

Written Submission for the Pre-Budget  
Consultations in Advance of the 2021  
Federal Budget



**CANADA STEAMSHIP LINES**

August 2020

### Recommendation 1

Work with the Canadian shipping sector to make the entire Canadian fleet of ships carbon-neutral, ahead of 2030 targets, by using new fuels and technology.

### Recommendation 2

Categorize environmental technology implemented on ships as infrastructure investments.

### Recommendation 3

Invest in climate-resiliency measures and infrastructure to protect the essential trade route that is the Saint-Lawrence Seaway.

### Recommendation 4

Ensure the future of the Canadian marine industry by investing in port infrastructure and in developing the next generation of seafarers.

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## Proudly Canadian Innovation

Canada Steamship Lines traces its history back to the Richelieu River in 1843, and has since spanned into an international leader in bulk shipping and transshipment, the CSL Group. Still wholly Canadian-owned and based in Montreal, our multinational company now owns and operates the world's largest fleet of self-unloading vessels, specialized ships with on-board cargo handling systems which enable them to discharge without using port-side infrastructure. These vessels enable us to provide self-unloading and transshipment solutions that give our customers a competitive edge in each of our operating regions - Canada, Europe, Australia, Asia and the Americas.

In Canada, we operate a modern, multi-purpose fleet of self-unloaders and bulk carriers specially designed for shipment on the Great Lakes and St. Lawrence Seaway. These ships provide a fast unloading rate and low infrastructure and labour requirements, which makes them an effective and competitive bulk unloading solution that helps reduce costs and minimize environmental impacts.

The cargo we transport includes iron ore, ilmenite, salt, coke, slag, limestone, dolomite, wheat, corn, soybean, canola and gypsum, which is either transported between Canadian ports for transformation or export or moved between Canada and the United States.

## Supporting Canadian Trade

Export and trade will be the cornerstones of Canada's economic recovery. The faster we can get our resources back to world markets, the stronger the rebound will be for our economy, with trickle-down effects in many sectors. Canada's marine sector can play a frontline role in the country's trade and exports, and can do so in a sustainable way.

## Sustainability in All We Do

In addition to contributing to bringing Canadian resources to international markets, Canada Steamship Lines does so in the most fuel-efficient way possible. In fact, vessels are on average seven times more fuel-efficient than trucks and 1.14 times more fuel-efficient than trains. Rail and truck would respectively emit 19% and 533% more greenhouse gas emissions per cargo tonne/kilometre if these modes carried the same cargo the same distance as the Great Lakes-St. Lawrence Seaway fleet.<sup>1</sup>

To further illustrate the point, the tonnage that one CSL ship can carry per voyage would require at least 300 rail cars or over 950 trucks.

Despite an already considerably positive environmental footprint, more can be done by the shipping sector, and more can be done by the Canadian government to support the sector. In this pre-budget consultation brief, we will lay out the measures and investments that would have the greatest impact on reducing the environmental impacts of shipping while ensuring the resiliency of the vital trade corridor that is the Saint-Lawrence Seaway.

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<sup>1</sup> CHAMBER OF MARINE COMMERCE. Environmentally Smart Transportation.  
(<https://www.marinedelivers.com/environment/>)

## Recommendation 1

Work with the Canadian shipping sector to make the entire Canadian fleet of ships carbon-neutral, ahead of 2030 targets, by using new fuels and technology.

Canada Steamship Lines recognizes and applauds the efforts deployed by the Government of Canada to implement workable carbon pricing mechanisms across the country. However, the more efficient solution lies in eliminating carbon emissions almost entirely. This is something that is within achievable reach in the next few years in the Canadian shipping sector.

Alternative sustainable fuel trials are already well underway in the Canada Steamship Lines fleet, both on generators and main engines. If such tests prove successful, the entire Canada Steamship Lines fleet could move to using these alternative fuels, which produce a small fraction of the carbon emissions of the current fuel, Marine Gas Oil (MGO), and could do so as early as the 2021 shipping season if tests prove conclusive.

But where Canada Steamship Lines is prepared to take on the efforts required to begin exclusively using alternative fuels, it cannot be expected to do so at a competitive disadvantage. Switching to alternative fuels would represent a 25% increase in the cost of fuel, which already represents one of the most important operating cost centres for the company. However, this cost pales in comparison to the decrease of carbon emissions which could be attained by this switch, which could represent an 80% to 90% reduction from current carbon emission levels in the marine sector.

Canada Steamship Lines already operates in a highly competitive environment, where it must contend with direct competitors both in Canada and the U.S., as well as rival other modes of transportation, such as train and truck, despite these modes being more polluting.

We therefore recommend the Government of Canada work with Canada Steamship Lines and the other shipping companies in order to implement measures that could compensate shipowners for the cost delta between current MDO and alternative fuels.

Eliminating this last major hurdle would pave the way for a low-carbon shipping future in Canada, and doing so starting as early as 2022, nearly eight years ahead of the Government of Canada's 2030 carbon reduction targets.

## Recommendation 2

### Categorize environmental technology implemented on ships as infrastructure investments

A ship that sails almost exclusively in the Great Lakes freshwater environment, absent corroding seawater, has an active lifespan of over 40 years, rivalling many of the bridges, overpasses and roads that make up the roadway trade corridors in the country.

In fact, yearly maritime trade is equivalent to the fifth most important land border crossing point between Canada and the U.S., the Pacific Highway in British Columbia<sup>2</sup>.

Based on this, maintaining these assets in excellent shape is just as important as maintaining the asphalt on the land crossings, and ensuring that they are in the best possible condition. As Canada prepares a multi-phase economic recovery plan that focuses heavily on infrastructure investment, we urge the Government of Canada to consider as critical infrastructure those investments that allow our marine trade assets, such as the CSL fleet, to operate more efficiently and with lower environmental impacts. By doing so, the Government would be ensuring that the domestic fleet continues to act as an important economic vector, while minimizing the environmental impact.

It should also be noted that while reducing the carbon footprint of the marine sector is an important target (see Recommendation 1), there are many other infrastructure opportunities that would contribute to reducing a wide array of environmental disruptions.

On self-unloader ships such as those that make up the majority of the CSL fleet, these could take the form of that would lessen the noise impact of ship operations, or measures to prevent the spread of invasive species.

We would recommend that these measures extend to some shoreside investments as well, such as whale detection acoustic listening stations that would help shipowners and crew identify the presence of the large sea mammals, reducing the risk of colliding with them or disrupting their travel patterns in any way.

These measures would complement the efforts already taken by the sector to obtain the social licence to operate.

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<sup>2</sup> BCTA. Canada-US Trade by Truck: Top 15 Border Crossings. (<https://www.bctrucking.com/industry/trade>)

## Recommendation 3

Invest in climate-resiliency measures and infrastructure to protect the essential trade route that is the Saint-Lawrence Seaway.

Extreme weather events have been more frequent in the past years. Flooding, extended ice seasons and even low water have been seen more often in past years, and all of these have the capacity to hinder or outright interrupt the shipping season, which is already only nine months long.

Beyond investing in climate change, we recommend the Government of Canada invest in climate resiliency, minimizing the possibility of extreme events impacting maritime trade on the Great Lakes and Saint-Lawrence Seaway.

For instance, the spring season of 2019 and 2017 both saw record high water levels on Lake Ontario. In order to mitigate the shoreline flooding risk, the binational organization in charge of managing water levels, the International Joint Commission, opened the Moses-Saunders Dam, located between Massena in New York and Cornwall in Ontario, to allow 10 400 cubic metres per second of water to flow through. This, in turn, creates a current that makes navigating our 78 feet wide (23.8 metres) ships into the 80 feet wide (24.4 metres) locks nearby an even more challenging operation than normal.

The dam was opened even beyond this level in April 2020, creating unsafe navigation conditions and therefore delaying the start of the shipping season by nearly 10 days, representing a cost of over \$150 million to the Canadian economy<sup>3</sup>.

Retaining walls along key portions of Lake Ontario would contribute to reducing the risk of flooding in many communities, eliminating the need for water flows that exceed safe navigational limits. We strongly urge the government to invest in such measures which will reduce the risk level for riparian residents and safeguard the essential trade corridor that is the Seaway.

Similarly, many ships were trapped in ice in the Lac-Saint-Pierre area of the Saint-Lawrence River in 2018. Due to mechanical issues, Canada's aging icebreakers were unable to help the ships in a timely manner, leading to a massive bottleneck situation. Continued investment in icebreaking capability is necessary to ensure year-round shipping in the Saint-Lawrence and Saguenay Rivers. We encourage the Government of Canada to include these icebreaker investments in the economic recovery plans, in order to speed up the construction timeline.

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<sup>3</sup> CHAMBER OF MARINE COMMERCE Economic Impact Study. 2019.

## Recommendation 4

Ensure the future of the Canadian marine industry by investing in port infrastructure and in developing the next generation of seafarers.

An efficient, reliable and safe Canadian marine sector is key to ensure our country continues to export its resources to a world market.

Ports should therefore be at the top of the list of infrastructure investments as part of the Government of Canada's economic recovery plan. For that reason, we recommend the Government of Canada invest in making ports under Federal jurisdiction more efficient and safer, and partner with provincial governments in a 1-to-1 basis in investing in provincially regulated ports.

By replacing old and crumbling docking bollards, installing mobile systems of cargo loading and improving navigational aids, the Government of Canada would see two benefits: as many of these projects are shovel-ready, the construction could begin in timely manner, contributing to putting hundreds of people back to work. In addition, the long-term benefits of port infrastructures are undeniable: the faster we can get ships in and out of ports, the more trips we can accomplish in a limited season, allowing more Canadian resources to reach markets with all of the benefits this would have on our natural resource sector.

Similarly, investing in an efficient and well-trained marine workforce will ensure that Canada can maintain its competitive position on the Great Lakes. Crew shortage has been a real concern for all Canadian shipowners, and with the aging demographics represented in our workforce, the situation is unlikely to improve. If Canada wants to maintain its current cabotage regime, it is necessary that an adequate number of seafaring cadets be recruited and trained by Canada's highly capable marine colleges every year. For this reason, we encourage the Government of Canada to work with the provinces to invest in promoting seafaring careers and ensure that the specialized marine schools have the adequate funding to carry out their activities.

All in all, investing in port infrastructure and in the marine sector in general generates benefits now and long into the future.