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## Marine Workers' & Boilermakers' Industrial Union

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The Honorable Kim Campbell  
Prime Minister of Canada  
Ottawa, Ontario

Dear Madam:

After a great deal of comparing notes, we the undersigned, agreed to submit to you this letter expressing our concerns on the present condition of the marine industry on the West Coast of Canada.

In the past, we have (independently) contacted the various Government departments to express our concerns. Unfortunately, with no results to date. Your conservative government continues to believe that destroying the industry by implementing the rationalization plan is the only way to better the present situation facing the marine industry.

Yet, when we read past documents undertaken for the Ministry of Industry, Science and Technology they clearly indicate future prospects to be good. The document # ISTB:0002, A & P Appledore - Overview of the Shipbuilding and Ship repair Markets in Canada - it states; "As at January 1988 it was estimated that approximately 63 percent of the world fleet was aged 10 years or over with just 5 percent being 25 years old or more, indicating a significant age replacement required over the coming 10 to 15 years".

"In Summary, the demand for merchant shipbuilding is likely to recover over the next five years, due to :

- Firming freight rates
- Obsolete tonnage replacement
- World trade expansion

and this recovery is likely to extend over the second half of the decade. It is already becoming increasingly difficult to place vessels, and world capacity is gradually becoming more fully utilized as ordering picks up".

"The characteristics of the Canadian ocean-going merchant fleet have been examined using APA's computer database. The fleet currently consists of 940 vessels in total. The fleet is predominantly small, with 97% being below 10,000dwt. The largest single vessel category type is fishing vessels (52%), followed by "others" (29%) made up of tugs, dredgers, barges and other working vessels".

Further, we quote the sandwell report of April 1993, "Prospects for the B. C. Shipbuilding and Repair Industry". It states:  
"Vancouver is a significant global marine centre, supporting substantial commodity traffic through extensive port operations. Sandwell is advised by the Vancouver Port Corporation that ship repair capability is a highly strategic component in their worldwide promotion of the port. Currently, however, the amount of onboard ship repair work performed by B.C. yards is relatively small. An intensive marketing effort is required to re-establish the reputation of the B.C. industry in this area and to attract new business. Nevertheless, it is difficult to predict the potential for increased market share".

Even though, this report points out the need for an intensive market effort which we both agree to be essential to the success of our shipbuilding/ship repair facilities, it fails to analyze the industry from a marine point of view. The only reason for quoting the Sandwell report is to point out that, even when the company preparing the report has no marine experience, they conclude that "the B.C. industry can be globally competitive when effective work practices are applied".

Given the good prospects for the future, what has motivated the Federal Government under the leadership of the Honorable Brian Mulroney and his conservative ministers, to create such an absurd concept as rationalization?

Would it not have been simpler to adapt the United Nations Committee on Trade and Development's recommendation that 40% of all imports and exports must be carried in national ships, ensuring that at least 40% of goods made and purchased by our country would be carried in our ships? Instead the Government channelled the money that could have been used to develop the existing facilities to companies that must be allowed to fail in order to clear the way for the ones that want to build up the industry.

According to the July 1991 - G.H. Kedgley report - prepared for Public Works Canada it states the following:  
"On the eleventh of March, 1991, Versatile Pacific Shipyards Inc. petitioned for protection under the Canadian Creditors Acceptance Act (C.C.A.A.), 1985.

The petition was heard before Justice Marko and was granted, with a plan of arrangement to be prepared and presented by Versatile by July 15, 1991, and a vote on the plan by creditors being required by August 14, 1991".

"Versatile Pacific Shipyards Inc. financial difficulties are enormous and far-reaching, but of key significance to this report is the financial situation with regard to the Panamax dock that they have operated. The Panamax dry dock forms part of the assets of a General Security granted the Hong Kong Bank in return for 7.5 million and has first priority. This General Security is guaranteed by Versatile's parent company, Shieldings Incorporated (a merchant bank), and the Province of British Columbia has agreed to purchase the loan from the Hong Kong Bank of Canada in certain circumstances".

"The Department of Industry, Science and Technology of the Federal Government of Canada has a debenture with a fixed charge over the dry dock which arises from a loan by the Federal Government to Versatile Pacific Shipyards Inc. in 1979\80 when the dock was constructed. At the time of the 7.5 million loan by the Hong Kong Bank the Federal Government agreed to fall back to second position with regard to its debenture". The G.H. Kedgley report tells us that the Federal Government allowed Shieldings Incorporated to use a facility that is partly owned by the Canadian taxpayers to borrow foreign money. Where was our responsible government? Definitely not looking after the interests of the taxpayers.

The Government and the Industry must separate the negative from the positive forces in order to concentrate on the positive and build the industry to international standards. By meeting these international standards the national requirements will be better served. For example, the money that Sheildings Inc. and Rivtow Marine have been promised for closing their facilities can better be used to improve the industry. Companies that cannot compete should be allowed to fail. No country other than Canada gives money to non-competitive companies to close.

"The policy (rationalization) has been pursued in Ontario and the West Coast. Capacity has been reduced by about 1/3 since 1986 (from 16,750 PYs to 11,500PYs) with the closure of Collingwood in Ontario, the closure of MIL Vickers and the withdrawal of MIL Tracy from the industry in Quebec, and in the West with the Closures of Yarrow's North Vancouver facility and West Coast Manly". Quote from Sandwell report, April 1993.

The adjustment assistance given to the above mentioned yards did not contribute to improving the marine industry or any other Canadian industry. It only helped to increase unemployment. There was no incentive for the shipyard owners to invest the money in Canadian Industry.

Today, the marine industry on the West Coast wonders where the money that was given to Shieldings Inc. went to. Is the Bank of Nova Scotia investing this money outside Canada?

No Government in its right mind gives money to an industry without clear policy. Unless corruption or stupidity is involved. Are we to expect the current trend to continue?

Conclusion:

The most difficult challenge for Canada continues to be for all to understand the strategies necessary to change to a globally competitive nation. Therefore, the main objective of the Federal Government is to facilitate this change by choosing individuals from Government and the industry that are able to create the policies necessary for this change to occur.

The Government must stop its rationalization plans immediately. This means no additional money to Mr. Terry Godsall of Shieldings Inc. and Mr. John Cosulich of Rivtow Marine to diversify.

The West Coast Marine Council must be activated immediately to look for ways to better spend government contributions and to find better ways to improve the marine industry on the West Coast.

Sincerely



George MacPherson, President  
Marine Workers and Boilermakers



Emanuel Duarte, Naval Architect  
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CC: JEAN CHRETIEN  
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