
News Release

Harper abandons arctic sovereignty and Canadian economic interests

(September 18, 2009) Ottawa, ON -- Just days before the prime minister began this summer's Canadian Arctic sovereignty re-run tour, the Harper administration handed out a multi-million dollar contract to a European firm to supply Canadian arctic patrol vessels.

According to information obtained by the Liberal Party of Canada, a Bahamian flagged bulk carrier called the Clipper Leander filled with ship's diesel will soon be leaving port in Copenhagen, Denmark destined for the Nanasivik area off the coast of Nunavut. There, it will meet up with three Canadian Coast Guard vessels to conduct a ship to ship re-supply before returning back to Europe. Ironically, the operation is supposedly to enable Canada keep a watchful eye on any vessels approaching from Europe and other foreign jurisdictions attempting to encroach on Canadian arctic sovereignty.

“While the Harper government was boasting that foreign creep into Canadian arctic sovereignty would not be tolerated, a very different message was obviously being sent to the capitals of Europe and elsewhere”, Liberal MP and critic for the Canadian Coast Guard Gerry Byrne said today. “The practical message is that Canada is in need of European companies to keep its patrol vessels in operation; a position I hold to be false and unnecessary.”

Byrne said that the way the contract was awarded amounted to a huge artificial cross-subsidy to foreign bidders choosing to use foreign flagged vessels. Byrne said this amounted to an unfair competitive advantage going to foreign firms.

“This is Harper hypocrisy on arctic sovereignty at its best and worst. Not only does it raise troubling issues about the sincerity of this government to arctic sovereignty effort but it calls it to question the government's indifference in standing up for Canadian companies competing with foreign firms for Canadian business.”

In July of this year, the CCG called for tenders to supply ship's diesel for mid-operation re-supply of the Canadian Coast Guard's eastern arctic fleet. The tender did not require any provision for the supplier to use Canadian owned, Canadian crewed, Canadian flagged, Canadian registered vessels or even that the provided fuel be sourced within Canada.

Canadian bidders, however, with years of experience in arctic supply and service using Canadian registered ships, were ultimately bypassed in the final award with responsibility going to a bulk shipping company out of Copenhagen, Denmark called OW Bunker and Trading Company. Coast Guard claims the tender was fair and the European firm won out on price alone. Byrne doesn't buy it.

“In fact”, Liberal MP and critic for the Canadian Coast Guard Gerry Byrne said today, “Canadian companies using Canadian flagged vessels were given a very specific disadvantage in the bidding process”.

“When it comes to situations like this, we feel there is merit to the argument that if you are going to enhance and promote Canadian sovereignty in the Arctic, it would be useful to be able to tell the world that we at least have the capability of supplying our own patrol vessels that are operating there.”

Byrne said that by accepting that a European supplier out of Copenhagen will use a vessel called the Clipper Leander which flies the flag of the Bahamas using a foreign crew to supply basic provisions which will be sourced from European sub-contractors for Canadian Arctic sovereignty patrols is counterintuitive to that argument.”

Byrne also responded to the argument concerning open bidding and free markets.

“What we also need to understand is that by OW Bunker and Trading not being required to use a Canadian registered vessel like all Canadian companies operating in the arctic over the long haul must do, they are handed a huge competitive advantage because they are effectively exempt from millions in taxes and duties”, Byrne said.

“Foreign firms do not have to pay the millions of dollars in import duties that all Canadian registered suppliers have to pay when they register their vessels in Canada. By using foreign registered vessels crewed by foreign nationals and flying flags such as that of the Bahamas, these companies will continue to have an ongoing competitive advantage to the tune of millions dollars over Canadian companies using Canadian vessels and crews unless something is done. Canadian companies got beat out of this arctic contract because their own government offered a huge cross-subsidy exclusively to foreign firms. The European company was able to file an artificially low bid because they didn’t have the extra millions of dollars in duties to pay to Canadianize their operations. Under Harper’s arctic sovereignty plan, advantage clearly goes to the Europeans.”

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