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Subject: *Consultation on Strengthening One Canadian Economy through Trade and Transportation*

Introduction

The Seafarers' International Union of Canada (SIU) is the country's largest maritime union representing unlicensed seafarers from coast to coast to coast. SIU Canada represents the majority of Canadian unlicensed seafarers employed in positions on Canadian-flagged vessels. Our members work aboard Canadian vessels operating in the Great Lakes, the St. Lawrence River, the East Coast, the West Coast, and the Canadian Arctic. Our members are employed on Canadian vessels delivering cargoes that are critical to Canada's supply chain and economy, representing an important pillar in the movement of goods to Canadian consumers and businesses engaged in both domestic and international trade.

The following submission outlines the views of SIU Canada on the issues raised through the corresponding discussion document and consultation being undertaken by the Government of Canada requesting industry stakeholders to provide input in a number of proposals related to Canada's supply chains and transportation sector.

Specifically, the SIU Canada provides these comments to express our serious concern in response to the proposal to initiate legislative amendments to provide "...targeted flexibility during emergencies, including allowing foreign vessels to temporarily operate without a coasting trade licence to support critical supply chains."

If implemented, this proposal risks causing irreparable harm to the Canadian maritime industry at large and would put at risk Canada's economic and national security. Initiating measures to exempt foreign vessels from the requirement to obtain a Coasting Trade licence is entirely inappropriate and acts in direct contradiction to this government's public stated policy goals of implementing measures to reinforce sovereignty and build self-reliance in the face of recent geo-political tensions and anticipated future strains on trade and logistics.

Proposal is Unnecessary and Illogical

This proposal is a direct attack on the Canadian domestic maritime industry. As Transport Canada is well aware, all economic activities related to Coasting Trade in Canada are reserved for Canadian-flagged vessels, predominately employing Canadian and Permanent Resident seafarers. Under our current regulations, a foreign registered vessel may already be imported for use in Coasting Trade for a period of up to one year, upon successful application to the Canadian Transportation Agency (CTA) and issuance of a licence by the Minister of Public Safety and Emergency

Preparedness.¹ **Under the existing system, there is already a “fast track” and “Emergency Situations” process by which a foreign vessel can be imported for use in Coasting Trade in as short of a period as two (2) days should there be no objection or offer of a suitable alternative ship from a Canadian shipowner.²**

Put simply, the proposal to waive the requirement to obtain a Coasting Trade licence is entirely unnecessary and appears to be designed to purposefully prevent Canadian ship operators from being able to legitimately object to the importation of a foreign vessel. There is no evidence that the current system has prevented foreign-flagged vessels from being imported during any so-called “emergencies” ... “to support critical supply chains”.

Additionally, the proposal uses undefined terms such as “targeted flexibility”; “emergencies”; and “support critical supply chains”, all of which could invite overly broad interpretations and create a pathway for routine exceptions rather than truly exceptional measures. On numerous occasions, our organization and other Canadian maritime stakeholders have written to the CTA to express our concern with overly broad interpretations of the existing guidelines in consideration of Coasting Trade applications. For example, while the CTA has the authority to require evidence of any claims made in these applications, that authority has rarely been utilized in their examination of an application for a licence. Where evidence is required, the current standard is very low. In fact, we have never seen the CTA convene a hearing or even require sworn evidence (such as an affidavit). The assertions of importers in applications and submissions are taken at face value. The CTA’s approach with respect to evidence means that applications can already be decided very quickly. At the same time, the proposed overly broad terms invite further aggravation of potential abuse of by further opening domestic shipping to foreign-flagged vessels, this time without any CTA scrutiny and without issuance of a Coasting Trade licence. Yet, the proposal is silent on any measures to strengthen the current oversight process for how foreign vessel applications are reviewed by the CTA, something that the SIU Canada and other stakeholders believe is significantly overdue.

Proposal is Contradictory and Against Global Trends

An outcome of recent global events has been that governments around the world are implementing measures to build stability and resiliency into their domestic and international supply chains. UK-based Seafarers’ Rights International (SRI) released a report in 2018 entitled, *Cabotage Laws of World*, in which the authors collected and collated data surrounding the implementation of maritime Cabotage laws throughout the coastal nations of the United Nations member countries. The 2018 report revealed that 91 UN member states around the world had Cabotage regulations covering roughly 80% of the world’s coastlines including the majority of member states on the Council of the International Maritime Organization (IMO). Following the lessons learned from the Covid-19 Pandemic and recent global conflicts, SRI released an updated report in 2025 which outlined that the number of countries with Cabotage policies had grown to 105. This data proves both that Cabotage is the norm, not the exception, and that Cabotage regulations are not static, they are growing around the world; a trend that continues since that publication’s recent release.³ This is because these sovereign nations recognize that Cabotage strengthens their self-reliance and assures that they have the domestic capacity to manage “emergency situations” and “support critical supply chains”.

The reality is that while the Government of Canada is proposing to open our Cabotage to foreign operators, the rest of the world is implementing the lessons learned from recent events – **that we must be self-sufficient in the face of a crisis.**

- In Australia, the government has secured the first of many vessels to form part of its *Australian Strategic Fleet* program which will see privately-owned vessels flagged in Australia and crewed by Australian seafarers made available for government requisition in an emergency or crisis. This fleet will also provide Australia with dedicated nationally operated ships whereby maritime skills and sea-time for Australian seafarers can be developed to ensure this vital skillset is retained domestically.

¹ <https://lois-laws.justice.gc.ca/eng/acts/C-33.3/>

² <https://otc-cta.gc.ca/eng/publication/guidelines-coasting-trade-licence-applications>

³ <https://www.seafarersrights.org/maritime-cabotage>

- In Norway, the government approved a Norwegian Wage and Working Conditions Bill in Parliament in 2025 which will require all foreign flag operators to comply with national work and wage rate regulations, in an effort to disincentivize the use of foreign flag vessels, particularly in the offshore sector, and instead strengthen Norwegian maritime capacity.
- In Brazil, the Government reversed a decision by the previous Administration to open Cabotage to foreign vessels and implemented new legislation to require the majority of all crews to be Brazilian nationals. Additionally, the government is strengthening the use of Brazilian-flagged vessels in the oil and gas sector through the state-owned Petrobras corporation, where previously there was a prolific use of foreign-flagged charters.
- NATO and other allied nations are currently focusing on the ability to address tonnage and workforce needs in times of conflict, addressing the issue of “sea blindness” or the neglect of consideration for the importance of waterborne transportation capability in a conflict – this is grounded in the promotion of Cabotage and the need for national maritime policies to promote and develop civilian mariners and sealift capabilities to augment forces’ capabilities in times of need.

The only place where Cabotage is currently under attack is in the United States, where the Trump Administration has taken aim at the *Jones Act* and implemented multiple waivers of the *Act* to permit foreign carriers to move cargo, such as fuel and oil products, between American ports in an attempt to lower consumer prices due to the war impacting the Persian Gulf. This has not had any significant impact on decreasing fuel prices in the U.S. and has been widely criticized globally as putting America further at risk of exposure to international market fluctuations and higher freight rates. There appears to be actors in the maritime industry who are attempting to use the same flawed logic to undermine the Canadian marine industry. There are no lessons to be learned from the current U.S. Administration.

Instead, like other middle-powers in the world are currently doing, the Government of Canada should pursue a policy of ensuring that there is sufficient Canadian-flagged tonnage and qualified national crew members available to support operations in any of the unforeseen so-called “emergencies” wherein maritime transport capabilities would need to be augmented. Any proposal that promotes reliance on foreign-flagged carriers to come to the country’s aid in a crisis degrades Coasting Trade and is entirely counter-productive to Transport Canada’s stated policy goals. Foreign-flagged ship operators, the majority of which are registered in a flag-of-convenience (FOC) registry, are entirely driven by market demand, not goodwill, and should a crisis occur, the rates at which these vessels can be chartered will rise precipitously. In times of extreme urgency (war, pandemic), Canada should not be left to rely on the goodwill of our allies and neighbours to support our supply chains. We must face the reality of self-reliance that is clearly required within the new world order.

Additionally, the crew on board FOC vessels predominately originate from low-wage, labour-supplying countries, such as the Philippines, India, Ukraine, and China, often with working conditions and wages well below international labour standards.⁴ They do not have the same vested interest in protecting the security of Canada’s economy and the wellbeing of its people as Canadian seafarers would, nor should Canada be asking them to potentially put themselves at risk in the face of a potential Canadian national emergency. To propose policy measures that will likely degrade Canadian maritime transport services in an emergency is unfortunate, as it promotes exposing the country to the unregulated and unpredictable nature of the FOC shipping system. This puts our national security and our ability to act as a sovereign, self-sufficient nation at risk.

This concern is heightened by the growing risks associated with shadow fleets and opaque ship ownership structures. Around the world, governments are increasingly confronting vessels operating with concealed beneficial ownership, frequent reflagging, weak oversight, questionable insurance arrangements, and deceptive shipping practices designed to avoid scrutiny. Allowing broader access for foreign-flagged vessels into domestic trades during

⁴ For example, in 2015, the SIU applied for judicial review of the issuance of work permits for the foreign crews of two foreign vessels, each of which had been granted coasting trade licences by the CTA – the Cypriot-flagged *Sparta* and the Greek-flagged *Amalthea* – to transport Canadian oil on behalf of Suncor. The evidence revealed that one seafarer on board the *Sparta* earned just \$3.75/hour, while a seafarer employed by the *Amalthea* earned just \$2.41/hour.

emergencies could inadvertently expose Canada's transportation system to actors whose ownership, compliance history, financial backing, or operational standards are difficult to verify. That raises not only labour market concerns, but also wider national security, sanctions compliance, safety, and environmental protection issues. In a period of heightened geopolitical instability, Canada should be reducing these vulnerabilities, not creating new openings for them within its domestic maritime space.

The Proposal Fails to Advance this Governments' Commitments to Canadians

The Government of Canada has repeatedly stated that strengthening Canada's self-reliance, securing supply chains, creating jobs for highly skilled Canadians, and reducing dependence on foreign interests are among its highest priorities, particularly in times of crisis. Transport Canada's ill-conceived proposal to allow foreign operators greater access to Canada's domestic shipping industry during so-called "emergencies" runs directly contrary to those objectives. Rather than strengthening Canada's economic resilience and maritime capacity, this proposal risks increasing reliance on foreign vessels at precisely the moments when Canada should be relying on its own industry and workforce.

The ongoing uncertainty surrounding Canada's trade relationship with the United States has further reinforced the importance of protecting and strengthening domestic industries. In response, governments, businesses and Canadians alike have increasingly embraced the principles of "buy Canadian", which includes supporting Canadian workers and industries in order to strengthen our economic sovereignty and resilience. It is difficult to understand why the Government would, at this time, advance a policy proposal that, if implemented, would provide foreign competitors with greater access to Canada's domestic shipping market. Such a policy would undermine the domestic capacity that governments have spent years encouraging Canadians to support.

From a national security perspective, the proposal is equally inconsistent with the Government of Canada's stated priorities. The Government's current policy is to strengthen Canada's sovereignty, protect critical infrastructure, and maintain a strong Canadian presence in our coastal and Arctic waters. Marine transportation is a strategic national asset and a crucial component of Canada's supply chain. Canada should be reinforcing reliance on its domestic marine transportation sector, so that during emergencies, Canada has the domestic marine transportation infrastructure to meet its needs. Changing legislation to provide further circumventions around Coasting Trade laws will have the opposite effect.

The central flaw in this proposal is that it treats emergencies as a justification for increased reliance on foreign shipping, when emergencies are precisely the reason Canada must maintain a strong domestic marine industry in the first place. A resilient transportation network cannot be built by sidelining Canadians during times of need. It can only be built by supporting and relying on Canadian vessels, Canadian companies, and Canadian seafarers. This is precisely what the federal Government has claimed to be the highest priority and yet this proposal to allow more foreign vessels to operate in Canada does the exact opposite.

Alternative Measures should be Considered

Instead of asking stakeholders to consider this flawed policy proposal, the Government should examine policy that would promote the expansion of the Canadian fleet and the development of domestic maritime skills for mariners. For many years, industry stakeholders, including both business and labour organizations, have been asking the Government of Canada to develop a national maritime policy that brings much needed attention to the importance of this industry and the vital role that marine transportation plays in securing Canada's economy. Development of this policy should focus on the role of government in growing and promoting the Canadian-flagged shipping industry, incentivising the registration of ships in Canada, and considering ways to develop the skills and critical talent needed to support future workforce needs.

Clearly, the government appears to have identified a need to expand maritime transportation capacity during emergencies and so policy development should consider ways to secure any foreseen tonnage and crewing requirements by working with the industry and labour to consider how to mitigate this risk within the **domestic**

market. We further emphasize that these are issues that could be considered within a national policy framework; excellent examples of which can be found in most other nations that have maritime transportation industries. Canada lags well behind most other countries in developing such a policy, this would be a timely opportunity to do so.

Conclusion

As elaborated on throughout this submission, the SIU Canada is staunchly opposed to any measures that seek to further erode our Cabotage regulations. The government must abandon this reckless policy proposal and alter the lens from which it is viewing the domestic shipping industry. The protections afforded by Cabotage are not weaknesses, they are the very mechanism by which we can prevent a supply chain crisis from occurring in the first place. With a strong Canadian merchant fleet and well-trained national crew members, the maritime mode of transportation has the potential to alleviate whatever logistical concerns the government is forecasting.

Government can play an important role in both supporting and promoting a strong, vibrant Canadian maritime industry. Canadian shipowners are operating some of the newest, most efficient fleets of vessels in the world and our Canadian mariners continue to occupy a critical role in supporting a wide range of domestic and international industries. SIU Canada members will answer the call and show up to support our country, as they have done from World War II and through to the most recent Pandemic and global conflicts.

Both Canadian shipowners and Canadian labour organizations representing seafarers are looking at ways to address tonnage and workforce concerns, we invite the government to participate as a partner in those endeavours, not present the industry with yet another obstacle to slow our progress. There's a much better way.

Respectfully submitted,



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