



## CANADA AS A MARITIME STATE

Is Canada a maritime state? Yes, most definitely. And this is true even though the majority of Canadians live many kilometres away from the three oceans that border their country. The oceans are essential for Canada's economic wellbeing and for the goods we need for our homes and offices. Canada is a trading state. Canada's major container ports – Vancouver, Prince Rupert, Montreal, Halifax – handled millions of shipping containers (referred to as 20-foot equivalent units (TEUs)) in 2019. The Port of Vancouver, Canada's largest port, handled 1.7 million TEUs in the first *six months* of 2019, including both goods coming into Canada and goods being exported out of the country.<sup>1</sup> Those units were loaded on to trains or trucks and then made their journey inland. You may not see the ships, but container ships brought most of the goods you purchase in clothing stores, department stores, furniture stores and some food stores.

Exports of goods and services represents just over 30% of Canada's Gross Domestic Product. These days with the final draft of the revised NAFTA treaty still in the news as it awaits ratification, Canadians think of trade only in terms of the United States (and perhaps Mexico). In a large part this is true – the United States is by far Canada's largest trading partner, taking more than two-thirds of our exports. But after the United States, the other nine countries in the top 10 recipients of Canadian exports involve ocean transport (with the possible exception of Mexico). The top 10 destinations for Canada's exports in 2018 were:

1. United States
2. China
3. United Kingdom
4. Japan
5. Mexico
6. South Korea
7. Germany
8. Netherlands
9. India
10. Hong Kong.<sup>2</sup>

The same is true for imports. Once again the United States is the top source of Canadian imports, but the other nine (again with the possible exception of Mexico) all involve ocean travel. The sources for imports are: 2. China; 3. Mexico; 4. Germany; 5. Japan; 6. South Korea; 7. United Kingdom; 8. Italy; 9. France; and 10. Taiwan.<sup>3</sup>

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<sup>1</sup> Port of Vancouver, Media release, "New Mid-year Record for Container Volumes through the Port of Vancouver," 15 August 2019, available at <https://www.portvancouver.com/news-and-media/news/new-mid-year-record-for-container-volumes-through-the-port-of-vancouver/>.

<sup>2</sup> Global Affairs Canada, "Annual Merchandise Trade: Canada's Merchandise Exports," 2018, available at [http://www.international.gc.ca/economist-economiste/statistics-statistiques/annual\\_merchandise\\_trade-commerce\\_des\\_marchandises\\_annuel.aspx?lang=eng](http://www.international.gc.ca/economist-economiste/statistics-statistiques/annual_merchandise_trade-commerce_des_marchandises_annuel.aspx?lang=eng).

<sup>3</sup> Global Affairs Canada, "Annual Merchandise Trade: Canada's Merchandise Imports," 2018, available at [http://www.international.gc.ca/economist-economiste/statistics-statistiques/annual\\_merchandise\\_trade-commerce\\_des\\_marchandises\\_annuel.aspx?lang=eng](http://www.international.gc.ca/economist-economiste/statistics-statistiques/annual_merchandise_trade-commerce_des_marchandises_annuel.aspx?lang=eng).

As the NAFTA negotiations drag on, Canada is actively seeking new trade partners and is in the process of implementing trans-Atlantic and trans-Pacific trade agreements. The Comprehensive Economic Trade Agreement (CETA) and the Comprehensive and Progressive Trans-Pacific

Partnership (CPTPP) are the most recent initiatives to secure preferred access to foreign markets for Canadian goods, services and investment. Once these agreements are finalized, the fruit of the agreements will travel via the oceans.

Where did the gas you put in your car, or the natural gas that heats your house come from? Most of the energy products consumed in Canada are either Canadian-sourced or come from the United States, but almost one-third is imported and arrives via tankers. In 2016, just under 33% Canada's oil needs came from countries including Saudi Arabia, Algeria, Nigeria and the United Arab Emirates.<sup>4</sup>

Canada trades, and a significant proportion of the trade travels by sea. But the oceans are not just a trade corridor. They also provide products and employment. Canadians enjoy seafood – like lobsters, scallops, shrimp, crab and salmon. Much of that comes from the oceans. As well, Canada exports a significant proportion of ocean catches. The total value of fish and seafood exports in 2017 was \$6.865 billion.<sup>5</sup> The United States has traditionally been Canada's largest market for lobster, but China came close to becoming the largest market in the fall of 2019. In total over the first 10 months of 2019, \$428 million worth of lobster was purchased in the United States and \$384 million in China.<sup>6</sup> That's a lot of lobster.

Seafood is not the only product Canadians get from the oceans. The oil and gas industry in Canada has been involved in offshore exploration and development since 1959 with exploration off Sable Island. The first commercial production of oil offshore began in 1992 offshore of Nova Scotia. In November 1997, production started at the Hibernia oil field off the coast of Newfoundland and Labrador. The offshore oil and gas industry has grown over the past decades as technology made it possible to exploit it. Atlantic Canada produces more than 233,000 barrels of oil per day, representing 5% of Canada's total crude oil production.<sup>7</sup>

How else is Canada a maritime state? As noted, the marine sector generated billions in sales revenues and 11,100 direct full-time jobs were attributable to 314 businesses in 2014.<sup>8</sup> Many Canadians are employed in the ocean fishing industry. In 2017, the number of Canadians employed as commercial fish harvesters and crew was 44,342, and in seafood product preparation and packaging the number was 28,718.<sup>9</sup> Canadians are also employed in other sectors that relate to the oceans. For example, the Atlantic Offshore Oil and Gas industry says

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<sup>4</sup> Geoffrey Morgan, "OPEC Oil Comes Roaring Back into Canada: Cartel Supplies a Third of Imports, Displacing U.S. Shale," *Financial Post*, 21 February 2017, available at <https://business.financialpost.com/commodities/energy/opec-oil-exports-to-canada-rebound-in-2016-as-u-s-producers-look-for-new-markets>.

<sup>5</sup> Government of Canada, Department of Fisheries and Oceans, "Canada's Fisheries Fast Facts 2017," available at <http://www.dfo-mpo.gc.ca/stats/facts-Info-17-eng.htm>.

<sup>6</sup> Paul Withers, CBC News, "China is Close to Becoming Canada's Largest Export Market for Live Lobster," 7 January 2020, available at <https://www.cbc.ca/news/canada/nova-scotia/china-overtook-us-canada-s-largest-market-for-live-lobster-1.5416962>.

<sup>7</sup> Atlantic Canada's Offshore Oil and Gas Industry, no date given, available at <http://atlanticcanadaoffshore.ca/the-atlantic-canadian-offshore/>.

<sup>8</sup> Government of Canada, "Overview of the Canadian Marine Industry (2014)," June 2016, available at <https://www.ic.gc.ca/eic/site/sim-cnmi.nsf/eng/uv00059.html>.

<sup>9</sup> Government of Canada, Department of Fisheries and Oceans, "Canada's Fisheries Fast Facts 2017."

this industry employs 5,500 people directly, and many more indirectly.<sup>10</sup> The Vancouver Port Authority says port activities sustain 115,300 jobs, \$7 billion in wages and \$11.9 billion in GDP across Canada.<sup>11</sup>

The cruise ship industry brings hundreds of thousands of tourists to Canada every year. They come and visit and spend money, providing income to local businesses and creating jobs. In 2019, more than one million cruise passengers on 288 ship visits stopped at Vancouver, reflecting a 22% increase in passenger volumes over 2018. According to the Vancouver Port Authority, each cruise ship that visits Vancouver stimulates about \$3 million in direct activity to the local economy.<sup>12</sup> In Halifax, there were 179 cruise ship visits to the city in 2019 with 324,828 passengers on board.<sup>13</sup>

Canada thinks of itself as a caring international actor. What happens when natural disasters occur – Canada responds. Most of the time that response goes via the oceans. Air transport is expensive and, while quick, requires significant working local infrastructure unlike ships. Navy ships can carry huge amounts of disaster relief cargo, and can deliver life-saving material ashore via ship-to-shore connections inherent in the ships.

With the exception of indigenous Canadians who, it is believed, came here long ago via land bridges, many Canadians arrived in the country by ships – coming from a wide variety of homelands. The historic Pier 21 in Halifax is where many people arrived on their journey across the ocean.

We forget the oceans at our peril. Canada's motto is *a mari usque ad mare* – from sea to sea. That could be changed to *a mari usque ad mare ad mare* to recognize the other ocean that borders Canada. There are three oceans on Canada's borders, the Arctic Ocean, the Atlantic Ocean and the Pacific Ocean. But many of us have lost our connection with the oceans, and since we don't see it, we assume it has no relevance to our lives. We see trains and trucks carrying goods to our department stores, but we don't realize that those containers were unloaded from container ships before they were loaded on to trains or trucks.

The oceans have had and continue to have a huge effect on Canada – from our roots in another countries to Canadian goods sold abroad or goods bought from abroad, to jobs, food, energy and recreation. Canada is a maritime state. And maritime states have navies.

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<sup>10</sup> Atlantic Canada's Offshore Oil and Gas Industry, "Benefits and Revenue from the Industry," no date given, available at <http://atlanticcanadaoffshore.ca/benefits-and-revenue-from-the-industry/>.

<sup>11</sup> Port of Vancouver, Media release, "New Mid-year Record for Container Volumes through the Port of Vancouver."

<sup>12</sup> Vancouver Port Authority, "Last Cruise Ship of the 2019 Season Departs Canada Place Tomorrow," 31 October 2019, available at <https://www.portvancouver.com/news-and-media/news/last-cruise-ship-of-the-2019-season-departs-canada-place-tomorrow/>.

<sup>13</sup> Cruise Halifax, "Statistics," 2019, available at <https://www.cruisehalifax.ca/our-visitors/statistics/>.