



The Canadian Merchant Service Guild

A NATIONAL ASSOCIATION OF MASTERS - MATES - PILOTS - ENGINEERS AND OTHER MARINE OFFICERS

La Guilde de la Marine Marchande du Canada

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June 5, 2026

The Honourable Steven MacKinnon, P.C., M.P.

Minister of Transport

330 Sparks St. Ottawa, ON K1A 0N5

*Via Email: TC.engagement.TC@tc.gc.ca
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Dear Minister MacKinnon,

RE: Proposed Cabotage Exemption for Foreign-Flagged Vessels

The Canadian Merchant Service Guild represents thousands of ships' officers working aboard Canadian-flag ships. We are writing to express our opposition to the proposal advanced in Transport Canada's consultation framework, "**Strengthening One Canadian Economy Through trade and Transportation**", which would permit foreign-flagged vessels to operate in the domestic coastal shipping trade during emergencies without first obtaining a coasting trade licence. This proposal, presented under the banner of "**Reduce Red Tape and Streamline Regulations**", is not a small adjustment. It resembles a serious blow to Canada's cabotage framework, and the domestic maritime industry it protects, and the Canadian seafarers whose livelihoods depend on it.

The substance and the justification for the proposal are problematic. We are concerned that it includes vague language that can attract misuse in order to increase exceptions, dilute cabotage protections, and bypass scrutiny under the guise of urgency. It is difficult to view this as anything other than an attempt to weaken important existing safeguards.

What makes this proposal even more troubling is that it is plainly unnecessary. Canada already has an established coasting trade licensing system that allows foreign-flagged vessels to enter the domestic trade where a genuine operational need exists. The current framework already provides mechanisms to address urgent circumstances, including very expedited processes to address emergency situations, when no suitable Canadian vessel is available.

In other words, the government is considering altering or dismantling an important protection mechanism not because the system has failed, but because the existing requirement for review, transparency, and the opportunity for Canadian operators to respond is overly burdensome.

Operating in Canada at a competitive financial advantage is a windfall for foreign operators as well as a tax avoidance strategy. Canada has long maintained a clear distinction between international shipping and domestic coastwise trade. That distinction underpins investment decisions by vessel owners, shipyards, educational institutions and maritime labour. Provisions applicable to the use of foreign ships were designed to facilitate international commerce, not the domestic trade.

Opening the door even further to foreign-flag operators with low overhead who can hire seafarers from low-wage jurisdictions undermines the significant investments recently made in Canadian tonnage, as well as the improvements and investments made to marine schools particularly by the provincial governments. All the stakeholders in the Canadian marine industry, including the labour side, have also contributed significantly to the efforts to recruit new candidates for Canada's maritime workforce. The efforts to attract young Canadians to enter the marine industry have been paying off. No steps should be taken to make these individuals wonder whether they can be confident that such a career is still a worthwhile path. All of these long-term investments across the entire marine field, are made based on the expectation of the federal government preserving the stability of the domestic maritime industry, by way of long-term national policy direction.

Canada's Coasting Trade Act is not an anomaly. Most maritime nations around the world embrace the principle that domestic transportation is a strategic national asset that fosters economic and national security and they reserve domestic waterborne commerce for their own nation's fleets and seafarers. That is likely because they understand that maritime capability is inseparable from economic security, industrial resilience and sovereign control over transportation infrastructure. Canada has long recognized those same principles. This proposal has the potential to weaken Canadian shipping, disadvantage Canadian operators, and reduce employment opportunities for Canadian seafarers. Cabotage exists for a reason. It reserves domestic marine transportation for Canadian-flagged vessels and supports the maintenance of a viable national fleet and a skilled domestic maritime workforce. Once that capacity is eroded, it cannot be easily rebuilt. Other nations have seen this happen.

A government that emphasizes domestic resilience, national industry, and secure supply chains should be strengthening these elements, not opening the door to foreign operators and foreign seafarers who do not contribute to the Canadian economy. No country can credibly speak about sovereignty, supply chain resilience, or economic self-reliance while simultaneously making it easier for foreign-flagged vessels to displace domestic capacity in times of crisis. Emergencies are precisely when a country should be able to rely on its own fleet, its own workforce, and its own regulatory system. Canada's Coasting Trade Act is in place to preserve domestic transportation capability to be able to be relied on.

There is also a serious strategic and security dimension that needs to be considered. The global shipping environment is dealing with numerous vessels taking advantage of dubious and misrepresented flag-registry, ownership and insurance coverage. Such vessels often have poor track records with regard to safety, protection of the environment and treatment of seafarers. Expanding foreign-flagged access to the Canadian domestic trade under a vaguely defined emergency exemption risks exposing Canada's transportation system to such operators. Any measure that risks increasing the vulnerabilities in Canada's domestic maritime space would be a move in the wrong direction.

Many maritime nations have been taking steps to reinforce even more their domestic maritime capacity and to protect their national workforce by reinvesting in self-sufficiency. Lessons have been learned from pandemic disruptions, and geopolitical instability. Such moves recognize that maritime capability is a strategic asset and Canada should observe that reality too.

The current cabotage regime in Canada has not prevented emergency response or obstructed the movement of critical goods because the existing framework already provides wide flexibility. Introducing a new proposed exemption would only remove the checks and balances that protect Canadian operators and workers. Initiatives that carry risks but offer no demonstrated operational necessity, should not be advanced.

For these reasons, we urge that this proposal be removed from further consideration. If the government believes there are shortcomings in the current regime, it should identify them openly and address them through evidence-based engagement with labour, industry, and maritime stakeholders, rather than consider an exemption to weaken the cabotage regime. Both Canada's maritime workforce as well as the domestic shipping industry have repeatedly demonstrated that they will deliver in times of crisis, including national emergencies. The federal government should defend their roles in shaping Canada's transportation future rather than entertain measures that would weaken them.

By rejecting this proposal, the government would be taking a serious stance on the importance of resilience, sovereignty, and supply chain security, and would reaffirm its commitment to Canada's cabotage framework, domestic maritime capacity, and Canadian seafarers.

Yours truly,



Mark Boucher
National President
Canadian Merchant Service Guild