



Applying the *Coasting Trade Act* to standby activities

To help operators and stakeholders comply with Canadian law, this document explains how the *Coasting Trade Act* applies to standby activities in Canadian waters.

In the marine sector, “standby” refers to a vessel waiting in a state of operational readiness to do an activity. A vessel on standby is considered to be engaging in coasting trade when it has been contracted and is being compensated for maintaining that state. For example, a vessel under contract that’s prepared and waiting to do work on demand, possibly on short notice, would be considered to be engaging in coasting trade.

The *Coasting Trade Act*

Coasting trade refers to any commercial marine activity within Canadian waters. Above the continental shelf of Canada, these activities must be related to the transport, exploration or exploitation of the minerals and non-living natural resources of the continental shelf.

The *Coasting Trade Act* supports Canadian marine interests by reserving the coasting trade of Canada to Canadian-registered and duty-paid vessels. The legislation provides a process to temporarily import a foreign or non-duty paid vessel under a coasting trade licence when a suitable Canadian-registered duty paid vessel isn’t available. A coasting trade licence can be valid for up to 1 year.

Apply for a coasting trade licence

For a vessel owner or operator to obtain a coasting trade licence, the Canadian Transportation Agency must determine that no duty-paid Canadian vessel is suitable and available to provide the service. The vessel is also subject to Transport Canada safety inspection. All certificates and documents relating to the vessel must be valid and in force. Duties and taxes for the vessel must also be paid.

[More information and links to the license process, forms and key contacts](#)

Penalty for engaging in a coasting trade activity without a licence

Any vessel that is found in contravention of the *Coasting Trade Act* is guilty of an offence and is liable on summary conviction to a fine not exceeding \$50,000. In addition, where a vessel commits an offence on more than 1 day or an offence is continued by a vessel for more than 1 day, it shall be deemed to be a separate offence for each day on which the offence is committed or continued.

Conducting standby activities in Canadian waters

Under the *Coasting Trade Act*, coasting trade is defined at paragraph 2(1)(f) as the engaging by ship, in any other marine activity of a commercial nature in Canadian waters (the previous paragraphs of the definition deal with the carriage of goods and passengers).

A vessel on standby is considered to be engaged in coasting trade when it has been contracted and is being compensated for maintaining itself in a state of readiness, including all required equipment on board. Vessels engaged in coasting trade are subject to the requirements of the *Coasting Trade Act*.

Canadian-registered vessels

A coasting trade licence wouldn't be required for a Canadian-registered, duty-paid vessel to conduct standby activities in Canadian waters. Coasting trade licences are only required for vessels that aren't duty paid.

Foreign-registered vessels

Work in international waters

A coasting trade licence would be required for a foreign-registered vessel doing work in international waters to remain on standby in Canadian waters.

In this case, the marine activity of a commercial nature would be maintaining a state of readiness and being compensated to do so.

International trade

A foreign-registered vessel on an international voyage that includes a delivery to Canada or requires the pick-up of cargo in Canada may be delayed at a Canadian port. A coasting trade licence isn't required for this activity. This waiting period to access a port in order to complete a delivery or embark cargo is part of the overall international voyage.

Coasting trade excluded activities

Under the Act, paragraph 3(2) (a) – (e), coasting trade requirements don't apply to a foreign-registered or Canadian-registered non-duty paid vessel that is:

- (a) used as a fishing vessel, and only carrying any goods or passengers related to that activity;
- (b) engaged in any ocean research activity commissioned by the Department of Fisheries and Oceans;
- (c) operated or sponsored by a foreign government that has sponsored and received consent of the Minister of Foreign Affairs to conduct marine scientific research;
- (c.1) engaged in seismic activities in waters above the continental shelf of Canada that are in relation to the exploration for mineral or non-living natural re-sources of the continental shelf of Canada;
- (d) engaged in salvage operations; or,
- (e) engaged, with the approval of a person designated as a pollution response officer, in activities related to a marine pollution emergency, or to a risk of a marine pollution emergency.

This means a foreign-registered or Canadian-registered non-duty paid vessel doing any of these activities wouldn't require a coasting trade licence to remain in Canadian waters while it waits to undertake the excluded activity. This could include, for example, waiting to undertake resupply or awaiting suitable weather to continue its excluded activities. A coasting trade licence wouldn't be required as the activity in its entirety is excluded.

Unforeseen circumstances

A foreign-registered vessel on an international voyage may have to wait in Canadian waters due to unforeseen circumstances (like poor weather or berthing issues). A coasting trade licence wouldn't be required for this activity.

A foreign-registered vessel with a coasting trade licence to conduct a specific activity may have to wait in Canadian waters due to unforeseen circumstances (like poor weather or waiting for delayed

equipment). A separate coasting trade licence wouldn't be required for the vessel to stay in Canadian waters while it's waiting to undertake the activity.

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Immigration, Refugee and Citizenship Canada has issued guidance on work authorizations for foreign nationals related to standby activities.

[Learn how work permit requirements are assessed in these situations](#)

Employment and Social Development Canada has issued guidance on Labour Market Impact Assessment requirements for hiring foreign nationals related to coasting trade activities.

[Learn more about program requirements for high-wage positions](#)

[Learn more about program requirements for low-wage positions](#)

Questions?

If you have questions about the application of the *Coasting Trade Act*, please contact Transport Canada's Domestic Marine Policy Group: tc.coastingtrade-cabotage.tc@tc.gc.ca.