

**BY EMAIL**

September 11, 2019

Valérie Jennings  
Acting Senior Policy Advisor  
Legislative, Regulatory and International Affairs  
Marine Safety and Security  
Transport Canada  
Place de Ville, Tower C, 10<sup>th</sup> Floor  
330 Sparks Street  
Ottawa, Canada K1A 0N5

Dear Ms. Jennings:

**RE: Canada Shipping Act, Ballast Water Regulations, Canada Gazette Part I, Volume 153, Number 23**

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On behalf of the membership of the Canadian Steel Producers Association (CSPA), we welcome this opportunity to submit comments to Transport Canada's consultation on Ballast Waters regulations as published in the June 8, 2019 Canada Gazette, Part I.

As significant manufacturers, the Canadian steel industry depends on a strong transportation network for the efficient delivery of input materials and for the shipment of our products to both domestic and international markets. To maintain our global competitiveness, we require a reliable, flexible, and cost-effective transportation system.

Like many industries, Canada's domestic steel industry relies heavily on marine transportation to move significant volumes goods in and out of North America. Overall, the steel industry generates the largest volume of freight on the St. Lawrence Seaway/Great Lakes system. Unfortunately, increasing end-user costs, environmental regulations, and challenges related to seasonality and availability to equipment is eroding the competitiveness of steel producers.

In this context, the CSPA members are concerned that the proposed Ballast Waters draft regulations will negatively impact steel producers' competitiveness and undermine our critical role in North America's automotive, energy and construction sectors as well as our significant contribution to the Canadian economy.

We note with concern that the Regulatory Impact Analysis Statement (RIAS) and the Cost-Benefit Analysis contains no consideration of the impacts on Canada's manufacturing competitiveness. We feel it is vital that this gap be addressed to ensure that cumulative and unintended impacts of the regulations on our industry and other Canadian businesses is minimized.

Steel producers are heavily integrated across the North American manufacturing landscape. As a result, domestic producers rely on both Canadian and American vessel operators to deliver the vital raw materials and products to market.

Given the integrated nature of the Canadian and US economies, and the steel sector's unique place within that North American integration, the industry is also highly sensitive to any action that has the possibility to create, or be perceived to create, market access barriers between Canada and the US. Canada and the United States have a balanced and complimentary trade relationship in steel founded on fair-market principles embraced in both jurisdictions. This was recently re-established with the lifting of the 232 tariffs on steel products. However, under the current Canada-US climate, the risk of retaliation is extremely high in any area that is perceived to create a barrier to market access.

The industry is highly concerned that these regulations as written may result in a shortage of vessel capacity: create a market access barrier to US shippers; and ultimately leave steel customers and the supply chain feeling the aftermath of much higher rates. The CSPA requests that the government directly address these concerns in the RIAS.

**Recommendation:** That Transport Canada include the impact of these regulations on the competitiveness of Canada's manufacturing sectors, including the steel sector and directly address the potential for vessel shortage; potential for trade action; and the impact on shipping rates.

In recent years, governments on both sides of the border have proposed new environmental standards for ballast water. The CSPA understands the importance of managing ballast water in the marine environment. However, as things currently stand, there is a lack of harmonization in requirements and timing of their coming into force. We believe it is important to arrive at a single set of consistent, manageable standards that will not impact the supply of vessels and ultimately jeopardize the competitiveness of industries that rely on them on either side of the border.

**Recommendation:** That the federal government work with the US agencies to harmonize ballast water regulations in shared waterways between Canada and the United States.

Thank you again for the opportunity to provide these comments. We look forward to further dialogue on how the concerns of the Canadian steel producers will be addressed.

Sincerely,



Catherine Cobden  
President  
Canadian Steel Producers Association