

HJR

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**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: 1-30-87

Bill Version: HJR 6
Publish Date: _____

Revision Date: _____
Title: Reciprocal Competition in
Marine Transportation Services
Sponsor: Cato
Requestor: Cato

Agency Affected: DOT&PF
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal impact to the Department of Transportation and Public Facilities

Prepared by: Mark S. Hickey, Deputy Commissioner,
Division: Office of the Commissioner

Phone: 465-3900
Date: 1-30-87

Approved by Commissioner: *Mark S. Hickey*
Agency: _____

Date: 2/4/87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Sec

COMMUNICATIONS

HJR 6

April 20, 1987

Dear Lt. Governor McAlpine:

Thank you for your letters to President Reagan and Secretary Dole on the subject of marine transportation services in the United States by Canadian companies.

I have asked my staff to look into the issue that prompted the resolution of the Alaska Legislature, which is the loss of a Canadian government waiver granted to an American company to carry cargo in the Canadian coastal trade. We have discussed the matter with a representative of the company, Alaska Marine Lines, and obtained up-to-date information on the status of the situation. The Department of State had made previous representations before the Canadian government on the refusal of this waiver petition, but was unsuccessful in reversing the decision.

On April 13 several DOT representatives met in Ottawa with Canadian officials from the Department of External Affairs to express our continued concern over the waiver refusal. We provided to the Canadians new information on the present carriage of the cargo, and we communicated the fact that the United States Congress had taken heed of your resolution and was considering the development of a legislative proposal mandating reciprocity.

The Canadian officials promised to look into the situation. We will keep you informed of any developments.

Sincerely,

/s/ Matthew V. Scocozza
Matthew V. Scocozza
Assistant Secretary for Policy
and International Affairs

ALASKA PUBLIC DEBT 1986, State of Alaska
Department of Revenue, April 1987
transmitted by letter of April 27 from
Commissioner Malone, Department of Revenue

Distributed to all Legislators

A copy of the letter and report is on file in the Office of the Secretary of the Senate.

Posted April 30:

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS
OF THE ALASKA COMMISSION ON POSTSECONDARY
EDUCATION

under authority of AS 14.48.050, dealing with
Institutional Authorization (grievance procedure
in institution's catalog or brochure)

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS
OF THE DEPARTMENT OF PUBLIC SAFETY

under authority of AS 18.70.080 and AS 18.70.310,
concerning fire codes, fireworks, fire extinguishers,
and hazardous materials and hazardous wastes.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

February 27, 1987

The Honorable Lloyd Jones
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator Jones:

I am writing to express some concerns regarding HJR 6, which recommends certain actions by Congress regarding the third proviso of the Jones Act.

As you know, Initiative 83-02, approved by the voters in November 1984, expresses the will of the people of the State of Alaska that they wish Congress to repeal fully the Jones Act. While I realize the intent of HJR 6 is certainly consistent with that notion, and merely a response to Canadian Shipping Act restrictions that preclude Alaskan transportation firms from competing freely in this case in the Southeast market for movements of Canadian origin goods destined for the Yukon Territory, I feel obliged to point out that HJR 6 can also be interpreted as being inconsistent with Initiative 83-02.

The third proviso of the Jones Act is a provision which basically exempts certain types of movements (i.e., those goods originating in the U.S. that move through Canada by rail under a tariff regulated by the Interstate Commerce Commission) from the basic requirement to move to and from Alaska in a U.S. bottom vessel. As you probably know, Canadian National currently provides such a service with a rail-car barge that is Korean-built operating between Prince Rupert, British Columbia and Whittier, Alaska. I believe any effort to recommend repeal of this provision could easily be interpreted as an act contrary to the intent of the initiative, since this provision is the one section of the Jones Act which at least provides some relief from the onerous provisions of that law.

It is also worth noting that there may be other Alaskan interests greater than the one addressed in HJR 6 that would warrant support for repeal of a third proviso. A few years ago when this topic was discussed and draft legislation introduced in Congress, the state considered trading repeal of the third proviso for a blanket exemption for the Alaska Marine Highway System to use foreign bottoms that would otherwise be U.S.-owned and U.S.-crewed. My point in mentioning this is merely to stress there may be a more important "quid pro quo" to request if the third proviso is to be offered up in an overall strategy to lessen the anti-competitive effects of both the Jones Act and the Canadian Shipping Act.

The Honorable Lloyd Jones

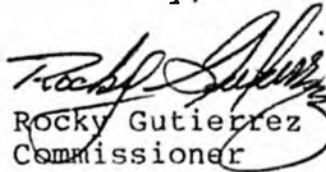
-2-

February 27, 1987

I wanted to bring these issues to your attention as you proceed with your deliberations. Please realize that the mentioning of these concerns should not be construed as lack of support for the basic intent of your resolution, nor lack of support for Alaskan transportation firms having an equal opportunity to compete in the movement of goods to and from the Yukon Territory.

If you wish to discuss this further, please give me or Mark Hickey a call.

Sincerely,



Rocky Gutierrez
Commissioner

cc: Pete Jeans, Chief of Staff, Office of the Governor
George Sullivan, Legislative Lobbyist,
Office of the Governor
Mark S. Hickey, Deputy Commissioner, Operations
John Katz, Special Counsel, State/Federal Relations,
Office of the Governor
Jim Jansen, President, Lynden Incorporated



Official Business

Alaska State Legislature

Senate

Office of the Secretary

Pouch V
State Capitol
Juneau, Alaska 99811

April 10, 1987

MEMORANDUM

TO: Senator Lloyd Jones, Chairman
Transportation Committee

FROM: Peggy Mulligan *PM*
Secretary of the Senate

SUBJECT: Letter dated April 1 from Judy A. Black, Special Assistant to the President of the United States for Intergovernmental Affairs regarding House Joint Resolution No. 6 regarding marine transportation services between the United States and Canada

President Faiks has referred the attached letter referenced above, for your file.

RECEIVED ADD N 9 1987

THE WHITE HOUSE
WASHINGTON

April 1, 1987

STATE OF ALASKA
RECEIVED
APR 06 '87
LIEUTENANT GOVERNOR

Jsp.

HJR 6

Dear Lt. Governor McAlpine:

On behalf of the President, thank you for forwarding a copy of Alaska's House Joint Resolution No. 6 regarding marine transportation services between the United States and Canadian companies.

Please be advised that I will share copies of your correspondence with appropriate officials at the Departments of State, Commerce, and Transportation for their review.

If I can be of further assistance, please let me know.

Sincerely,

Judy A. Black

Judy A. Black
Special Assistant to the President
for Intergovernmental Affairs

The Honorable Stephan McAlpine
Lt. Governor of Alaska
Pouch AA
Juneau, Alaska 99811

TESTIMONY REGARDING HCR 6
PRESENTED BY JIM JANSEN, PRESIDENT
OF LYNDEN, INC. TO THE
HOUSE TRANSPORTATION COMMITTEE
FEBRUARY 4, 1987

Chairman Cato and members of the House Transportation Committee, my name is Jim Jansen and I am president of Lynden, Inc., which is an Alaskan transportation and construction company.

I would like to thank Madam Chairman for introducing this resolution, as we feel it involves a fundamental issue of fairness between the U.S. and Canada in trade relations.

As you are aware, the U.S. Jones Act generally precludes foreign vessels from transporting American goods between American ports. One exception to this requirement contained in the third proviso of the Jones Act allows Canadian vessels to haul American goods between the Continental U.S. and Alaska if the route includes a segment on Canadian rail lines.

The Canadian equivalent of the Jones Act is the Canada Shipping Act. As in the U.S. legislation, there are provisions for exemptions to the Act under limited circumstances. Through regulation, it is possible to obtain a "Coasting Trade Exemption Order", which for a period of one year, waives the Act where no suitable Canadian vessel is available to provide service at a reasonable rate.

Alaska Marine Lines, a subsidiary of Lynden, received such an exemption in 1985 to haul goods from Vancouver to Whitehorse, via Skagway on a weekly basis. This resulted in lower freight costs for both Skagway and the Yukon by virtue of the greater volume of goods transported on this Southeast Alaska route.

Upon reapplication in 1986, the Canadian Whitepass and Yukon Corporation objected to Alaska Marine Lines' service, as it desired to offer its own service. Even though the proposed Whitepass service was less frequent and more expensive, Alaska Marine Lines was denied the right to continue its service from Vancouver to Skagway and Whitehorse. Enclosed for your information is a copy of our submission to the Canadian Minister of National Revenue and numerous letters of support from the Yukon, Skagway, and the Governor which accompanied it.

HCR 6 basically says that it is unfair for Canada to preclude such marine transportation service when Canadian service is noncompetitive. The resolution urges Congress to take what steps it deems necessary, including modification of the third proviso of the Jones Act, if Canada does not reciprocate in its treatment of U.S. marine transportation companies.

While Alaska Marine Lines is most impacted by this particular Canadian decision, it has ramifications for all U.S. and Alaskan marine transportation companies.

Thank you for the opportunity to testify, and I strongly encourage you to support this resolution.

MINISTER OF NATIONAL REVENUE

IN THE MATTER OF PART XV OF THE CANADA SHIPPING ACT
R.S.C. 1970, c.S-9, AS AMENDED, AND IN THE MATTER
OF THE COASTING TRADE EXEMPTION ORDER (1986-87)

SUBMISSIONS TO THE MINISTER
OF NATIONAL REVENUE BY
ALASKA MARINE LINES

OSLER, BOSKIN & HARCOURT
Barristers & Solicitors
50 O'Connor Street
Suite 1400
Ottawa, Ontario
K1P 6L2

Ronald G. Belfoi
Patricia J. Wilson

Submission to Canadian

Minister of National Revenue

INTRODUCTION

1. On April 2, 1986, Alaska Marine Lines, Inc. (A.M.L.) applied to the Minister of Revenue and the Water Transport Committee for a renewal of the one-year waiver granted to it commencing May 3, 1985, to enable it to continue to move Canadian goods between British Columbia and the Yukon Territory on its weekly water-bridge service between Seattle, Washington and Haines and Skagway, Alaska. (Attachment 1).
2. Three Canadian operators have objected to the application by A.M.L. on grounds that they have suitable Canadian vessels available for the proposed service. The Canadian operators who have objected to the A.M.L. application are Rivtow Straits Ltd., Seaspam International Limited, and Whitepass and Yukon Transportation Company. A.M.L. responded to the offer of vessels by these operators in its Reply to Vessel Offers, submitted to the Water Transport Committee on April 22, 1986. (Attachment 2).
3. A.M.L. wishes to make the following additional submissions to the Minister of Revenue in support of its application to renew its waiver.

REQUIREMENT FOR THE ALASKA MARINE LINES SERVICE

4. Over the past year, Alaska Marine Lines (A.M.L.) has provided a dependable weekly scheduled service to the Yukon. The flexibility that the A.M.L. water-bridge service offers to Canadian shippers and truckers operating in British Columbia and the Yukon has earned the A.M.L. service public acceptance among northern shippers in the Yukon over the past year. A.M.L. wishes to confirm its commitment of service to Yukoners on a continuing basis.
5. The benefits provided by the A.M.L. service to Canadian shippers are confirmed by the acceptance of the water-bridge service by the Yukon Liquor Corporation. After a year of using the A.M.L. waterbridge for its shipments, the Yukon Liquor Corporation has made it a requirement in its call for trucking tenders on the contract for deliveries of liquor that a rate be quoted based on a water-bridge route via either Skagway or Haines, Alaska. Use of the water-bridge service offered by A.M.L. has thus resulted in lower shipping costs for Yukoners, along with the flexibility offered by a guarantee of weekly scheduled deliveries.

6. It is respectfully submitted that the continuation of the weekly service offered by A.M.L. will provide benefits to Yukon shippers in the form of a flexible, lower-cost shipping alternative suitable to their needs.

ECONOMIC VIABILITY OF THE ALASKA MARINE LINES SERVICE

7. Alaska Marine Lines has sufficient American base traffic on its weekly scheduled service to ensure the commercial viability of its offer of service to Canadian shippers. The existence of this base traffic is crucial to the ability of any operator to offer shipping services to the Yukon at a reasonable cost to the shipper. This is because the expected volumes of traffic destined for the Yukon, including Canadian traffic expected to be generated as a result of the re-opening of the mine at Faro, do not justify the higher cost to the shipper of chartering a barge. For this reason, it is respectfully submitted that the "offer" of barges by two Canadian operators, Rivtow Straits Ltd. and Seaspan International Limited, to move Canadian goods to the Yukon on a weekly basis, is not commercially feasible.

BENEFITS TO YUKON SHIPPERS FROM COMPETITION

8. Whitepass and Yukon Corporation has objected to the application for a renewal of its waiver by Alaska Marine Lines on the grounds that it is planning to start a scheduled service from Vancouver to Skagway, using one of the ships it kept in drydock after it withdrew its previous service in January, 1983.

9. A.M.L. responded to the objection to its waiver application by Whitepass in paragraph 10 of its Reply (pp.7 et seq., Attachment 2). After reviewing the submissions by Whitepass to the Water Transport Committee dated April 24, 1986, it is further noted that Whitepass is confident it has sufficient base traffic to justify the operation of a scheduled service to the Yukon. This base traffic consists of existing fuel deliveries, for which Whitepass currently uses a barge provided by Seaspan, and an export program consisting of traffic bound for Southeast Alaska. It is therefore submitted that the continuation of the A.M.L. offer of service to Canadian shippers will not result in the withdrawal by Whitepass of its proposed scheduled service.

10. It is respectfully submitted that the existence of two shipping services into the Yukon will result in competition in the market which will benefit Yukon shippers and businesses. Competition between two operators will ensure that cost competitive rates are maintained and that service remains dependable on a year round basis.

11. It is submitted that the existence of competitive shipping services are crucial for Yukon shippers, particularly as the Yukon economy recovers from its recent severe recession. In this context, it is respectfully submitted that the interests of Yukon shippers should be the primary consideration in determining whether a waiver should be granted to Alaska Marine Lines.

12. At the same time, there has been no indication by Whitepass to the Water Transport Committee as to what its rates will be, other than the broad assertion that they will be competitive. Whitepass has also been asked by Curragh Resources to quote a rate to them for movement of their general freight in and out of the mine at Faro, and to date has not provided such a quotation.

13. It is respectfully submitted that Whitepass is avoiding the requirements and intent of the Coasting Trade Exemption Order by failing to provide its rates and other terms on which it is willing to offer its service. It is submitted that the intent of the coasting trade protection in the Canada Shipping Act and the Exemption Order is to reserve the coastal trade to Canadian traffic where Canadian ships are available to perform the requested shipping movement in a competitive fashion. It is respectfully submitted that in these circumstances, Whitepass cannot be allowed to circumvent the regulatory process designed to administer this policy by failing to respond to shippers in the Yukon until and in the hope that potential competition by A.M.L. will be eliminated by denial of the waiver application.

14. The denial of the A.M.L. waiver application will leave Yukon shippers with only one shipping alternative over water, with the concomitant risks to shippers of higher rates unrestrained by competitive pressures and loss of service. It is respectfully submitted that granting the application by A.M.L. for a renewal of its waiver, on the other hand, will ensure that needed shipping alternatives will be provided to Yukoners.

15. Alaska Marine Lines wishes to emphasize that it has no desire to prevent or preclude Canadians from operating ship or barge water-bridge service to the Yukon. The interest of Alaska Marine Lines in this application is to be allowed an opportunity to continue the service it has offered to Yukon shippers over the past year in a competitive market environment. Alaska Marine Lines submits that in its anticipation, the continued availability of its service in the Yukon, in competition with Canadian operators, can only be to the benefit of Yukon shippers.

SUPPORT BY YUKON TERRITORIAL GOVERNMENT

16. The Yukon Territorial Government has recognized the necessity of ensuring the continuation of dependable scheduled year round service at competitive rates for shippers and businesses in the Territory. For this reason, the Minister of Community Services and Transportation in the Yukon Territorial Government has supported the A.M.L. application. In the Minister's letter to the Water Transport Committee, a copy of which is attached to these submissions, the interest of the Yukon Government in ensuring the lowest possible transportation costs in order to encourage recovery of the Yukon economy are set out:

As you are no doubt aware, Yukon's economy is an extremely fragile one and is presently getting back on its feet after a devastating downturn in the mining industry over the last three or four years. It is apparent from this experience that the economy is extremely dependant upon the ability of businesses to obtain goods and to ship goods to market at the lowest transportation costs possible. In the view of the Yukon Government, the Yukon economy requires access to frequent, reliable year around and cost competitive marine shipping service. Alaska Marine Lines has demonstrated the ability to provide such service on a weekly basis since last May.

I appreciate that the Committee must examine the potential for Canadian ships and companies to carry out shipping operations between Canadian points. However, the existence of a dependable and cost effective transportation alternative to highway trucking routes is so critical to Yukon's efforts

for increased economic development that unless the Whitepass and Yukon Corporation Ltd. can guarantee frequent, reliable, year around service on a long term basis at rates similar to those currently available, we would feel compelled to support Alaska Marine Lines' request for a further one year waiver under the Canada Shipping Act. I would impress upon you that we must hold this view because of the importance of such service to the Yukon economy as a whole.

17. It is therefore respectfully submitted that granting the A.M.L. application would be in the public interest in the Yukon and would be consistent with the objectives of encouraging the recovery and development of Yukon's economy.

RECIPROCITY WITH THE UNITED STATES - JONES ACT

18. Canadian ship operators now enjoy an exemption from the provisions of the United States Jones Act, under what is known as the "Third Proviso", whereby Canadian vessel operators may ship U.S. goods to Alaska without the need for a waiver from U.S. authorities if the goods involved are delivered, in part, over Canadian rail lines. A copy of the Jones Act with the "Third Proviso" underlined, is attached to these submissions. To our knowledge, Canadian operators now ship U.S. goods to Whittier, Alaska under this provision via Prince Rupert, British Columbia (Canadian National); and to Kaktovik and Prudoe Bay, on the north slope of Alaska via Hay River and the MacKenzie River in the Northwest Territories (Northern Transportation). The volumes involved in these movements are significantly greater than those contemplated by Alaska Marine Lines to be moved to the Yukon Territory under a Canadian waiver.

19. The movement proposed by Alaska Marine Lines parallels Canadian-Alaska operations such as those described above in that Canadian goods transported by Alaska Marine Lines are trucked, by Canadian truckers, to and from U.S. points serviced by the waterbridge portion of the movement. Similarly, other Canadian operators wishing to ship U.S. traffic to southeast Alaska via the Canadian west coast waterway could do so, for example, by transporting U.S. goods to Vancouver by rail. The "Third Proviso" in the Jones Act

was enacted, and has resulted, in increased competition among all operators in Alaska, to the benefit of Alaskan shippers. It is submitted that similar benefits will arise for Yukon shippers should Alaska Marine Lines be afforded a reciprocal opportunity to carry Canadian goods on its scheduled tug and barge service.

20. It is respectfully submitted that a decision to grant the application by A.M.L. for a renewal of its waiver would be consistent, from the standpoint of reciprocity, with the administration by the United States of its coasting trade legislation.

CONCLUSION

21. It is respectfully requested that, for all of the reasons submitted above, the application by Alaska Marine Lines for a waiver of Part XV of the Canada Shipping Act in respect of Canadian goods carried on its weekly scheduled tug and barge service be granted.

OSLER, HOSKIN & HARCOURT
Barristers & Solicitors
50 O'Connor Street
Suite 1400
Ottawa, Ontario
K1P 6L2

Solicitors for Alaska Marine Lines.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 17, 1986

The Honorable Elmer MacKay
Minister, Revenue Canada
House of Commons
707 Confederation Building
Ottawa K1A 0A6
CANADA

Dear Mr. Minister:

I am writing in support of the recent application from Alaska Marine Lines, Inc., for a one-year continuance of their waiver of the Canadian Shipping Act. This will allow continued movement of Canadian products through Haines and Skagway, Alaska, at a cost savings for the citizens of Yukon.

Alaska Marine Lines' regular barge service for Yukon has been in operation for one year, with favorable results for Whitehorse merchants and Yukon citizens. A continuation of these arrangements will benefit Yukon and southeast Alaska, since the additional volume from Canadian products means lower overall unit costs.

As you may know, the State of Alaska and the Government of Yukon have recently agreed to provide year-round maintenance of the Klondike Highway between Skagway and Whitehorse, Yukon. This decision should enhance the transportation system serving both regions and improve the delivery of services by Alaska Marine Lines.

Additionally, an important component of the road agreement is our desire to foster a free trade environment, whereby U.S. and Canadian firms alike can compete side by side for transportation business. Favorable action on the waiver request would be viewed as an affirmation of your government's support for that aspect of the agreement.

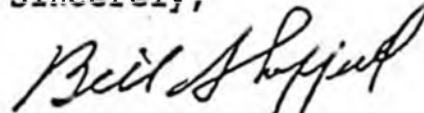
The Hon. Elmer MacKay

-2-

April 17, 1986

Your support and approval of the waiver application by Alaska Marine Lines would be greatly appreciated.

Sincerely,



Bill Sheffield
Governor

cc: Senator Ted Stevens
Senator Frank Murkowski
Representative Don Young

The Honorable Tony Penikett
Government Leader, Yukon

R. J. Knapp, Commissioner
Department of Transportation
and Public Facilities

Loren L. Lounsbury, Commissioner
Department of Commerce and
Economic Development

John Katz, Special Counsel
State/Federal Relations,
Office of the Governor

Jim Jansen, President and
Chief Executive Officer
Lynden Incorporated



Office of the Minister
Box 2703, Whitehorse, Yukon Y1A 2C8
(403) 667-5811 Telex 036-8-260

Our File CTS 4615-2
Yukon File

1986 04 24

Anne-Marie Trahan, Q.C.
Chairman
Water Transport Committee
Canadian Transport Commission
Jules Leger Building
15 Eddy Street
Ottawa, Ontario
K1A 09N

Dear Ms Trahan:

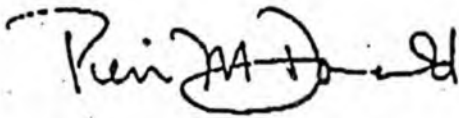
Re: Alaska Marine Lines Application for Renewal of Waiver under the Canada Shipping Act

As you are no doubt aware, Yukon's economy is an extremely fragile one and is presently getting back on its feet after a devastating downturn in the mining industry over the last three or four years. It is apparent from this experience that the economy is extremely dependant upon the ability of businesses to obtain goods and to ship goods to market at the lowest transportation costs possible. In the view of the Yukon Government, the Yukon economy requires access to frequent, reliable, year around and cost competitive marine shipping service. Alaska Marine Lines has demonstrated the ability to provide such service on a weekly basis since last May.

I appreciate that the Committee must examine the potential for Canadian ships and companies to carry out shipping operations between Canadian points. However, the existence of a dependable and cost effective transportation alternative to highway trucking routes is so critical to Yukon's efforts for increased economic development that unless the White Pass and Yukon Corporation Ltd. can guarantee frequent, reliable, year around service on a long term basis at rates similar to those currently available, we would feel compelled to support Alaska Marine Lines' request for

a further one year waiver under the Canada Shipping Act. I would impress upon you that we must hold this view because of the importance of such service to the Yukon economy as a whole. I would ask that the Water Transport Committee keep this in mind in considering the application by Alaska Marine Lines.

Yours truly

A handwritten signature in dark ink, appearing to read "Piers McDonald". The signature is fluid and cursive, with the first name "Piers" written in a larger, more prominent script than the last name "McDonald".

Piers McDonald
Minister of Community and
Transportation Services

cc: Elmer McKay
Federal Minister of Revenue

Erik Neilsen
Deputy Prime Minister

David Crombie
Minister of DIAND

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March 26, 1986

Mr. Antoine Cote
Director Merchants Branch
Water Transport Committee
Terasses De Les Chaudieres
OTTAWA, Ontario
K1A 0N9

Dear Sir:

With this letter we would like to inform you that the "Water Bridge" concept by Alaska Marine Lines has allowed us to obtain quantities of merchandise, also heavy equipment haulage rates far below those presently obtainable by the all road method.

Alaska Marine Lines, along with the road haulage companies involved, have been punctual and without damage to equipment or merchandise.

We feel in these hard economic times, that a water route from the south to the northern gateway to Yukon, ie Skagway or Haines, Alaska, should be maintained, especially if the rates are consistently below the road route.

We have no hesitation thanking Alaska Marine Lines for the "Water Bridge" concept - it certainly has helped us secure a reasonable commodity rate.

Yours truly

ELVINS EQUIPMENT SALES LIMITED



Neil Cross
General Manager

/pb



YUKON LIQUOR CORPORATION, BUILDING 278 9031 QUARTZ ROAD, WHITEHORSE, YUKON, CANADA Y1A 4P9

TELEPHONE (403) 667-5245
TELEX 036-8-336

March 27, 1986

Mr. Antoine Cote
Director Merchants Branch
Water Transport Committee
Terrasses de les Chaudieres
Ottawa, Ontario
K1A 0N9

Dear Mr. Cote,

RE: Alaska Marine Lines Transportation
Yukon Freight Lines

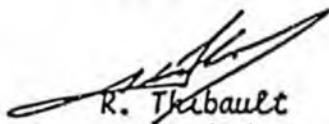
This is a letter of information regarding the transportation system used by the Yukon Liquor Corporation to ship liquor from Vancouver, B.C. to Whitehorse, Yukon.

The Corporation has a contract with Yukon Freight Lines Ltd., a Canadian Motor Carrier to transport goods to Whitehorse via a truck/barge route. The contractor has subcontracted with Alaska Marine Lines to provide the water portion of this route being Seattle, Washington to Haines, Alaska.

The marine route for transportation that has been used for the last eight months is a weekly service.

The Yukon Liquor Corporation has found the road/marine route of transportation to be both reliable and cost effective.

Yours truly,


R. Thibault
General Manager

c.c. Alaska Marine Lines

FRONTIER FREIGHTLINES LTD.

105 GOLD ROAD · WHITEHORSE, YUKON Y1A 2W2 · (403) 668-2441

March 27, 1986.

Water Transport Committee,
Terrasses De Les Chaudieres,
Ottawa, Ontario
Canada K1A 0N9

Attn: Mr. Antoine Cote
Director Merchants Board

Dear Mr. Cote:

This letter is in support of Alaska Marine Lines application to continue their scheduled service moving Canadian freight to the Port of Haines or Skagway, Alaska.

There are a number of reasons for our support.

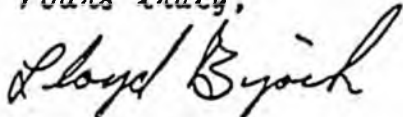
The major one is Alaska Marine Lines is not in competition with Yukon Trucking Companies.

Alaska Marine Lines provides a service that all Trucking Companies can use and not be bothered with back soliciting.

Our Company has had great success with movement of heavy equipment for customers in the Yukon by reducing the cost by 20 to 30 percent.

Alaska Marine Lines is a very fine Company to do business with and their weekly service makes our Company look very good to our customers.

Yours truly,



Lloyd Bjork
Frontier Freightlines Ltd.

FINNING TRACTOR & EQUIPMENT COMPANY LIMITED

BOX 4038, 143 INDUSTRIAL ROAD, • WHITEHORSE, YUKON Y1A 3S9 • PHONE 668-4800



March 27, 1986

To Whom it May Concern:

Alaska Marine Lines provides us with an excellent service. The "Water Bridge" has allowed customers North of '60 to choose a viable economic alternative to normal freight systems.

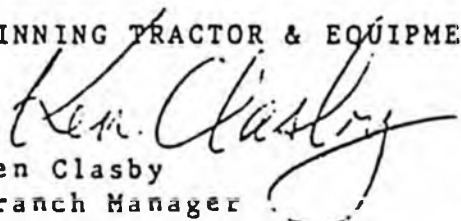
Our recommendation is that Alaska Marine continues with this consistent weekly schedule, non-interrupted, so that Northern business may continue to offer competitive merchandising to concerned consumers.

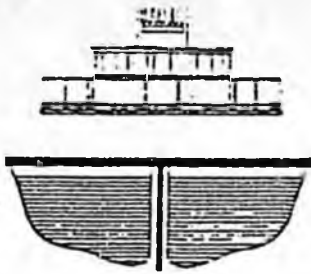
Thank you for your co-operation.

I remain,

Yours truly,

FINNING TRACTOR & EQUIPMENT CO. LTD.


Ken Clasby
Branch Manager
Whitehorse



Whitehorse Chamber of Commerce

SUITE 101, 302 STEELE ST., WHITEHORSE, YUKON Y1A 2C5 (403) 667-7545

1986 03 27

Mr. Antoine Cote
Director, Merchants Branch
Water Transport Committee
Terrasses des Chaudières
OTTAWA, ON K1A 0N9

Dear Mr. Cote:

Last year about this time, the Whitehorse Chamber of Commerce supported Alaska Marine Lines in its bid to obtain a Waiver of the Canadian Coastal Trade Regulations in order to provide a "water bridge" for the movement of freight from the greater Vancouver area to Yukon.

The bid, of course, was successful, and this community has enjoyed and appreciated Alaska Marine Lines alternative freight service over the past twelve months.

The Whitehorse Chamber of Commerce is interested in seeing that an efficient barge service is maintained. We hope that in your deliberations on the licensing of barge services you will take into consideration these points:

First, that the availability of an alternate method of transporting general cargo (by water) has become, and will likely remain, a very attractive and cost effective means of moving freight to the Territory.

Second, that the offering of a regular year round schedule without any interruption of service is important.

Yours truly,

April Neave
Manager

AN/cp

cc: Erik Nielsen, Deputy Prime Minister
Piers MacDonald, Minister of Transport
Willard Phelps, Leader of Official Opposition



1950 - 1985
35th ANNIVERSARY

The City of Whitehorse

2121 SECOND AVENUE • WHITEHORSE, YUKON Y1A 1C2 • TELEPHONE: (403) 667-6401
TELEX: 036-8418

March 25, 1986

Mr. Antoine Cote
Director Merchants Branch
Water Transport Committee
Terrasses De Les Chaudieres
Ottawa, Ontario
K1A 0N9

Dear Mr. Cote:

Please accept this as a letter of support for the continuation of Alaska Marine Lines which is presently bringing freight up the west coast to Haines, and possibly Skagway, for distribution in Whitehorse and the Yukon.

This carrier has provided a reliable service at a competitive price and provide a very viable option to bring freight into the Yukon. They are competitive both in delivery time and cost.

As you know, we are an isolated and distant centre from the rest of Canada and very vulnerable to freight costs. We believe healthy competition is the best way to keep a good service coming to our doors at a reasonable price. For these reasons, we would ask you to extend the present waiver to the Canadian Coastal Trade Regulations to accommodate Alaska Marine Lines.

Yours truly,

A handwritten signature in cursive script, appearing to read "D. W. Branigan".

D. W. Branigan
Mayor

CITY OF SKAGWAY, ALASKA

RESOLUTION 86-6R

A RESOLUTION URGING THE CANADIAN GOVERNMENT TO ACT FAVORABLY ON THE WAIVER EXTENSION REQUEST OF ALASKA MARINE LINES FOR EXEMPTION TO THE CANADIAN SHIPPING ACT.

WHEREAS: The year round maintenance of the South Klondike Highway has been agreed upon by the Government of the State of Alaska and the Government of the Yukon Territory, and

WHEREAS: The citizens of Skagway strongly desire that the transportation of freight to and through Skagway to Northwestern Canada becomes more frequent, reliable, and economical, and

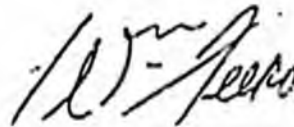
WHEREAS: A strong and competitive freight system is deemed to be in the best interest of, and of highest priority to, both the citizens of Skagway and Northwestern Canada, and

WHEREAS: Such a system encourages economic development and well being through more competitive freight rate and employment opportunities, and

WHEREAS: Alaska Marine Lines desires to continue to operate its presently established weekly freight service to Northwestern Canada utilizing its scheduled year round barge service.

NOW, THEREFORE, BE IT RESOLVED, that the Skagway City Council urges the Canadian Government to act favorably on Alaska Marine Line's request for an extension of waiver to the Canadian Shipping Act.

PASSED AND APPROVED THIS 19th DAY OF MARCH, 1986.



WILLIAM E. FEERO, MAYOR

ATTEST:


Lorene S. Gordon, City Clerk

TITLE 46
SHIPPING
("JONES ACT")

§ 883. Transportation of merchandise between points in United States in other than domestic-built or rebuilt and documented vessels

No merchandise shall be transported by water, or by land and water, on penalty of forfeiture of the merchandise (or a monetary amount up to the value thereof as determined by the Secretary of the Treasury to be recovered from any consignor, seller, owner, importer, consignee, agent, or other person or persons so transporting or causing said merchandise to be transported), between points in the United States, including Districts, Territories, and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation, in any other vessel than a vessel built in and documented under the laws of the United States and owned by persons who are citizens of the United States, or vessels to which the privilege of engaging in the coastwise trade is extended by section 13 or 808 of this title: *Provided*, That no vessel having at any time acquired the lawful right to engage in the coastwise trade, either by virtue of having been built in, or documented under the laws of the United States, and later sold foreign in whole or in part, or placed under foreign registry, shall hereafter acquire the right to engage in the coastwise trade: *Provided further*, That no vessel of more than five hundred gross tons which has acquired the lawful right to engage in the coastwise trade, by virtue of having been built in or documented under the laws of the United States, and which has later been rebuilt, shall have the right thereafter to engage in the coastwise trade, unless the entire rebuilding, including the construction of any major components of the hull or superstructure of the vessel, is effected within the United States, its Territories (not including trust territories), or its possessions: *Provided further*, That this section shall not apply to merchandise transported between points within the continental United States, including Alaska, over through routes heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate tariffs have been or shall hereafter be filed with said Commission when such routes are in part over Canadian rail lines and their own or other connecting water facilities: *Provided further*, That this section shall not become effective upon the Yukon River until the Alaska Railroad shall be completed and the Secretary of Transportation shall find that proper facilities will be furnished for transportation by persons citizens of the United States for properly handling the traffic: *Provided further*, That this section shall not apply to the transportation of merchandise loaded on railroad cars or to motor vehicles with or without trailers, and with their passengers or contents when accompanied by the operator thereof, when such railroad cars or motor vehicles are transported in any car ferry operated between fixed termini on the Great Lakes as a part of a rail route, if such car ferry is owned by a common carrier by water and operated as part of a rail route with the approval of the Interstate Commerce Commission, and if the stock of such common carrier by water, or its predecessor, was owned or controlled by a common carrier by rail prior to June 5, 1920, and if the stock of the common carrier owning such car ferry is, with the approval of the Interstate Commerce Commission, now owned or controlled by any common carrier by rail and if such car ferry is built in and documented under the laws of the United States: *Provided further*, That upon such terms and conditions as the Secretary of the Treasury by regulation may prescribe, and, if the transporting vessel is of foreign registry, upon a finding by the Secretary of the Treasury, pursuant to information obtained and furnished by the Secretary of State, that the government of the nation of registry extends reciprocal privileges to vessels of the United States, this section shall not apply to the transportation by vessels of the United States not qualified to engage in the coastwise trade, or by vessels of foreign registry, of (a) empty cargo vans, empty lift vans, and empty shipping tanks, (b) equipment for use with cargo vans, lift vans, or shipping tanks, (c) empty barges specifically designed for carriage aboard a vessel and equipment, excluding propulsion equipment, for use with such barges, and (d) any empty instrument for international traffic exempted from application of the customs laws by the Secretary of the Treasury pursuant to the provisions of section 1322(a) of Title 19, if the articles described in clauses (a) through (d) are owned or leased by the owner or operator of the transporting vessel and are transported for his use in handling his cargo in foreign trade; and (e) stevedoring equipment and material, if such equipment and material is owned or leased by the owner or operator of the transporting vessel, or is owned or leased by the stevedoring company contracting for the lading or unlading of that vessel, and is transported without charge for use in the handling of cargo in foreign trade: *Provided further*, That upon such terms and conditions as the Secretary of the Treasury by regulation may prescribe, and, if the transporting vessel is of foreign registry, upon his finding, pursuant to information furnished by the Secretary of State, that the government of the nation of registry extends reciprocal privileges to vessels of the United States, the Secretary of the Treasury may suspend the application of this section to the transportation of merchandise between points in the United States (excluding transportation between the continental United States and noncontiguous states, districts, territories, and possessions embraced within the coastwise laws) which, while moving in the foreign trade of the United States, is transferred from a non-self-propelled barge certified by the owner or operator to be specifically designed for carriage aboard a vessel and regularly carried aboard a vessel in foreign trade to another such barge owned or leased by the same owner or operator, without regard to whether any such barge is under foreign registry or qualified to engage in the coastwise trade: *Provided*

- That until April 1, 1924, and notwithstanding any other provisions of this