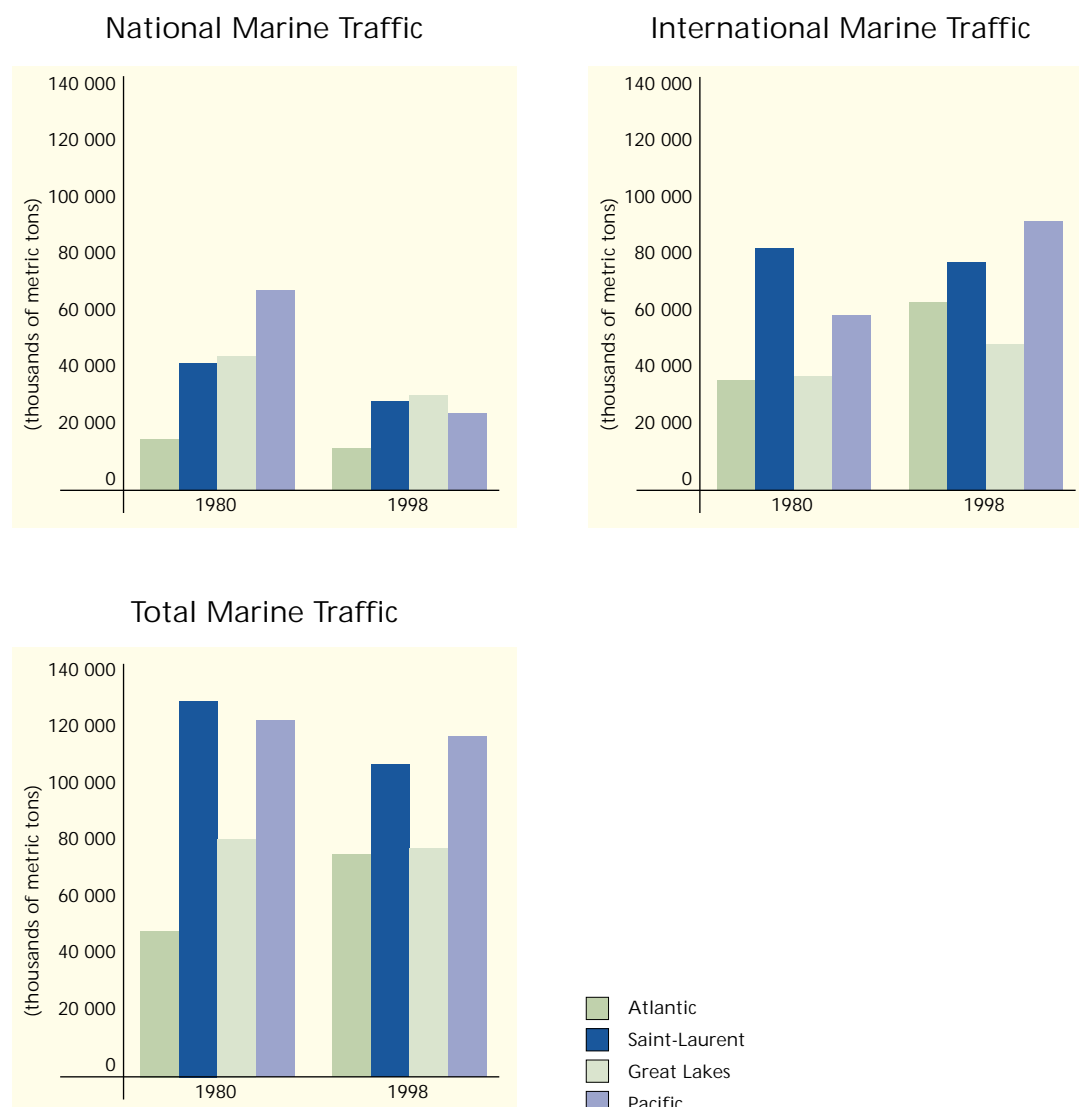
### International marine traffic

Maritime freight in Québec is linked for the most part to trade with the rest of the world, which accounts for 75% of its activities. Of the 78 MT of products that made up its international traffic in 1998, two thirds were exported to Europe and the United States. Iron ore and grain were the most exported goods. The other third, around 28 MT, was made up of products imported mainly from Europe, the United States and Latin America. Crude oil, bauxite and alumina, chemical products and non-ferrous ore were the most imported products. During the last two decades, exports from ports of the Saint-Laurent have dropped by 21%, or 13 MT.

## National marine traffic

Cabotage accounts for a quarter of Québec's marine traffic. Although this proportion has gone down by 12% in the ports of the Saint-Laurent in the past 20 years, cabotage has fallen at an even greater rate in other North American ports. Road transportation in Québec continues to gain ground at the expense of the shipping industry. Although the pulp and paper industries have diversified their sources of raw materials by using recycled paper and wood shavings, the wood which was once transported by ship from the North Shore to Québec City is now being transported by truck. The same is true for the supply of hydrocarbons to the Saguenay and Eastern Québec regions. Recently, part of the hydrocarbon supply for Montréal is being shipped via rail from Saint-Romuald.

## Canadian maritime transport by region



Source : Statistics Canada

Traffic in the ports of the Saint-Laurent is decreasing in several markets, including those defined as “natural” markets. Between 1985 and 1997, maritime traffic between Saint-Laurent ports and Europe dropped by 6%. At the same time as Saint-Laurent ports were losing 2 MT, Atlantic ports were gaining 12.4 MT and Pacific ports, 1 MT. Trade with Africa and the Middle East increased by 126% between 1985 and 1997, but on the Saint-Laurent business grew at a slower rate. The 4.9 MT gain is less than that of Atlantic ports where growth reached 299%, up by 7.1 MT. Pacific ports have even managed to increase traffic to Africa and the Middle East by 4.1 MT, which represents an increase of 113%. Trade with Latin America has remained more or less stable since 1985 in the ports of the Saint-Laurent, whereas the Atlantic ports have intensified their commercial activities with these countries. A 105% increase in total cargo has been recorded during this period, which represents a gain of 4.4 MT. Atlantic ports have also made gains in the east coast markets of the United States, where an increase of 190% or 17.5 MT has been recorded, while this traffic from the ports of the Saint-Laurent has not much changed throughout this period.

### Iron ore transportation

The crisis in the steel industry in the early eighties had a major impact on the transportation of iron ore on the Saint-Laurent. While American steel production dropped from 160 MT to 85 MT, new players from South American and African countries arrived on the scene. These countries can produce good quality ore at lower costs. This situation also affected the demand for Québec iron in the steel-works of the Great Lakes. From the mid-eighties, the shipment of Brazilian and African iron ore developed new traffic between Saint-Laurent and Great Lakes ports. Today this trade represents 1.5 MT and mineral imports provide complementary opportunities for ocean-going vessels that leave the Saint-Laurent loaded with grain.



### Grain shipping

Grain shipping on the Saint-Laurent has fallen significantly during the past few years. There are several reasons why the Saint-Laurent has been passed over in favour of alternative routes. Market migration, the emergence of new producing countries and new international trade agreements and federal policy regarding the transport of grain from Western Canada are also partly responsible for the fall in grain transportation on the Saint-Laurent.

In recent years, Europe has started exporting rather than importing grain. Instead of buying grain from Canada, European countries have increased their production to such an extent that France now exports more grain than Canada. This grain is often exported to Africa and the Middle East, markets that traditionally used the Saint-Laurent.

The North American Free Trade Agreement (NAFTA) has also contributed to changes in the final destinations for Canadian grain. Exports from the Prairies to the United States and Mexico have increased and are now mainly transported by land. Falling wheat prices, the increase in land transportation costs and government programs for the diversification of Western agriculture are other factors which have spurred a trend to ship grain to destinations which are closer to the production sites.

Grain shipping on the Saint-Laurent has fallen significantly during the past few years.



Federal government policy on the transport of western grain has also had a negative impact on the Saint-Laurent. The Canadian government subsidized transport of western grain by rail until 1995. Every year the government gave \$750 million to railroad operators, based on distance travelled, and thus promoted transportation toward Pacific ports. Massive federal government investments for railway construction in western Canada also meant that transportation towards the Pacific was an attractive option.

In addition, the Canadian Wheat Board, with its mission to distribute farmers' production, favours transportation toward the West Coast. Wheat from Pacific ports is mainly exported to Asia and the south-west coast of the United States, whereas in the east the shipment of wheat to South America has strong competition from American markets which can take advantage of the Mississippi system.

## Container traffic

Container traffic on the Saint-Laurent is concentrated in the port of Montréal. In 2000, more than 1,000,000 T.E.U. (twenty foot equivalent units) were handled, which made Montréal the third largest port for this type of traffic on the Atlantic coast after New York-New Jersey and Charleston. Since 1987, the port of Montréal has maintained this position with a growth rate of approximately 60%, which compares well with other Atlantic coast ports. Its market share has remained steady at 12% during this period. Container traffic passing through Montréal comes mainly from increased trade between Europe and the central regions of the United States. Africa, the Middle East and South America are other fast-growing markets.

The ports of Halifax and New York provide Montréal with tough competition for container traffic as they are geographically well located to respond to the needs of overseas shippers. The water depth in these ports also means that they can accommodate super container carriers that use only a limited number of major ports in Asia, Europe and America. With adequate infrastructure in place, some the ports of the Saint-Laurent could one day handle this type of container traffic. At the present time the port of Montréal cannot accommodate container carriers exceeding 2,800 T.E.U. Shipowners are adapting the design of their vessels, however, in order to maximize loading capacity and 3,500 TEU ships could eventually call there. Water-level indicators precisely showing available draft at critical points on the river are an invaluable aid to shipowners. Combined with the improved performance of communication systems and geographical positioning via satellite, vessels can now accurately adjust their loading plans in advance.

Overall cargo traffic  
in Saint-Laurent ports has  
fallen dramatically in the  
past 20 years.

Container cargo is handled by shipping companies with regular service routes. As is the case in most other countries, shipping companies using Canadian waters are subject to a number of regulations. The Shipping Conference Exemption Act (SCEA) sets down standards for the commercial practices and pricing policies of shipping companies offering regular international liner services in Canada. It allows shipping companies to form associations-known as conferences-which make it legal to bypass competition laws that normally prohibit such alliances. Until recently this system had been advantageous for carriers stopping over in Montréal. A short while ago, however, the law was amended to take into account changes in the American Ocean Shipping Reform Act, which came into effect on May 1, 1999. The modifications are mainly designed to clarify the relationship between carriers and shippers, and should not have any effect on the competitiveness of carriers using the port of Montréal.

Overall cargo traffic in Saint-Laurent ports has fallen dramatically in the past 20 years. The drop in traffic is equal to 1 MT per year, or the total cargo handled annually in the ports of Matane and Rimouski. The increase in container traffic and the new cargo generated by a growing aluminum industry have not been enough to make up for the losses related to the transport of grain and iron ore.

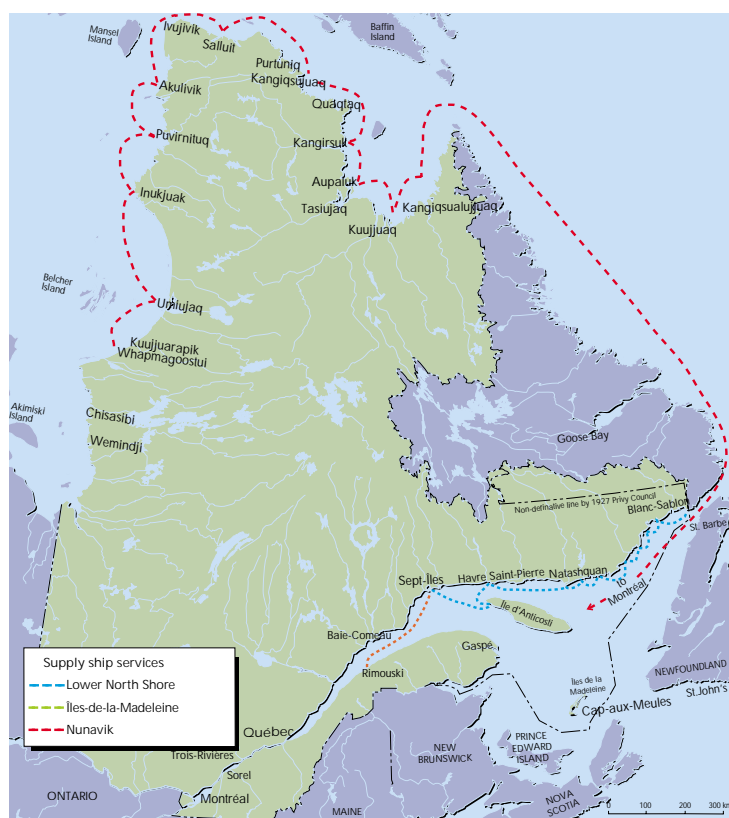
## 1.5 Maritime passenger transportation services

Passenger transportation is mainly provided by ferry and regular supply services. These routes are an extension and a complement to the existing road network. In addition to this type of transportation, various cruises are offered on the Saint-Laurent in summer.

The Société des traversiers du Québec (STQ) is responsible for most ferry services in the province. The Gouvernement du Québec provides the STQ with the necessary annual funds to guarantee quality services. The STQ operates five ferry services directly and contracts out three other routes.

The three isolated regions of Québec, the Îles-de-la-Madeleine, the Lower and Upper North Shores and the villages of Nunavik are connected to the rest of the province by a series of shipping lanes offering regular supply services for goods and passengers. The Gouvernement du Québec has mandated private companies to supply these services to the Îles-de-la-Madeleine and the Upper and Lower North Shores. The government finances around half of their operations. Although perishable goods are mainly shipped by air, the 15 villages of Nunavik are linked by a shipping route managed entirely by a private company.

Québec supply ship services.



## 1.6 Related maritime industries and services

Marine transportation handles 75% of all goods carried in the world today. Globalisation is becoming more and more of a reality, but should not negatively affect the shipping industry. It would seem, on the contrary, that the need for new ships will in fact increase. The shipbuilding and repair sectors are essential to an efficient shipping industry as they develop and supply the services needed to keep vessels in good working condition for national and international trade.

### The need for new ships will in fact increase

The shipping industry also contributes to the development of maritime equipment and provides quality employment for hundreds of workers. The passage of ships on the Saint-Laurent creates an increased need for support from various sectors. New satellite technology has made navigational instruments and traffic control systems more sophisticated. Environmental concerns have led to the development of specific mechanisms in the fight against pollution, such as the treatment of ballast water and waste from ships, and these mechanisms require specialized facilities. Changes in the overall picture, therefore, have led to the development of related service industries.

Shipbuilding and repair are complementary industries to the shipping industry and are powerful economic development tools, as can be seen in South Korea, Japan, China and Taiwan where these industries are thriving. These countries alone control two-thirds of the world's shipbuilding market. These sectors also occupy an important position in the economies of a number of other countries, Québec included. The golden age of shipbuilding in Québec is still a part of the very recent past. From the end of the Second World War to the years following the opening of the St. Lawrence Seaway, the shipyards of Québec were bustling and a large number of them dotted the coast of the Saint-Laurent.

A number of political decisions taken in the eighties, however, considerably slowed the industry in Québec. The federal government did a great disservice to Québec shipyards when it decided to use negotiated contracts rather than tenders to allocate frigate building and repair contracts. The great beneficiaries of the new policy were the shipyards of St. John Shipbuilding in Saint John, New Brunswick, the Irving Halifax Shipyard group in Nova Scotia and the Marystown Shipyards in Newfoundland.

The Hibernia project has had no positive impact whatsoever for Québec's shipyards. The federal government granted its contracts for drilling platforms to Italian and Korean shipyards, despite Québec's expertise in this field. At the beginning of the eighties, for example, the Lévis shipyard constructed 12 such platforms for the United States.

International Free Trade Agreements in their current form do not help the Québec shipbuilding industry much either, because this field is totally excluded from NAFTA. Under article 27 of the US Shipping Act, better known as the Jones Act, Americans have protected access to their markets. Adopted in 1920, this law stipulates that vessels used for interior trade must be built and repaired in the United States. Québec markets, on the other hand, are wide open to American competitors. This sector is also excluded from the WTO agreement on public markets.

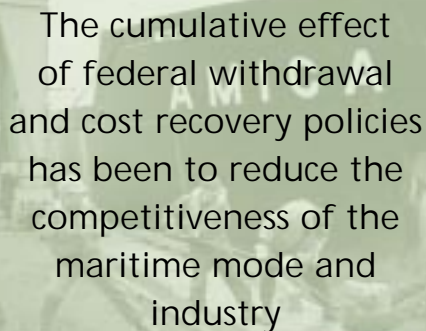
The shipbuilding industry's problems persist despite the consistent efforts made by the gouvernement du Québec to revitalize shipbuilding during the last few years. The government adopted a series of tax measures in 1996 which were designed to assist the maritime sector. Shipbuilders receive guaranteed loans and tax credits to finance the construction of prototypes. Capital tax for owners of new boats destined for navigation in international waters has been reduced. During this period, the federal government chose to maintain a 25% customs duty on imported vessels, thus increasing the cost of acquisition for Québec ship owners, but this measure does not have any benefit for shipyards.



Future prospects for the shipbuilding industry are, however, highly encouraging. Both the Québec ferry fleet and the Canadian shipping fleet are ageing, which would indicate better days ahead. The development of new petroleum projects in Newfoundland could also benefit the Québec economy, as long as the province is sufficiently proactive.

## 1.7 The withdrawal of the Canadian government

The federal government has changed its approach to economic development in the regions of Québec and the rest of Canada in recent years. The government is seeking to transfer transport-related operations to local authorities and this trend continues today. This disinvestment policy first targeted regional airports and railroads, but rapidly expanded to include port infrastructures. In 1995, Ottawa announced that it was abandoning its traditional responsibilities as owner, operator, manager and financial supporter of port infrastructures throughout Canada, the Saint Lawrence Seaway included. This withdrawal, which also extends to navigational services, has had a significant impact on the industry and threatens the soundness and competitiveness of several areas of the Québec marine transportation system.



The cumulative effect of federal withdrawal and cost recovery policies has been to reduce the competitiveness of the maritime mode and industry

### Pricing

Since 1996, the federal government has introduced tariffs for navigational aid services, dredging and ice-breaking. It has also partially withdrawn services in the field of environmental emergency response, while retaining control over their standards.

The financial consequences of these actions are many and varied for those who use the Saint-Laurent. The \$4.2 million annual bill for dredging the main navigation canal of the Saint-Laurent is now footed entirely by users. In addition, the annual bill for navigational aid services, ice breaking and dredging currently runs at \$20 million. Québec provides

half of the Canadian Coast Guard's total annual tariff revenues, but only receives 20% of their spendings. The homeports of 60% of the Canadian Coast Guard fleet are in the Maritimes and its two largest icebreakers are based in Halifax where there is no need for ice breaking as these ports are ice-free year round.

The cumulative effect of federal withdrawal and cost recovery policies has been to reduce the competitiveness of the maritime mode and industry. Repercussions can be felt on other levels of government which, in addition to having no say in federal decisions, do not have sufficient resources to maintain, manage and develop regional infrastructures. The effect of this policy is all the more damaging when one considers that Saint-Laurent competitors, the Mississippi system for one, do not have to support such costs.

## Transfer of port administration

Between now and March 31, 2002, Transport Canada intends to rid itself of approximately forty port sites in Québec. To this end, the federal government has established a transition assistance fund with an initial budget of \$125 million for almost 300 public port facilities. At the present time only \$30 million of this fund are still available for 120 ports throughout Canada. The sites targeted in Québec are listed as regional and local ports. They vary enormously in terms of size of equipment, traffic and economic and commercial potential. Very often these sites support several different activities, such as cabotage and international transport, commercial fishing, ferry services, passenger and goods transportation for outlying regions, cruises, excursions and recreational boating activities.

The gouvernement du Québec acquired 10 ferry terminals, part of the infrastructures Ottawa had planned to transfer, in August 2000. The Société des Traversiers du Québec owns and manages these facilities. As part of the agreement with the federal government, a \$36.3 million fund was created for the maintenance and management of these facilities over the next 25 years.



Transport Canada has decided to keep nine facilities serving outlying regions for the time being. These are situated in the Lower North Shore and the port of Cap-aux-Meules in the Îles-de-la-Madeleine.

The effect of federal divestiture and cost recovery policies has been to reduce the competitiveness of the maritime mode and industry. In addition, the federal withdrawal policy also has negative impacts on the gouvernement du Québec and municipalities which are all too often forced to take on responsibilities previously under federal jurisdiction.

## 1.8 Québec's jurisdiction, powers and means

While our constitutional law gives the Canadian parliament exclusive jurisdiction over issues related to shipping and navigation, from a legal point of view the province of Québec can intervene in the area of intraprovincial commercial transportation, local industries and private law. Although Canadian maritime law, which originated in Britain, is recognized in numerous international conventions and retains legislative authority, bijuralism gives the Québec civil code the power to regulate a number of maritime-related matters. The new Québec civil code has in fact retained its provisions respecting the maritime sector. The Regulation respecting the transportation of persons, adopted under the Transportation Act, confirms the role played by the Commission des transports du Québec in this field.

The gouvernement du Québec can assume a more important role in marine transportation

Québec owns beach and deep water lots and has exclusive jurisdiction over land use planning and some areas of road and rail transport. Québec also owns some infrastructures, including the port of Bécancour and approximately 15 ferry berths. The Ministère des Transports du Québec has responsibility for ferry and supply ship services for isolated or outlying regions, with an annual budget of \$43 million.

The Gouvernement du Québec also has authority to adopt tax measures for the maritime industry and has done so since 1996. If government decisions are not well coordinated, however, the various policies can tend to cancel each other out. The gouvernement du Québec can assume a more important role in marine transportation. With the support and cooperation of the maritime sector it has the necessary power to take action that will serve the best interests of all Saint-Laurent users.

# 2



Stakes and challenges

# challen

Market globalisation has a direct impact on freight transportation. Major challenges today are the restructuring of the transportation industry, shipping industry competitiveness, workforce training, sustainable development, promotion of the Saint-Laurent and development of river tourism. These challenges are considerable.

## 2.1 Changes in freight transportation patterns

Since the early sixties the transportation of goods by sea has steadily grown worldwide, increasing from 1 to 6 billion tonnes annually. Significant technological innovations during this period have profoundly changed ocean transportation. Vessels are now bigger, more specialized and more efficient in loading and unloading, particularly affecting bulk cargo transportation.

In addition, these years have seen numerous mergers and alliances and a strong move toward decentralization in the transport industry. The large railroad companies in North America have consolidated their operations with a view to offering faster service at a lower cost. The Canadian National (CN) has maintained its acquisition policy since it was privatized. The maritime sector is also affected by this trend, with for instance acquisitions by CP Ships and the merger between Sea-Land and Maersk.

The use of containers marked a turning point in cargo transportation

The use of containers marked a turning point in cargo transportation by speeding up loading and unloading operations for vessels and also contributed to more integrated maritime, rail and road transportation services. The tendency to build bigger and bigger vessels has now carried over into container transportation. The first container carriers at the end of the sixties had a capacity of 500 to 1,000 twenty foot equivalent units (T.E.U.). Today 9,800 T.E.U. carriers are crossing the oceans and the days of the new generation of 12 500 T.E.U. and beyond are not far away.

What this means is that the Saint-Laurent is facing an enormous challenge since, due to current shipbuilding techniques and navigational management practices, Montréal which is currently the third largest container port on the east coast of North America, is limited to container carriers of approximately 2,800 T.E.U. specially adapted to draft constraints.

Non-Vessel-Operating Common Carriers (NVOCC) and freight forwarders who offer integrated transport services were created to meet the needs of shippers. They rent space aboard vessels and can offer more varied services at reduced costs without the constraints associated with ownership of vessels. This new approach could have an effect on future shipping routes.

All these changes will clearly have consequences for the ports of the Saint-Laurent and the advent of super container carriers brings a significant challenge. But for ports upriver from the Québec City bridges, they could be a major business opportunity as some ports in eastern Québec have the necessary water depth to accommodate vessels of over 150,000 t, but none currently has adequate surface facilities to handle container traffic. Important investments will be necessary if this market is to develop. Care must also be taken not to negatively impact the port of Montréal.

## 2.2 Competitiveness of transportation on the Saint-Laurent

The costs and services offered to maritime carriers by public and private operators are a determining factor in the competitiveness of the Saint-Laurent over other routes. The costs associated with navigation on the Saint-Laurent have to be kept competitive as users constantly compare these costs with those of other routes. Cargo ships engaged in cabotage in particular are more directly affected by cost increases. In addition, because the 25% customs duty imposed by the federal government and the subsidies available to foreign shipyards have an effect on the competitiveness of local shipyards, the cost of acquiring new vessels from Québec shipbuilders is significantly higher. Care must be taken, therefore, to control and improve fee structures to ensure the Saint-Laurent is as cost-effective as possible and guarantee a prosperous future for the river, both in Québec and at the international level.



The lack of competitiveness of the Saint-Laurent is one of the main reasons for the decreasing level of maritime transport in Québec. The rapid increase of navigation and dredging-related fees imposed by the federal government has had a negative impact on river users. These additional costs, which represent almost \$25 million, are shared amongst all users. The increase in price for the use of locks has also had a direct impact on the competitiveness of the Saint-Laurent and, therefore, bulk ore traffic from the Saint-Laurent to the Great Lakes has fallen in comparison with Minnesota cargo loaded on Lake Superior.

The lack of competitiveness of the Saint-Laurent is one of the main reasons for the decreasing level of maritime transport in Québec

The balance of upriver and downriver traffic on the Saint-Laurent is another factor which has a severe impact on the competitiveness of the Saint-Laurent-Great Lakes system. The movement of ore upriver and grain downriver still accounts for most of the complementary traffic. This element of complementarity is essential to guarantee increased activity on the Saint-Laurent, especially for bulk cargo, because transportation costs are usually a major factor in the price of finished products. As for all raw materials or manufactured products, whenever the sale price includes significant transportation costs, the transportation industry must offer cost-competitive services.

Several other reasons can account for the decrease in traffic on the Saint-Laurent. During recent years, economic changes brought about by the technological revolution, trade liberalization and mergers and acquisitions by multinational companies have changed the old economic order. These changes have also had a profound impact on the transport industry and in particular on the freight transportation industry.

The shipping industry must, therefore, be competitive and take advantage of the strategic location of the Saint-Laurent on the North American continent in order to meet the challenges of a changing world.

## 2.3 The workforce : hiring and training

There has been an increasing trend worldwide in recent years to improve working conditions for seafarers and to force offending operators to bring the condition of their vessels in line with existing standards. In order to ensure maritime safety and preserve the quality of their environment, sovereign states impose increasingly stringent international certification standards for all seafarers arriving in their ports.

During consultations held in June and August 2000 and in March 2001, several participants emphasized the difficulty of hiring competent workers. Some explained that they often had to recruit officers abroad and even went so far as to suggest that there is a crisis in the shipping industry job market. The situation is especially worrisome as high quality and well-paid jobs were involved.



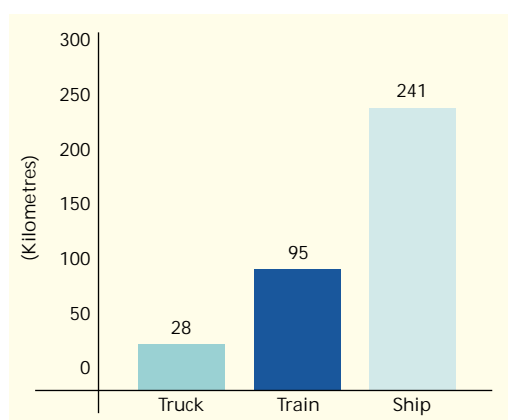
In 1998, Québec took over responsibility for manpower training from the federal government and services are currently managed by Emploi-Québec. The Ministère de l'Éducation du Québec also published a document entitled "Vers une politique de la formation continue". This document was used by the Institut maritime du Québec to define its position on the training of all maritime workers.

Current training needs must be defined by employers and it is important that this training be adapted to the demands of the job market to produce competent workers in sufficient numbers. To this end it is proposed that the cost of training be covered by a national fund for this specific purpose. This responsibility has been given to the Table sectorielle de l'industrie maritime du Québec to ensure that all the workers in this sector have access to training programs.

## 2.4 Sustainable development

A survey commissioned by the Amis de la vallée du Saint-Laurent has shown that the general public believes the shipping industry has a harmful effect on the environment and that it is incompatible with recreational use and the protection of the river's resources. The maritime shipping industry is however one of the most energy efficient modes of transportation. A study by the U.S. Congressional Budget Office led by S.E. Eastman has shown that, on average, with one litre of fuel, a ship can carry one tonne of cargo as far as 241 km, while a train will only cover a distance of 95 km and a truck, 28 km.

Distance covered by one tonne of cargo on one litre of fuel



As with rail transport, maritime and intermodal transport contribute, on the continental level, to a decrease in the social and environmental impact of heavy road traffic and increase road safety. Transportation overall has a negative impact in several different areas and costs must be borne by society as a whole. The government should take into account the social and environmental costs associated with each mode of transportation and promote the use of the most economical and least damaging means.

Studies on greenhouse gases and climate changes have shown that if atmospheric carbon dioxide concentration doubles, the consequences will be wide-ranging. The water level will change in the Saint-Laurent and in world oceans, as will the frequency and intensity of storms, and the length of ice-free periods. As a result, these changes would extend the navigational season in the Arctic and higher sea levels could impact coastal facilities.

At the beginning of 1996, the environment ministers of OECD member countries concluded that effective measures to reduce the negative effects of freight movement on the environment were needed. They decided that:

- it was essential to take effective measures to avoid the undesirable consequences of a permanent increase in the most polluting modes of transport;
- such measures are necessary to internalize the social and environmental costs of the various modes of transportation;
- there is a need to develop measures to discourage the use of cars and trucks and increase the use of less environmentally damaging means of transportation such as bus, rail, sea and non-motorized transportation.


**Maritime shipping is the most energy efficient mode of transportation**

The protection of the environment and public safety are major challenges that the various partners in the transportation industries and the general public need to address together. There are many new opportunities in this area, but clearly, there must also be a change in attitudes.

These challenges were addressed by the Saint-Laurent Action Plan, Vision 2000, led by the ministère de l'Environnement du Québec and Environment Canada. The ministère des Transports du Québec is also an active participant in this initiative. Since 1988, five-year agreements have facilitated measures to clean up the river, ensure its protection and preserve and restore its ecosystems.

A new element was added to phase III of the action plan (1998-2003) to cover navigation and the shipping industry. The Navigation Consultation Committee has been mandated to develop and implement strategies to ensure that navigation is managed in such a way that it provides sustainable development for the Saint-Laurent. The committee is made up of representatives of the shipping industry, environmental groups and both levels of government.

Water policy is another important area where work is jointly undertaken with the ministère de l'Environnement. The gouvernement du Québec must coordinate its various river-related actions in a global plan. Important initiatives are currently being carried out by the ministère de l'Environnement to create a water management policy for Québec. Certain aspects of this policy will, of course, address some of the challenges and concerns related to maritime transport.



The Gouvernement  
du Québec must  
actively promote  
the Saint-Laurent  
worldwide

## 2.5 Promoting the Saint-Laurent

The Secrétariat à la mise en valeur du Saint-Laurent was established by the gouvernement du Québec in 1985 and is responsible for the promotion of the Saint-Laurent. It organizes trade missions to various countries and welcomes trade delegations to Québec. Québec trade delegations have visited Chicago, Paris and Rouen. European and American business people and journalists specializing in international shipping and cruises have also been invited to these promotional activities. The success of trade missions depends on the new contacts and new business opportunities that develop as a result. Missions abroad and the reception of foreign delegations at home offer opportunities to establish new trade relations.

American and European ports promote their activities and services abroad to a far greater extent than is done for the ports of the Saint-Laurent. Unlike the great ports of America and Europe or, indeed, Halifax and Vancouver, the ports of the Saint-Laurent have practically no commercial representation or promotion abroad. In the United States and Europe, most larger ports have a largely decentralized structure and often depend purely on private enterprise or municipalities. This means that large foreign ports benefit from local support and are often members of powerful associations with very specific missions, such as the promotion of port services.

A few years ago there were as many as 34 people directly involved in promoting the 6 main ports of the Atlantic coast, 51 for the five main ports on the Pacific coast and 49 for 5 European ports surveyed. In Canada, the port of Halifax has 3 representatives. The port of Vancouver alone has 15 representatives, 10 of which are in Asia. For the Saint-Laurent, the resources are limited to 1.5 representatives who work exclusively for the port of Montréal : one in Ontario and one in the United States (who also represents the port of Vancouver).

In 1985, in response to the urgent need expressed by Congress and the Department of Transportation, the St. Lawrence Seaway Development Corporation<sup>2</sup> implemented a Trade Mission Program as part of its development activities. Seaway authorities on the American side of the border have conducted 25 trade missions to 35 different countries and 56 trade centres across the world since 1985. In recent years the American Seaway has directed its efforts toward specific areas. For instance, it has undertaken to educate shipbuilders on the need to build more ocean-going vessels that can clear the locks on the Seaway.

The gouvernement du Québec must continue promoting the development of the shipping industry through measures designed to increase maritime traffic on the Saint-Laurent. A partnership between port authorities, ship owners and other partners from industrial, tourist and recreational sectors is essential to promote the facilities currently in place on the Saint-Laurent. Partners in the shipping industry must also strive to influence the perception of shippers with respect to the cost-effectiveness of maritime transportation and the perception of the public as to the usefulness and environmental safety of this mode of transportation.

The Saint-Laurent is a major asset for Québec. The Gouvernement du Québec must actively promote the river worldwide.

## 2.6 Developing tourism on the Saint-Laurent<sup>3</sup>



According to the Cruise Lines International Association (CLIA), more than 7 million people took a North American cruise in the year 2000. As at the end of last year, 140,000 beds were available on 127 cruise ships in this market segment. CLIA representatives predict that between now and 2006 an additional 47 ships with 86,000 beds will be able to transport 3.9 million additional passengers, an increase of 55 % over 2000. It is expected that for the next five years, construction projects for cruise ships will be numerous. Over US\$15 billion will be invested.

<sup>2</sup> The St. Lawrence Seaway Management Corporation's American counterpart.

<sup>3</sup> For the purposes of this document, river tourism refers to international cruises, cruises on the Saint-Laurent and the Great Lakes, excursion-style cruises and recreational boating.

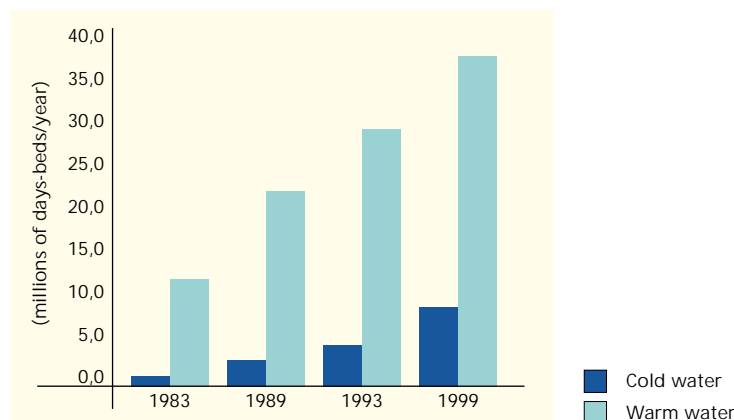
Decreasing costs and large-scale savings on new ships have made cruise trips more affordable. In 1986 the average age of cruise passengers was 56 but in the past five years, the age dropped to 46.2. More and more people today regard cruise trips as a vacation style they can afford. The major destinations are still the Caribbean, the Mediterranean, the Bahamas and Alaska. Since 1990, the Mediterranean has overtaken the Bahamas for second place in terms of number of passengers carried, after the Caribbean.

The potential is also there for developing cold water cruises on the Saint-Laurent

### International cruises on the Saint-Laurent

Passenger traffic from the international cruise business in the Québec City and Montréal ports between 1989 and 2000 has fluctuated between 20,000 and more than 51,000, with a high in 1991 and a significant drop in 1996. In the year 2000, international cruise ships brought in 35,000 visitors.

North American passengers  
by cruise type



Source : Cruise Lines International Association

September and October continue to be the busiest months as this is the low season in other parts of the world and our fall landscapes are breathtaking. The cruise season could, however, be extended to include the period from May to September. The challenge for the Saint-Laurent, therefore, is to promote the various attractions and beautiful scenery along its 1,600 km. The Saint-Laurent and its tributaries, all the way up to the Great Lakes, are well developed for the international cruise industry but also offer wonderful opportunities for local excursions or recreational boating. Strong promotional initiatives should also focus on cruises into Québec's interior and boat excursions.

Cruise activities of all kinds are becoming increasingly popular and require adequate and very specific port facilities. The potential is also there for developing cold water cruises that have gained popularity in recent years. Québec can become a significant attraction for this type of cruise travel in Eastern North America.



Québec Marine Transportation Policy orientations

orientations



## Québec Marine Transportation

The previous section showed the important international role the Saint-Laurent plays as a vital waterborne transportation link for moving freight, particularly containers, bulk transportation and general freight. The general decline in maritime freight on the continental level and the near disappearance of cabotage in Québec were also shown.

Major changes in the organization of trade and transportation in the world come about at a time when the governments of Canada and Québec are seeing their respective responsibilities change dramatically. The federal government is transferring ownership and management of port facilities and imposing cost recovery on navigational services while the gouvernement du Québec, in partnership with concerned companies and organizations is making efforts to establish a strategic, multimodal and integrated network to help promote regional development.

Québec is, therefore, faced with several challenges in its efforts to develop the shipping industry, increase international cruise traffic and train a competent workforce, taking into account environmental and safety concerns as well as the need for sustainable growth. Shipping on the Saint-Laurent is a significant contributor to Québec's economy and it is important to promote and make this activity genuinely competitive.

In addressing these challenges, the government has decided to focus on four main areas.

### 1 Increasing the use of the Saint-Laurent for transportation and trade

The Saint-Laurent and the Seaway linking the Great Lakes enable freight transportation to various regions of Québec; the export and import of goods; they are also used for the movement of goods, ever increasingly in containers, between the continent and international markets. Québec must not only take advantage of this important asset in international trade and shipping, it must also maintain and improve the ability of the Saint-Laurent to be cost-competitive for freight transportation.

### 2 The Saint-Laurent as a major asset for regional development

More business in the shipping industry on the Saint-Laurent/Great Lakes system will benefit the transport industry and manufacturing companies, but it must also promote the development of regional economies. The availability of port facilities, the proximity of industrial land and quality maritime services can make a difference when it comes to persuading companies to settle in regional areas. Closer association with the shipping industry will also help existing industries become more competitive.

### 3 Developing the promotion and enhancement of maritime activities on the Saint-Laurent

Most of what Quebecers know about the Saint-Laurent has been learned from riverside activities or from the media, but the river remains largely unexplored and underused. Many regions, however, are best discovered from the unique viewpoint the river offers. The Gouvernement du Québec intends to play a major role in promoting maritime activities and improving the Saint-Laurent's image.

### 4 The workforce : hiring and training

One of the ways to develop marine transportation in Québec is to train an increasing number of young people so that they can work and build careers in the marine industry. More people with specialised skills involved in various shipping-related sectors will gain recognition and play an active part in the decisions that influence the development of this industry. Focusing on the training of the workforce and publicising job opportunities in this sector will allow Quebecers to play a greater role in the shipping industry.

As a result of consultations between the gouvernement du Québec and representatives of the shipping industry, orientations and priorities have been identified and agreed upon. The following section will describe the various strategies the gouvernement du Québec intends to implement.

# 4



Strategy for action

# strategy



The government has established the following orientations for the Québec Marine Transportation Policy: to increase general activity on the Saint-Laurent, to use its assets as socio-economic development tools, to promote maritime activities and to foster adequate training of the workforce.

These orientations have led the government and its partners to set out the basis of their involvement in the coming years. We have developed action plans to address each of our main objectives.

### 4.1 Increasing the use of the Saint-Laurent for transportation and trade

In order to develop transportation and trade on the river, the ministère des Transports and its partners will focus on the following stakes: coastal shipping and intermodal transportation, cost-competitiveness of the Saint-Laurent and management of maritime activities with a view to providing sustainable development.

#### 4.1.1 Developing cabotage and intermodal transportation

Changing North American markets and the current economic context have created new needs in the field of transportation. The ministère des Transports is committed to reviewing the state of infrastructures in Québec, establishing strategic networks and clarifying the relationships between the various means of transportation.

We have seen that shipping can offer interesting solutions to Québec companies for the transportation of goods. There is however a definite need for better integration with other modes of transportation - air, rail and road.

##### The challenge

The Saint-Laurent/Great Lakes system has unrivalled advantages for marine transportation. Québec must base its action plan on the strengths of the system and work with a multimodal perspective in mind. This will ensure a high level of competitiveness, public safety and sustainable development.

##### Our approach

To take full advantage of cabotage opportunities, the government will promote and support partnership initiatives between carriers and shippers willing to develop marine intermodal services. Such partnerships between various players in the transportation sector can evolve as a result of major industrial development projects. To attain this objective the government intends to:

- Identify the economic and commercial issues that have caused the decline in cabotage and examine, in consultation with current customers and potential users of new transportation services, to what extent those contributing factors can be overcome;
- Support the start-up of new marine transportation ventures including financial assistance to promoters;
- Create a work group in cooperation with carriers to identify projects including cabotage and intermodal transportation that would be competitive;
- Set up a one-stop access to government services, under the responsibility of the Ministère des Transports du Québec, to evaluate the practical and profitability aspects of various projects and to assist promoters in their dealings with governments or other organizations;
- Promote the development of intermodal centres to consolidate freight in order to stimulate the support of transportation solutions including the marine mode;
- Examine the possibility of modifying current Investissement-Québec programs to consider marine transportation projects (cabotage).

#### 4.1.2 Supporting greater competitiveness for the Saint-Laurent

Saint-Laurent ports compete with Atlantic coast, Gulf of Mexico and, to a lesser extent, Pacific coast ports for overall shipping. As a result of globalisation, we can predict that the competition to serve international markets will be between interior river networks and rail networks connected to continental port infrastructures. The cost of inland transportation and various services required for navigation could make the Saint-Laurent less competitive than other routes.

To help them stay competitive in international markets, some Québec shipowners use open registries, which do not legally require a connection between point of origin of the vessel, ship owner, crew or State of registry. This system greatly benefited shipowners and shippers, but negatively impacted the Québec workforce and economy.

##### The challenge

In the context of expanding international trade and the economic benefits the shipping industry can expect, it is in the best interests of Québec to do everything possible to ensure that the shipping industry on the Saint-Laurent is as efficient and competitive as it can be. This is an area where Québec companies can position themselves favourably by offering competitive and diversified services both here and abroad.

## The approach

The gouvernement du Québec will promote the comparative advantages of the Saint-Laurent and support activities designed to better satisfy market demands in international marine transportation. To do so it will be necessary to determine and evaluate the different factors associated with user costs to understand how they impact the competitiveness of the Saint-Laurent. The government also intends to obtain a greater level of collaboration from the federal government to promote cooperative development of the Saint-Laurent/Great Lakes system. Various fiscal measures aimed at strengthening the Québec shipping industry over time must also be considered. To reach its objectives the government intends to :

- Create a work group aiming to improve the competitive position of the Saint-Laurent. Special emphasis will be placed on cost reduction, public and private service offerings for commercial shipping, reduction of regulations and additional fiscal incentives;
- Ensure adequate monitoring of the comparative costs of alternative modes of transportation and other maritime routes;
- Sustain a strong representation by the gouvernement du Québec in Canadian and international organizations that are in a position to influence the competitiveness of the Saint-Laurent;
- As part of eventual negotiations with the federal government for the transfer of strategic ports, ensure the necessary representation is made so that federal cost recovery and potential future duties don't negatively affect the competitive position of the Saint-Laurent;
- Identify, in cooperation with industry representatives, various measures that might encourage shipowners to upgrade or renew their fleets in Québec;
- Promote the competitive advantages of the Saint-Laurent, both in Québec and abroad, through special activities and trade missions;
- Take the necessary steps to encourage international shipping industry companies to establish their headquarters in Québec;
- Ensure that shipments of material, equipment and foodstuffs in the context of government-sanctioned cooperation or international aide initiatives (civil or military) bring real economic benefits for the Québec shipping industry.

### 4.1.3 Favouring the harmonious management of maritime activities in a sustainable development perspective

Shoreline communities and, indeed, the general public are increasingly concerned about environmental issues connected with maritime and port activities and their effect on the ecosystem of the Saint-Laurent. It is important for maritime industries that governments establish clear and realistic rules with regard to environmental issues. Increased maritime and port activity in Québec demands the cooperative involvement of all parties to protect its environmental assets with a view to providing sustainable development. One of the basic conditions to support successful maritime activities on the Saint-Laurent is the maintenance of sufficient water levels to guarantee safe and economically viable navigation.

The gouvernement du Québec must also coordinate its actions for the overall management of the river. There must, therefore, be a dynamic partnership with the ministère de l'Environnement to develop a water management policy and coordinate actions concerning maritime transport with other activities on the river.

## The challenge

The development of a competitive shipping industry in Québec must be achieved with due consideration for the protection of the ecosystems of the Saint-Laurent. In fact, marine transportation does offer environmental benefits and this is an advantage that should be optimised and promoted.

## The approach

In the present context, the gouvernement du Québec must ensure environmentally sound development for marine transportation on the Saint-Laurent. As proposed in the Saint-Laurent Action Plan, this objective must be reached through increased cooperation between the various economic and political organizations concerned with environmental issues. The gouvernement du Québec also plans to increase its consideration of the environmental benefits provided by maritime transportation in its policies and future actions. To achieve this goal the government will :

- Systematically assess the environmental and social advantages of water transportation, particularly with respect to the reduction of greenhouse gas emission, when considering projects which influence the demand for the transportation of goods;
- Develop and support public and private partnerships aimed at identifying and implementing ways to reduce the environmental and social impact of maritime and port activities on the Saint-Laurent;
- Reinforce Québec's support for implementing phase III of the St. Lawrence Action Plan, Vision 2000, for the sustainable development of maritime and navigational activities and ensure continued efforts after 2003;
- Ensure Québec is more actively involved in Canadian and international shipping-related organizations or other institutions which may, for different reasons, have an interest in economic and environmental policies pertaining to shipping on the Saint-Laurent/Great Lakes system;
- Increase gouvernement du Québec support, in collaboration with other concerned parties, for groups with a mission to study and strengthen Québec's position with regard to the potential consequences of fluctuating water levels in the Saint-Laurent on maritime and port activities;
- Provide financial support to transportation projects that already include a maritime segment or promote intermodal transportation whenever economically and environmentally justified;
- Ensure continued cooperation between the ministère des Transports and the ministère de l'Environnement in the development of a water management policy. This cooperation will cover, among others, the following points:
  - Establish a special status for the Saint-Laurent;

- Develop and implement an integrated management plan for the drainage basin of the Saint-Laurent;
- Ensure greater representation by Québec on international decision-making bodies.

We should point out that an integrated management plan for water resources and aquatic ecosystems in the Saint-Laurent system, including other trans-border basins, will be developed and implemented. The plan will include objectives that will need to be integrated with other activities on the Saint-Laurent basin such as recreational boating and commercial navigation.

## 4.2 The Saint-Laurent as a major asset for regional development

To meet this objective the gouvernement du Québec will coordinate actions by the ministère des Transports and its partners in accordance with established plans related to the port network, industrial and regional development, related maritime services, basic ferry and supply ship services, and tourism.

### 4.2.1 Structuring a strategic network of ports for Québec

The transfer of transport responsibilities in general, and those of marine transportation in particular, by the federal government has led the gouvernement du Québec to examine its own involvement in this sector. In fact the Canadian government, while retaining its legislative and regulatory powers with regard to marine transportation, is transferring responsibility for a number of port infrastructures, with the exception of the five largest ports. It is reducing its financial support and passing on the management of infrastructures (the St. Lawrence Seaway, for instance) and the supply of certain services to other bodies. It is increasing its attempts to recover the cost of services it is still offering. Associated powers are not however transferred along with the responsibilities, and marine transportation remains almost exclusively under federal jurisdiction.

#### The challenge

It is obvious that, as a result of federal government withdrawal, marine transportation and the maintenance of a modern, efficient and adequate network of ports are imperilled. Québec cannot remain indifferent to this situation. The future of the maritime industry and the preservation of its infrastructures are at risk. The economic prosperity of the regions with port infrastructures depends to a large extent on a prosperous shipping industry. Québec will, therefore, take a more active and leading role in the development of the maritime sector.

## The approach

The gouvernement du Québec will affirm its involvement in the port sector. Its initiatives will take various forms, depending on ownership and management of the various facilities. To achieve this goal the government plans to:

- Establish a strategic network of ports aimed at promoting the economic development of Québec and its regions;
- Define, with industry representatives the necessary criteria and conditions to put in place this strategic network of ports;
- Propose an appropriate management structure to ensure the viability of strategic ports, as these facilities are essential to the economic development of the regions they serve;
- Improve surface access and cargo handling infrastructures in strategic ports, especially through measures aimed at supporting projects which promote intermodal transportation;
- Develop common and cooperative actions within the network to create a synergy, over and above the normal and healthy competition that exists between ports, to face outside competition and present a unified vision of the Saint-Laurent network on the international scene;
- Adapt fiscal policy of infrastructure and equipment in marine transportation with a concern for cohesion, equity and competitive balance between the different means of transportation with an aim to developing this sector;
- Examine the possibility of compensating owners of private port facilities for a portion of their municipal taxes;
- Promote the development of alternative uses for all port infrastructures on the Saint-Laurent.

### 4.2.2 Increasing the contribution of the shipping industry and related services to industrial and regional development

Industry in general and organizations responsible for policy planning may not have sufficiently considered the Saint-Laurent as an economic and regional development tool. Although some industrial sites are linked to certain ports, it is clear that the socio-economic development potential of the Saint-Laurent has not been fully exploited. The absence of a federal policy on shipbuilding and repair yards, for instance, has made it difficult to develop this type of activity on the Saint-Laurent. In addition, the various governments have perhaps not been sensitive enough to the possibility of developing various maritime service facilities along the Saint-Laurent which might be classified as free trade zones.

## The challenge

Québec must take the fullest advantage of the opportunities provided by the Saint-Laurent and its tributaries to promote industrial and regional development. The Saint-Laurent is one of the greatest sea routes in the world and a certain number of essential services must be provided along the river to guarantee the safe and efficient transit of vessels of various sizes. These services include repair yards, facilities to collect and process waste, used oil and ballast water, maritime agency and professional services of all kinds.

## The approach

To achieve these goals the Gouvernement du Québec will implement measures to promote economic activity in or near port zones. It will also promote the development of parallel maritime services such as shipbuilding and ship repair on the Saint-Laurent. The government must, therefore:

- Set out financial or fiscal measures to encourage the development of industries in port zones and to increase the added value of products moving through Québec ports;
- Assist in the promotion and creation of a work group whose mandate would be to eliminate discriminatory policies toward Québec shipyards;
- Intensify representations to the Canadian government for the inclusion of shipyards in international agreements, particularly NAFTA;
- Ensure harmony and complementarity between the federal government's and Québec's fiscal policies;
- Encourage the creation of related maritime services in line with new technical and environmental issues, such as the recovery and treatment of ballast water and oil-polluted water;
- Re-examine the refundable tax credit for shipbuilding with a view to applying it to all commercial vessels, particularly those under 50 gross tons.

### 4.2.3 Supporting basic ferry and regular supply services

Québec's population is spread out over a large territory and certain communities are located in outlying and / or isolated regions. Some of these territories are only accessible by sea or air, as there is no road access to their regions. The challenge is to offer adequate transport services for passengers and goods at a cost that is acceptable to society as a whole. The gouvernement du Québec has a long-standing commitment to provide goods and passenger transportation services to these areas through agreements with the Société des traversiers du Québec or financial arrangements with shipping operators.

## The challenge

The gouvernement du Québec will continue to support transportation services to isolated communities to ensure they have access to regular supplies at a reasonable cost. It will also continue to offer ferry services as an extension of the road network and to ensure that communities do not remain isolated.

## The approach

The concern of the gouvernement du Québec here, is to support essential services such as ferry and regular supply services. To achieve these goals the government intends to:

- Maintain and improve ferry services which are a necessary extension of surface networks (road and rail);
- Outline orientations on maritime services. The government is seeking to:
  - Increase the involvement of Nunavik companies or institutions in the regular supply service of this territory;
  - Promote employment and training for Inuit workers to man the supply services and maintain the marine infrastructure that is gradually being constructed in northern villages;
  - Encourage the involvement of native communities of the Lower and Middle North Shore in the regular supply service to these areas.

## 4.2.4 Promoting the development of tourism on the Saint-Laurent

River tourism was very popular from the beginning of the century until about 1965 and for medium-duration cruises between Montréal and the Saguenay region. The arrival of railroads on the scene and the expansion of the road network were the main reasons why cruise activities lost much of their popularity. In the early eighties, however, river tourism began to recover and a transformation gradually took place. Cruises were being replaced by short-duration excursions for such newly-found attractions as whale watching, lighthouses, the Saguenay fjord and island tours. The Saint-Laurent is as magnificent as ever and has shown that it can offer many more interesting aspects to explore. The current economic climate could generate other forms of river tourism to a clientele that is continuously seeking new experiences.

## The challenge

The gouvernement du Québec will adopt measures aimed at supporting a viable tourist industry based around currently existing and potential new attractions offered by the Saint-Laurent and its major tributaries.

## The approach

The government will promote the development of cruise and nautical activity on the Saint-Laurent by :

- Participating in market studies on cruises from or to ports of the Saint-Laurent, including ports in Labrador and Northern Québec, for cold water cruises;
- Supporting the creation or adaptation of adequate infrastructure and services to accommodate international cruise ships along with cruises on the Saint-Laurent;
- Working in partnership with Tourisme Québec to update the profile of the cruise-excursion industry and evaluate the development potential of nautical activity on the Saint-Laurent;
- Developing the cruise sector of tourist planning in conjunction with regional tourist associations and creating a work group made up of representatives from Tourisme Québec, regional tourist boards, the appropriate MRC's and the ministère des Transports;
- Consider extending existing tax breaks for Québec seafarers involved in freight transportation to those who work in the international cruise sector;
- Promote tourism in native communities in the context of intensified tourism on the Saint-Laurent.

## 4.3 Developing the promotion and the enhancement of maritime activities on the Saint-Laurent

To achieve this goal the gouvernement du Québec will coordinate the actions of the ministère des Transports and its partners based on intervention plans aimed at promoting maritime activity on the Saint-Laurent and encouraging public awareness.

### 4.3.1 Promoting maritime activities

Globalisation is becoming an increasing reality and the Saint-Laurent is facing competition from other North American ports. Most ports in the world maintain a network of commercial representatives in other countries to help promote their attractions and economic activity but there is almost no foreign representation for the ports of the Saint-Laurent, and it is clearly essential to develop a dynamic promotional program with interested parties in the areas of freight transportation and cruise activity.

## The challenge

The Saint-Laurent can offer many advantages for maritime transportation and as an industrial and tourism development tool. They need to be known and it is Québec's responsibility to promote these valuable assets.

## The approach

The gouvernement du Québec will intensify promotional activities for the Saint-Laurent and its industries in port sites. It will also concentrate particularly on the promotion of tourism on the Saint-Laurent. In detail, the government plans to:

- Implement a financial aid program to support the industry in the creation of new markets;
- Increase the role of the Secrétariat à la mise en valeur du Saint-Laurent in the promotion of the Saint-Laurent;
- Set up a network of promotional agents in partnership with the shipping industry to promote the Saint-Laurent, particularly in Chicago, Brussels, New York and London;
- Increase the awareness of Québec delegations and get them more involved in the promotion of the Saint-Laurent;
- Organize economic missions to raise awareness of the Saint-Laurent and its many attractions with foreign promoters;
- Increase the production and distribution of material to promote the Saint-Laurent and its coastal regions, especially native communities, through appropriate media, including scientific publications, to reach a wide audience;
- Promote the Saint-Laurent as an international cruise destination and support Québec's initiatives to this end;
- Develop increased consultation with partners from other transportation modes to promote the creation of integrated tourist products, most particularly in the cruise industry.

### 4.3.2 Promoting maritime activities and the Saint-Laurent

The general population is poorly informed when it comes to the strategic importance of the Saint-Laurent as a vital element in marine transportation, and regional, national and international trade. It is therefore essential that we emphasize the importance of the shipping industry and heighten public awareness on this transportation solution which is economical, environmentally friendly and safe. The St. Lawrence Action Plan, Vision 2000, greatly contributes to raising awareness among the general public and the industry on the need to protect the Saint-Laurent and its ecosystems. It is important to better emphasize the various maritime-related benefits and rich maritime heritage that the river offers.

## The challenge

Our goal must therefore be to educate the public on the economic and environmental benefits of the Saint-Laurent and the shipping industry. We must also remember to take into account the need to provide continued public access to the river and its tributaries in plans for future transportation activities.

## The approach

In concrete terms, it is necessary to promote increased awareness among the general public of the economic, social, environmental and political issues related to the Saint-Laurent. Steps to be taken are to :

- Heighten public awareness on the economic, social and environmental dimensions of the Saint-Laurent and the challenges facing the development of marine transportation;
- Support projects aimed at increasing the public's knowledge of the Saint-Laurent with activities such as a Maritime Day, a Saint-Laurent Day or the celebrations for the four-hundredth anniversary of Québec City (Québec 2008);
- Heighten public awareness on the subject of marine resources, the rich natural heritage and activities associated with the Saint-Laurent and its tributaries;
- Introduce various Saint-Laurent-related themes into school curriculum, with special emphasis on its economic significance for Québec;
- Inform the public on regulations in place in maritime transportation regarding safety and environmental issues;
- Organize guided thematic visits for the general public in partnership with ports and the industry;
- Create a government web site for the Saint-Laurent;
- Examine initiatives aimed at allowing greater and more diversified access to the Saint-Laurent and its tributaries (bicycle trails, beaches, fishing, diving, etc.) insofar as they are in accordance with transportation and environmental concerns;
- Integrate a First Nations dimension in the development of maritime activities on the Saint-Laurent.

## 4.4 Supporting the training and expertise of Québec's workforce

Québec has a skilled workforce and technical know-how in the shipping industry that is often underestimated and underused. It is therefore important to support and publicize our know-how, both in Québec and abroad.

Despite the strength of the Québec workforce, we can expect problems if we do not take the necessary action to prepare for the future and support our workforce in this fast changing field where continued education is a must to remain competitive. Additional support in this area must also come from research and development activities.

### 4.4.1 Supporting workforce training

Technological changes, computerization and new technologies mean that the workforce must adapt to new industrial needs. The same can be said of safety and employment practices and standards at the international level if we want to guarantee safety at sea and protect the environment. Since it now assumes responsibility for human resource development at the provincial level, the gouvernement du Québec can support the shipping industry by providing training to ensure a steady supply of skilled workers.

#### The challenge

It is necessary to develop the skills of the workforce if they are to satisfy the new demands of the job market. It is therefore essential that we develop training programs that will adequately respond to the needs of the job market and ensure that a competent workforce is available in sufficient numbers.

#### The approach

The government, represented by the ministère de l'Éducation and the ministère de l'Emploi et de la Solidarité sociale, is offering training and management programs adapted to meet the needs and demands of the industry. In addition to attracting more young people to a career in the shipping industry, we must also continue to provide training and education for the existing workforce. As a result of the creation of the Table sectorielle de l'industrie maritime du Québec, it is necessary to :

- Support educational establishments that offer training programs in maritime transportation in their efforts to recruit students across Québec;
- Improve access to maritime transportation training programs across Québec;
- Support industries and educational institutions in maintaining and developing specific training programs for shipping and shipping-related industries through the Table sectorielle de l'industrie maritime du Québec;
- Promote the creation of training programs combined with on-the-job training to improve the students' practical knowledge and foster cooperation between the industry and educational institutions;
- Encourage further development of university programs in the fields of maritime management and naval architecture.

## 4.4.2 Supporting maritime research and development

There have been numerous innovations in different areas of the shipping industry recently, both on land and on sea. Technology used aboard ships has changed and navigational tools have greatly evolved. Research is continuing in several areas and new methodologies are regularly being introduced, not only on the technological level but also in the area of operational management.

### The challenge

We must innovate to develop marine transportation and improve the management of operations of maritime activity on the Saint-Laurent. We must therefore foster the acquisition of knowledge and expertise in Québec by supporting research and development projects in research centres and private sector companies with concerns in this area.

### The approach

The gouvernement du Québec, represented by the appropriate ministries, has a role to play in keeping Québec on the cutting edge of technological knowledge. Research centres and private shipping companies who wish to introduce new technologies will have to be able to consult one another to :

- Promote the establishment of a university chair in existing educational institutions and a technological monitoring centre with a mandate to develop maritime transportation research programs;
- Develop partnerships between the industry and universities to create new strategic opportunities (for example: anti-pollution equipment, research and search and rescue);
- Design tools to improve the transportation companies management (logistics, computer systems);
- Encourage scientific research on the subject of the Saint-Laurent and the sharing of information at international conferences dealing with issues similar to those of the Saint-Laurent;
- Promote the development, implementation, distribution and export of high technology in the field of marine transportation.

The government has realized that there is a need for immediate action and, therefore, established orientations, identified areas of intervention and formulated action plans. But goodwill, no matter how strong it is, is not enough. We must be able to count on the cooperation of everyone involved and committed to seeing the Saint-Laurent develop its full potential. We must give our concrete support to the maritime sector and begin to develop appropriate start-up mechanisms.



Implementation

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The Gouvernement du Québec has been very active in the maritime sector in recent years. It has established concrete mechanisms to encourage shipbuilding and increased employment for Québec's seafarers.

More recently, during municipal tax revisions in December 2000, the government excluded pier structures and public port service equipment from property assessments and thus, from municipal taxation. The maritime sector has been asking for such measures for a long time and this new development was greatly appreciated as it has a definite impact on profitability for Québec's public ports.

The Ministre délégué aux Transports et à la Politique maritime, in cooperation with the Ministre de l'Éducation, has been instrumental in creating a full-time Bachelor of Marine Transport program at the Université du Québec à Rimouski. He also contributed to the creation of the Table sectorielle de l'industrie maritime du Québec.

These different measures show the firm intention of the gouvernement du Québec to continue to support the shipping industry and promote and develop the Saint-Laurent as an exceptional traffic route.

It is clear, however, that even if the government can take initiatives and show a certain amount of leadership, it cannot achieve its goals without the active participation of its shipping and shipping-related industry partners. Effective implementation and the success of the Québec Marine Transportation Policy must be a cooperative effort. There are five main starting points to establish this partnership :

- A forum for maritime transport consensus building. This forum will create a venue to meet and exchange information between representatives of the government and the various industry partners involved. Its mandate will be to oversee the efficient implementation of the measures proposed in the Québec Marine Transportation Policy. The forum will be co-chaired by the Ministre délégué aux Transports et à la Politique maritime and a representative of the shipping industry appointed by the minister after consultation. The forum's secretarial duties will be carried out by the ministère des Transports.
- A support program for maritime projects. The gouvernement du Québec announced in the 2001-2002 budget speech that it would provide \$20 million over a five-year period for a marine industry support program. Most of this money will be used to support the start-up of new transportation projects on the Saint-Laurent, to consolidate the current marine infrastructure network and to promote intermodal projects;
- A strategic network of Québec ports. The objective will be to ensure that Québec possesses competitive and adequate infrastructure to support economic development and transportation needs and the government will, therefore, implement a strategic network of commercial ports;
- Promotion of the Saint-Laurent and maritime activities. The Gouvernement du Québec will launch promotional campaigns, drawn up in collaboration with the maritime sector, and is ready to provide the necessary resources for the campaigns;
- Active support for training and research. The ministère des Transports, in cooperation with the shipping industry and the ministère de l'Emploi et de la Solidarité sociale, will work actively to better structure training for the industry. The ministry will also define a specific research project on the subject of innovation in the shipping industry in collaboration with the ministère de la Recherche, de la Science et de la Technologie. This research project will focus on new technologies and new management methods.

# mentation

## 5.1 A forum for maritime transport consensus building

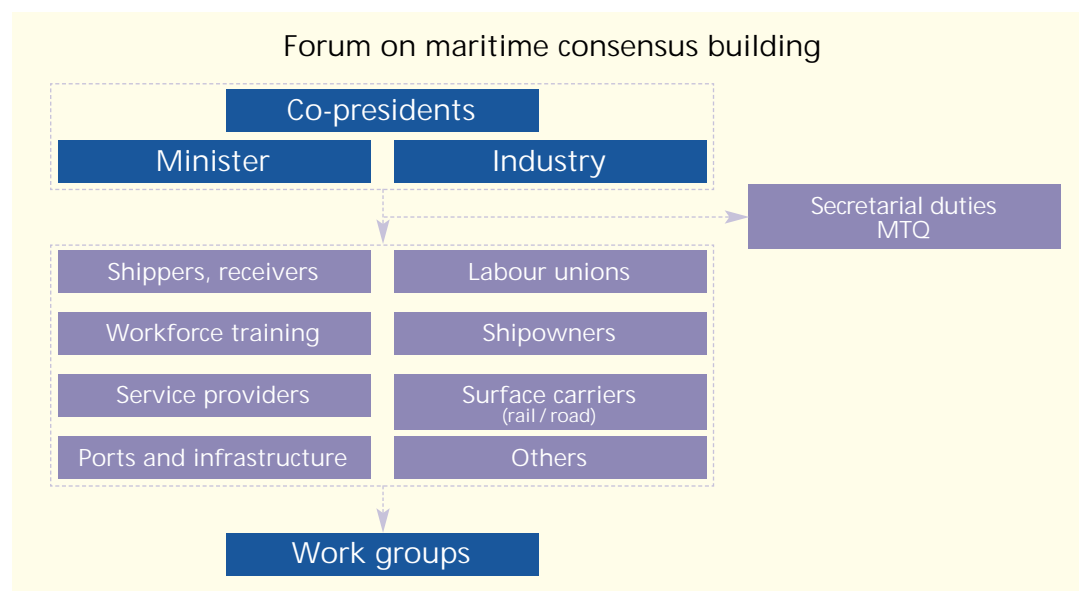
The current exercise in bringing together representatives from the various industries in the maritime sector and representatives from other transportation sectors has already proven extremely beneficial. Agreements have been reached and action plans outlined.

It is therefore vitally important that a forum be held at least once a year to evaluate progress and identify potential obstacles to the effective implementation of the proposed policy measures. It is also important to reinforce consensus among all stakeholders and the gouvernement du Québec.

The Ministre délégué aux Transports et à la Politique maritime will call a meeting in September 2001 to lay the foundation for the permanent Forum. As we can see below, the groups and organizations on the list are the ones who took part in the March 1, 2001 forum.

The forum's role will be to oversee the implementation of the various measures proposed in the Québec Marine Transportation Policy and further examine the various issues raised by the different work groups that will be created. One of the issues it will address is the problem of labour relations in this field. The forum will be able to form new work groups, as and when appropriate, in order to solve specific problems and look more closely at any issue which is likely to lead to the development of new policy directions and support the expansion of the maritime sector, such as cabotage, competitiveness, labour relations etc.

The forum will be co-chaired by the Ministre délégué aux Transports et à la Politique maritime and a representative of the maritime sector appointed by the minister after consultation with industry representatives. Administrative services for the forum will be provided by the ministère des Transports.



## 5.2 A support program for maritime projects

As mentioned previously, in its 2001-2002 budget speech the government announced that a \$20 million fund was being provided for the creation of a support program for the shipping industry. Part of this sum will be used for promotional activities, but most of the money in the support program will be used to facilitate the start-up of maritime projects on the river, to consolidate existing maritime infrastructure networks and to promote intermodal transportation projects. Additional financial commitments associated with the implementation of the policy will also be made, over and above the initial \$20 million investment, subject to the future economic situation and other government priorities.

One thing is clear - business opportunities abound in the maritime sector. Potential opportunities include transportation of lumber from the North Shore, transportation of gasoline to certain regions and the promotion of cruises on the river. These projects are just waiting for the right entrepreneurs with the business talents to make them work.

The government is considering the possibility of involving Investissement-Québec in the analysis of these projects and providing the initial financial assistance to guarantee their profitability. It is understood that the various tax measures mentioned in this policy, as well as adjustments to programs administered by Investissement-Québec, will be the subject of in-depth studies before implementation.

The ministère de l'Industrie et du Commerce (MIC) will also be involved, whenever necessary, in financial assistance programs related to supply ship services and re-equipment projects for strategic ports.

The government has also decided to work on measures designed to allow better coordination between different modes of transport, such as intermodal networks, to allow companies to use the most efficient and cost-effective transportation routes.

As the significant potential increase in cruise traffic on the river has already been demonstrated, the government will carry out the necessary studies to see how best to integrate the cruise industry with other means of transport. A third party might be appointed by the ministry to promote closer working relationships among the parties involved to ensure successful implementation of the various projects. There is for example a project to increase the number of cruise liners using the old port in Québec City. This third party could work with the various transportation systems to develop a final product combining sea, air and land transportation. There is no doubt that such a multimodal system will provide the city with a definite asset.

## 5.3 A strategic network of Québec ports

The objective of the government is to create a viable network of commercial and regional ports along the Saint-Laurent. It is clear that such a network would contribute to economic development and the development of the regions. In order to create a strategically important network however, the system must include ports recognized for their regional socio-economic benefits.

In order to provide a solid foundation for the regional network, the gouvernement du Québec has offered to acquire a number of these ports from the federal government, in return for compensation, and to re-examine the transfer conditions for other ports. Discussions are underway with the federal government to this end. The Québec government will ensure, through these negotiations, that federal cost recovery is avoided and that no future fiscal measures negatively impact the competitive position of the Saint-Laurent.

The creation of a viable base for regional and commercial ports along the Saint-Laurent is expected to contribute to the economic development of the regions. Even if these ports are managed by local or regional organizations, clear transfer conditions between the two governments should give each of them a solid technical and financial foundation for the future.

## 5.4 Promotion of the Saint-Laurent and maritime activities

The Saint-Laurent/Great Lakes system offers many important advantages in the area of international and continental freight transportation and it should be a natural choice for carriers. Its great beauty and fascinating ecosystems also make it an increasingly more popular cruise destination.

We must therefore promote tourist attractions, the natural beauty and environmental value of the river internationally. Yet again, the best way to achieve this is to take a concerted approach. Targeted promotional campaigns created in consultation with the shipping industry will be launched and the gouvernement du Québec will do its part by providing the necessary funds. The government is committed to supporting the industry in the promotion and development of new markets.

The government will create a network of promotional agents to seek new markets in certain targeted areas of Europe and the United States with a view to increasing traffic in Saint-Laurent ports. They will work in close cooperation with Québec trade agencies. These representatives could be employed in a relatively short time.

If the results of these actions are positive, the government and the maritime sectors could expand their activities in this area.

## 5.5 Active support for training and research

The future success of the shipping industry depends on the skills of its workforce. Although it is essential that the new generation be adequately trained, it is just as important that the existing workforce be well adapted to the new demands of navigation. The ministère des Transports, in collaboration with the maritime sector and the ministère de l'Emploi et de la Solidarité sociale, will be actively working to better structure training programs.

Like other sectors in the transport industry, the shipping industry needs to constantly adapt to changing market demands and new communication and management methods involving logistics and computer systems.

The ministère des Transports will introduce research projects in the field of technological innovation and new management methods for the maritime sector to assist the industry in this regard and, in fact, plans to create a university chair for maritime and intermodal transport through research subsidies. The ministère de la Recherche, de la Science et de la Technologie will participate in the implementation of the research and technological development aspects.

The government has developed a strategic action plan to address the decline in commercial activities on the river and the still largely undeveloped economic potential of the Saint-Laurent. Through the measures described earlier in this document, the Québec Marine Transportation Policy should produce the results that everyone in the industry is expecting.



## Conclusion

This policy document demonstrates the government's strong desire to implement new measures to revitalize the shipping industry. The ministère des Transports' role is to facilitate the movement of passengers and goods throughout Québec and to outline the structure of the transport network, and this document is clearly in line with this mission.

The government felt it had a role to play in the efficient integration of the various modes of transportation in Québec in order to guarantee the socio-economic development of the province. It is therefore necessary to re-examine the role of the shipping industry and to support the maintenance and growth of the network. The government has directed its efforts mainly in the area of cabotage as a complement to other means of transport, and the development of continental and international transportation where the Saint-Laurent offers major advantages.

Through the promotion of the river as a major trade route, the government also becomes involved in regional economic development. The Saint-Laurent holds a special place in Québec's history, as it is the access route to Québec's interior that facilitated the settlement of the colony and the creation of communities that developed the essential economic activities of the province. The Québec Marine Transportation Policy will allow the government to further develop the large population centres in the province and the coastal and tributary regions.

The Québec Marine Transportation Policy, which places a high priority on the promotion of the shipping industry and the Saint-Laurent along with the development of a skilled workforce, represents a challenge and will test the creativity of the government and the industry. Through this policy, the government encourages the industry to develop a more efficient maritime transport system that will benefit all Quebecers in the form of employment for workers in marine transportation, of export-related industries and better consumer prices for the population in general.

By mobilizing our efforts we will be able to revitalize our shipping industry, which plays a strategic role in the Québec economy and the community as a whole.