



Duty Removal Announcement October 1, 2010

Minister Flaherty's announcement today regarding the elimination of the 25% import duty will go a very long way towards making fleet renewal a reality for Algoma Central Corporation and other Canadian vessel owners and operators, many of whom are represented here today.

Renewal of our fleet, which on average is over 36 years old, has been the number one priority for Algoma for several years.

Our joint project team has been working in conjunction with a leading vessel designer for almost two years to develop an innovative vessel design which when built, will result in a new series of vessels that will carry more cargo, at higher speeds and with improved fuel efficiency; resulting in significantly reduced emissions per tonne-mile of cargo moved.

In short, these vessels will be considerably more efficient while at the same time they will have a significantly reduced environmental footprint.

We hope in the next few months to be able to announce the culmination of this significant effort with a sizable new vessel order of "next generation" Canadian flag bulk carriers. These ships would join the Seaway Marine Transport fleet, our domestic dry bulk vessel operating partnership with Upper Lakes Shipping.

This announcement is not only very important; it could not come at a more opportune time. Fleet renewal has become a critical issue for Canada's marine transportation industry at a time when the demand for improved environmental efficiency has never been greater.

Fleet renewal is necessary in order to maintain safe, reliable and efficient transportation services for the many industries and shippers that depend upon us to deliver their raw materials and finished products. These industries represent the foundation of our economy; steel, construction materials, agricultural products, energy and petroleum products.

Fleet renewal will bring increased operating efficiency and improved environmental performance which not only better serves our customers but also better serves the needs of all who rely upon our shared waterways.

The vessel that you see outside is Algoma's newest product tanker, the *AlgoCanada*. This vessel commenced operations in January, 2009. In addition to the added safety of

its double hull, IMO II design and ice class capability, this ship includes state of the art technology and cargo handling capabilities and the latest environmental and safety features. Algoma searched the world for the best fit to meet these requirements and we found it offshore. When this ship came into Canada we were required to make a \$7.6 million duty payment. This payment hurt the competitiveness of marine transportation in Canada and hurt our economy by raising the transportation cost for refined petroleum products. With today's announcement this disadvantage will be corrected. Thank you Minister Flaherty.

Fleet renewal will send a strong message to our employees and others that provide service to our industry that we are positioning ourselves to be a leader in environmental responsibility and sustainable transportation.

While Algoma and others continue to work on making fleet renewal a reality, with today's announcement this job becomes a lot easier. This is a great day for the Canadian marine industry and its employees. I would like to thank the two industry associations, the Canadian Shipowners Association and the Chamber of Marine Commerce, who have worked diligently to tell our very compelling story. I would also like to thank the many stakeholders in the marine transportation industry, many of whom are represented here today, for their unwavering support.

In addition, on behalf of Algoma's over 300 employees in the Niagara Region, the hundreds more marine industry workers, from the St. Lawrence Seaway and the many ship repair, service and supply companies and other vessel crews that call Niagara their home, I would like to thank our local Member of Parliament, Rick Dykstra for his tireless efforts in making duty removal a reality.

Minister Flaherty, we applaud your vision to see beyond the short term tax effect of this change. We have long said that removing this disincentive to invest in the Canadian maritime fleet would be the best infrastructure investment that Canada can make. Mr. Minister I am here to tell you that we are ready, willing and able to act. Your announcement today will help to ensure that the customers and industries along the Great Lakes / St. Lawrence Waterway will be served by the most efficient and environmentally friendly mode of transportation – that being Water Transportation – well into the future.

Thank you.