REORGANIZATIONS, NEW SHIPS AND SUCCESSORS (under construction)

Clarke and Crosbie Join Forces to Newfoundland

In the world of shipping at least, Clarke now entered into an era of partnerships and change. A forty-year period that had been dominated by the Clarke Steamship Company and associated services on land and sea would now give way to corporate consolidations, new owners, a period of heavy competition and reorganizations that would lead to changes in the fleet and eventually the ordering of new ships.

The threat posed to Clarke's Montreal-Newfoundland shipping operations by Chimo Container Service had finally become too great to ignore. Chimo now had two container ships on the run, and the support of many Newfoundland merchants. In September 1980, therefore, Clarke and Chimo parent Crosbie Enterprises Ltd agreed to combine their services to Newfoundland. It had been five years since the original Chimo-Clarke Northern Services joint venture had been disbanded, but here were Clarke and the Crosbies working together again, this time in the direct cargo trade to Newfoundland.
Under the new agreement, Clarke Transport and Crosbie Enterprises became equal owners of Newfoundland Steamships Limited. Each contributed two ships to the new venture, Clarke the *Cabot* and *Chimo* and Crosbie the *A C Crosbie* and *Lady M A Crosbie*. Essentially, Crosbie had agreed to merge its own service into Newfoundland Steamships in exchange for a half interest in the joint company.

A proposal to rename the company Chimo Clarke Transport Inc did not go forward but Newfoundland Steamships did start to advertise itself as "A Chimo-Clarke Enterprise." Had Clarke known more about the problems that would affect the Crosbies and Chimo Shipping in the next few months, it is unlikely that this combination would have occurred at all.

As part of the reorganization, Newfoundland Steamships purchased the *Chimo* from Clarke while the other three ships were taken on bareboat charter. Newfoundland Steamships moved out of Clarke's head office and into the former Montreal office of Chimo Shipping at 2021 Union Avenue, and the first sailing of the new joint venture occurred when the *Cabot* left Montreal for St John's on January 2, 1981.

**Clarke Pool-tainers**

As Newfoundland Steamships was becoming a joint operation, Clarke's own pool car division changed its method of shipping to Newfoundland. This was announced in the January 1981 edition "Seaports & the Shipping World":

Clarke Transport Canada Inc, with a long history of pool car service to Newfoundland, announced the establishment of Pool-tainer service to Newfoundland, using specially designed and built high cube 40' containers, which will replace traditional pool car services from Quebec and Ontario to Newfoundland. Pool-tainer service commenced in January 1981, coincident with the merger of Clarke's steamship division with Chimo Container Line.

This meant that instead of Clarke's Ontario traffic being shipped in railway boxcars to Montreal wharf to be moved across the shed into sideload ships, it would now move over the road in high cubic capacity containers specifically built for this traffic to be carried intact to Newfoundland, either on deck or in container holds.

As part of this move towards full container service, many other specialized units were also added to the Newfoundland Steamships container fleet, including a large number of flat rack containers for machinery and outsize loads.
The "Fort St Louis" Goes Back to Canada Steamship Lines

With four ships now available to Newfoundland Steamships, the *Fort St Louis* became redundant and was returned to Canada Steamship Lines at the end of 1980. Her final withdrawal was recorded in the "Signals from St John's" column of "Seaports & the Shipping World" in February 1981:

The *Fort St Louis*, a vessel well known in Atlantic shipping circles, and especially in Corner Brook and St John's, Newfoundland, may have made her last trip to local ports.

The sideloader, which had been on a scheduled run to Corner Brook and an occasional trip to St John's, completed an eight-year charter to Clarke Transport Canada Inc in December 1980, and sailed for Sorel, Quebec, for drydocking...

The vessel, which hauled general cargo from Montreal to Corner Brook, is no longer needed on that run as Clarke has amalgamated with Chimo ... and the two firms between them have enough ships to handle all the freight offerings to Newfoundland.

Capt Gilbert Lacey of Conception Bay, Newfoundland, who has been in charge of the *Fort St Louis* for the past few years, said the ship will likely be on drydock for the winter.

Back with Canada Steamship Lines, she was assigned to the Great Lakes package freight operation. It had now been several years since there had been any direct interchange between Clarke and CSL. Formerly neighbours in the Port of Montreal, Canada Steamship Lines had closed its Montreal terminal at the end of 1972 and moved to Valleyfield, three locks up the St Lawrence Seaway. Direct transshipment between CSL ships at Shed 63 and Clarke at Shed 67 had ended at the same time.

The *Fort St Louis* had been the last ship to bechartered by Clarke, ending a long line of vessels that had started with the *A Tremblay* and *Aranmore* in 1921. Over sixteen seasons, she had performed yeoman service, much it year-round. Like Newfoundland Canada's *Lucius W Robinson* in the 1940s, she had even acquired a Newfoundland master. And as well as serving Corner Brook, she had occasionally served Sept-Iles and had many voyages to St John's when Clarke's own sideloaders had been sent north in the summer or were needed in Corner Brook because of their higher ice capabilities.

Terra Transport

Just as Newfoundland Steamships became a joint Clarke-Crosbie
operation, Canadian National Railways was opening up a new division called Terra Transport to look after its Newfoundland traffic. Peter Hunter outlined developments in the Newfoundland freight market in his column "Inside the Container World" in the August 1986 issue of "Seaports & the Shipping World":

During the period from 1965 to the start of the 80s a number of changes in container utilization to and within Newfoundland took place... changes which involved both maritime and railroad restructuring.

Dating back to Newfoundland's entry into Confederation in 1949 was the agreement to continue providing railroad operations which had been established by the Newfoundland Railway, and which was to be absorbed within the Crown-chartered Canadian National Railways.

CN's entry/exit gateway was between North Sydney, Nova Scotia, and Port aux Basques, Newfoundland, with ferry services carrying passengers, and railcars, between the two points. The Newfoundland railroad was a narrow-gauge operation and boxcar undercarriages had to be exchanged for movement within the island province.

Until the early 70s CN had been permitted to charge water and rail rates as established in the early 30s, and increasing losses from Newfoundland traffic were mainly covered by federal subsidies. Despite some increases in rail tariffs this deficit continued to grow.

In 1977 the Sullivan Royal Commission recommended the abandonment of the railway operations in Newfoundland. This proposal was rejected by both the provincial and federal governments, and subsidies to CN Rail and CN Marine, which provided the ferry services, continued.

In 1981, a new organization, Terra Transport, a Canadian National subsidiary, was established to provide complete transportation services in Newfoundland and institute the use of a container system designed to meet the needs of the provinces shippers.

Terra Transport opened container terminals at St John's, Corner Brook and Grand Falls so that railcar traffic could be converted to containers. While this was a threat to the water carriers, something that could even put them out of business, it was also a potential opportunity, as containers could travel by sea as well as by rail.

Also working in the shipping lines' favour was Canadian National's recapitalization act of 1978, which had freed the railway of $800 million in inherited debts, but meant that henceforth it would not be in a position to continue absorbing the losses of the Newfoundland Railway. Under the new act, Canadian National was intended to be self-standing and the federal
government would no longer automatically fund deficits.

**Atlantic Freight Lines**

In May 1981, not six months after Newfoundland Steamships' first sailing under its new ownership, yet another competitor came onto the scene. A Harvey & Co, owner of Newfoundland Container Lines, decided to open a new container service between Montreal and St John's under the name Atlantic Freight Lines Inc. The new shipping operation was headed by none other than Gilles Champagne, who had decided to leave Chimo Container Service after his owners, Crosbie Enterprises, agreed to co-operate with Clarke.

Harveys had reason for supporting a new service, as since 1976 it had done all the stevedoring in St John's for first Newfoundland & Ontario and then Chimo Container Service, and when Newfoundland Steamships became a joint venture between Clarke and Crosbie it lost this business to the Finger Pier terminal further up the harbour.

AFL's first ship, the 2,694-ton *Bonaventure II*, was a feeder ship of 182 TEU capacity, acquired by Harvey's and named after one of three steamers it had sold to Russia in 1916. She was joined in October by the 2,125-ton *Lady Franklin*, a 155 TEU 'tweendecker chartered from C A Crosbie Shipping Ltd of Montreal, an indirect successor to Chimo Shipping that was run by family member Colin Crosbie but financially unrelated to Crosbie Enterprises.

**Chimo Shipping Fails**

In the meantime, Crosbie Enterprises, one of the two partners in Newfoundland Steamships, was experiencing severe financial difficulty, a result of excessive debt incurred in over-expansion in real estate and offshore services at a time when interest rates were rising quickly. As well, Chimo Shipping had suffered a series of losses in the operation of its northern services.

Chimo Shipping soon found itself in the position of not being able to pay its bills and on July 22, 1981, the *A C Crosbie* and *Lady M A Crosbie* were both arrested, the first at St John's and the second at Montreal. They had been attached by Versatile Vickers Inc, seeking payment of shipyard bills totalling $1.66 million. Only a little over six months after its first joint sailing, Newfoundland Steamships found half its fleet immobilized and had to act quickly.

As the *Lady M A Crosbie* was owned not by Chimo Shipping but by the United Baltic Corporation, Newfoundland Steamships was able to obtain her
release the day after she was arrested. Newfoundland Steamships then took on the bareboat charter of the Lady M A Crosbie in lieu of Chimo Shipping, and together with Cabot and Chimo Newfoundland Steamships could assemble a three-ship fleet.

But as far as the larger A C Crosbie was concerned, "The Globe & Mail" commented on July 25, 1981:

The A C Crosbie, a converted paper carrier owned by Chimo Shipping Ltd, a Crosbie subsidiary, is being detained in St John's under a marine lien similar to the one that temporarily halted operations of the Lady M A Crosbie earlier this week.

Both actions were brought on by Versatile Vickers Inc of Montreal, which is claiming payment of debt incurred in overhauls and conversions carried out last year on the two vessels.

An official of Newfoundland Steamships said that with the release of the Lady M A Crosbie, the frequency of the company's three vessels is being speeded up so as to maintain the former level of service.

"We are also looking for other ships. But under present traffic conditions, we can probably operate satisfactorily with the three we have," the spokesman said.

Nothing could be done to release the A C Crosbie, and after a further claim was placed by Imperial Oil Ltd for $175,000 in unpaid fuel bills on August 6, Chimo Shipping was declared to be in receivership.

While this reduced Newfoundland Steamships to three ships, it also released them from any obligation to a fourth ship, which was a cost saving in itself. But while the claims by Versatile Vickers, Imperial Oil and others against Chimo Shipping had no serious effect on Newfoundland Steamships, they had quite a negative impact on Crosbie Enterprises' relationship with Clarke, and its continuing involvement in Newfoundland Steamships.

Meanwhile, the coaster Chesley A Crosbie, which was registered to Crosbie Enterprises, remained in lay up at Montreal. In 1982, she was sold to Puddister Trading, to become their Terra Nordica, rejoining her sister ship Sir John Crosbie, which had earlier been purchased by Puddister and renamed Terra Nova.

More Containers for the "Cabot" and "Chimo"

Once it became clear that the A C Crosbie would not be available, in order to offer a reliable container service Newfoundland Steamships decided to increase the capacity of the Cabot and Chimo to 100 TEU each. J & R Weir
Inc completed this work in early October 1981, adding more deck space for containers and converting number four hold to stow 20-foot containers. This bought Newfoundland Steamships some time while it decided how to operate its service in the longer term.

Since the return of the *Fort St Louis* to Canada Steamship Lines and with the loss of the *A C Crosbie*, Corner Brook was served mainly by the *Cabot*, while the *Chimo* and *Lady M A Crosbie* looked after St John's.

The *A C Crosbie* was soon sold to Swedish interests, netting the receivers about $3.3 million against Chimo debts of $12 million. Leaving St John's on February 5, 1982, for Sweden, she was converted back into a paper carrier and renamed *Barken*.

**Clarke Gets New Owners**

Meanwhile, in a surprise announcement on October 10, 1981, it was revealed that Newfoundland Capital Corporation Ltd (NCC) of Gander, owner of Eastern Provincial Airways, was to acquire all the shares of Northmount Holdings Ltd, as Clarke Traffic Services was now known. This in turn included 100 per cent control of the Clarke group of companies, its half-interest in Newfoundland Steamships and its third-interest and management contract for the Halterm container terminal in Halifax.

Harry Steele, a native of Musgrave Harbour, Newfoundland, graduate of Memorial University in St John's, and former Royal Canadian Navy lieutenant-commander, was the founder of Newfoundland Capital. On leaving the navy in June 1974, after a career of twenty-four years, he had joined Eastern Provincial Airways, and in 1978 had bought control of that company from Andrew Crosbie, Keith Miller, the airline's president, and other shareholders.

The January-February 1982 issue of "Atlantic Business" commented on this newly-formed regional conglomerate:

NCC has been in existence for barely a year and even in the Atlantic Region it isn't exactly a household name. But it owns such well-known companies as Eastern Provincial Airways and Clarke Transport Canada Inc as well as such lesser lights as Maritime Petroleum Ltd and Atlantic Inns. In addition, Steele has other personal business interests ranging from real estate to helicopters.

With its regional airline, a 50 per cent interest in a coastal shipping company, one-third ownership of Halterm Ltd, operators of the Halifax container terminal, 775 highway trucks, tractors and trailers, a successful railway pool car division and a score of road, rail and shipping terminals spread across Eastern Canada and beyond, NCC is
one of the most varied and integrated transportation companies in Canada. It is a mini-Canadian Pacific. And the ambitions of its guiding light are no less than theirs.

The group employs nearly 2,000 people. Its sales this year will be over $150 million and its pre-tax profits, based on a 1981 performance of between $3.5 million and $4 million, should be at least $6 million.

Steele personally owns 47 per cent of NCC. Two other directors, chairman Seymour Schulich and Calgary oilman John Fleming, each own seven per cent and a group of life insurance companies, pension plans and other central Canadian based financial institutions 10 per cent.

Just four years later Steele would sell Eastern Provincial Airways to Canadian Pacific Air Lines, a transaction on which he reportedly made a $20 million profit. After that airline's merger with Pacific Western Airlines in 1987, Steele became chairman of the new Canadian Airlines International. Canadian was ultimately merged into Air Canada in 2001.

**Newfoundland Capital Corporation**

How the Clarke acquisition came about was revealed in greater detail in the article in "Atlantic Business" magazine:

After looking at various takeover possibilities across Canada and the United States, a search firm in Montreal last summer suggested Northmount Holdings Ltd, the investment holding company of brothers Stanley and Brock Clarke, which controlled Clarke Transport Canada Inc of Montreal.

Clarke has been an enormously successful company with transportation interests ranging from management of the Halterm container terminal to ferries and coastal shipping involvements, trucking, railcar and even automobile dealerships...

It was a perfect match. Clarke was keen to sell, Steele equally keen to buy... It will cost the company $18.5 million and give it assets worth $27 million. Final details were worked out between Steele and Stanley Clarke over lunch at the Mount Royal Club in Montreal. It was their only meeting. Clarke then flew off to an appointment in China but he was promised to remain as chairman of NCC's Clarke Transport subsidiary for at least a year.

At 64, Stanley was now reaching retirement age and had decided to sell. His two sons, Desmond and Donald, were working in industry and his daughter Rosemary was at school. Desmond, the elder brother, was now in
Bermuda, while Donald had joined Clarke and was vice president of the pool-car division at the time of the sale.

**CSL Group Buys into Atlantic Freight Lines**

At the end of 1981, two competitors divided the Montreal-Newfoundland shipping trade, with Newfoundland Steamships and the *Cabot, Chimo and Lady M A Crosbie*, serving both St John's and Corner Brook, and Atlantic Freight Lines, with the *Bonaventure II and Lady Franklin* serving only St John's.

On December 20, it was announced that The CSL Group, parent company of Canada Steamship Lines, was to take a 49 per cent interest in Atlantic Freight Lines. For the first time in almost twenty years CSL was again involved in the Newfoundland general cargo trade.

Hardly a fortnight later, Canada Steamship Lines announced that it was shutting down its own general cargo operation on the Great Lakes, news that appeared in "The Globe & Mail" on January 5, 1982:

> Canada Steamship Lines Inc of Montreal has brought the curtain down on its money-losing Great Lakes package freight division and is offering for sale the five ships linked with the service, says company president Raymond Lemay.

> "For the past seven years the division has been totally non-viable and has been losing money at the rate of over $1-million a year," he said. "In the light of economic trends it was thought better not to throw good money after bad."

> The once-healthy Great Lakes package freight business - under pressure since 1972 by competition from railway pool-car operators and trucking lines - is a recent victim of high interest rates.

> Of the five "Fort" class package freighters, including the *Fort St Louis*, only the newest, *Fort William*, would ever trade again, and only then after conversion into a cement carrier. However, CSL was back in business to Newfoundland, where offshore oil was creating a new environment of optimism.

**To Full Container Service**

By February 1982, Newfoundland Steamships had found the ship it needed for the long-awaited announcement of full container service. This decision had partly been brought about because the cost of claims on cargo carried in the two sideloaders had been increasing. With the higher value of
consumer goods, the cost per ton had reached a level that was no longer acceptable when compared to the claims experience in containers. The Cabot and Chimo would be withdrawn and the line converted to a two-ship container service. An article in "The Gazette" on February 22, 1982, summarized the changes:

Newfoundland Steamships Ltd said it will introduce full container service to both coasts of Newfoundland on April 1, and phase out general cargo sideport operations.

A newly-acquired container ship, tentatively named Catalina, will hold the equivalent of 350 20-foot containers. The 10,350-ton ice-class vessel is the largest container ship under Canadian flag, the company said. It will begin service in early May and will serve both St John's and Corner Brook with a full container service.

Another of Newfoundland Steamships' container ships, the Lady M A Crosbie, will continue to serve St John's. The new service will mean calls to St John's every five days and to Corner Brook every 10 days.

Two of the company's other ships, the Cabot and Chimo, will trade in the Arctic and the coast, but will be available to serve Newfoundland on a contract basis.

Container capacity offered annually by the Catalina and the Lady M A Crosbie will be more than 20,000 20-foot containers. This compares with a 1981 capacity of a little more than 15,000 containers. Newfoundland Capital Corporation Ltd has acquired all the shares of Newfoundland Steamships through Northmount Holdings Ltd.

Modern and efficient though they were when they had replaced conventional ships, the container revolution had now come to Newfoundland. The Cabot and Chimo were in excellent mechanical condition but their cargo handling methods were now outdated and both ships were put up for sale. The 9,099-ton Catalina, meanwhile, was the only suitable Canadian-flag vessel available to the struggling Newfoundland Steamships.

The Chimo completed her last Newfoundland voyage on May 3, after which she proceeded to lay up at Sorel, while the Cabot finished her final voyage the next day, laying up at Shed 6 in the Port of Montreal. The Chimo would make at least one more voyage for the company, to the Arctic, where she had never been before.

Meanwhile, at the end of 1981, Northmount Holdings acquired the Newfoundland Steamships shares that had previously been held by Crosbie Enterprises. This cost NCC a mere $165,000 after all things were taken into account.
Ottawa Buys Out the Newfoundland Subsidy

Coinciding with the conversion to full container service, the federal minister of transport issued a statement on the subject of shipping subsidies to Newfoundland in March 1982:

A buy-out of the Newfoundland Steamships Ltd subsidy that provides a direct shipping service between Montreal and the Province of Newfoundland was announced today by Transport Minister Jean-Luc Pépin.

Newfoundland Steamships Ltd entered into a 13-year shipping subsidy contract with the Canadian Transport Commission in April 1973 to provide a shipping service as an alternative to the rail truck service between North Sydney and Port aux Basques, Newfoundland.

Termination of the current subsidy agreement, which expires March 31, 1986, will include lump sum payments of $3.4 million in 1981-82 and $2.5 million for 1982-83.

Direct shipping between Montreal and Newfoundland will continue to be served by two unsubsidized carriers, Newfoundland Steamships Ltd and Atlantic Freight Lines Inc.

Originally rated at $10.45 per ton on all eastbound cargo, this had reached $15.64 after two adjustments in the late 1970s. One of the requirements of this federal subsidy agreement had been that in addition to St John's, Newfoundland Steamships maintain a regular year-round service to Corner Brook, an operation that lost money.

The Cabot Strait Subsidy

Meanwhile, a breakdown of Transport Canada estimates for subsidies to be paid in the fiscal year 1982-83 proves enlightening:

<table>
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<th>To Newfoundland:</th>
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<tr>
<td>Montreal/Cornr Brook/St John's</td>
<td>$ 5.5 million</td>
</tr>
<tr>
<td>North Sydney/Port aux Basques (water)</td>
<td>$42.1 million</td>
</tr>
<tr>
<td>North Sydney/Port aux Basques (rail)</td>
<td>$22.3 million</td>
</tr>
<tr>
<td>Gulf of St Lawrence</td>
<td>$64.4 million</td>
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<tr>
<td>Souris/Cap-aux-Meules</td>
<td>$ 2.0 million</td>
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<tr>
<td>St Barbe/Blanc-Sablon</td>
<td>$ 0.7 million</td>
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<td>$ 2.7 million</td>
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How the amount given for Corner Brook and St John's accorded with the scheduled buy-out of $2.5 million for the same year was not explained, but fully $64.4 million of the total amount of $72.6 million, or almost 90 per cent, was going to support the Port aux Basques ferry operation.

In terms of the future, Alfred Penney and Fabian Kennedy summarised the viewpoint from a railway perspective in their "History of the Newfoundland Railway," published in 1990:

The competition for the inbound traffic was heavy. Newfoundland Steamships Ltd operated a direct vessel service from Montreal calling at St John's twice a week and at Corner Brook once a week. Atlantic Freight Lines Inc, a partnership of Harvey & Company and the CSL Group of Montreal, operated a vessel, also from Montreal to St John's and were proposing to put a second vessel in the service to double the frequency of service and perhaps add Corner Brook to the schedule as well. Between Halifax and St John's, a container vessel service, Newfoundland Container Lines Ltd, was being operated by Harvey & Co of St John's and Federal Commerce and Navigation Company was operating a roll on/roll off vessel service carrying automobiles and highway trailers.

By this time, CN had decided that it was going as far and fast as possible into containers. The federal government was ready to put up the money and any suggestions that didn't fit in with the container solution were unacceptable. In fact, CN was already recommending against adding railcar ferry capacity on the Cabot Strait and was trying to strike a deal with the federal government to share in the savings that would result to the federal government when railcar ferries could be abolished altogether.

Although the North Sydney-Port aux Basques route was served by several ferries moving passengers, automobiles and trailers, only one, the 12,221-ton Frederick Carter, had been dedicated to moving railcars since 1968. Once CN moved its railcars across the Cabot Strait it switched them to Newfoundland narrow gauge trucks for onward movement, and reversed the process on the return. The authors put the annual cost of the railcar ferry operation alone at $20 million, and a wholesale switch to containers would mean that this expensive operation could be dispensed with.

Clarke Tours & Cruises

Although Flagship had sold its Kungsholm in 1978, Clarke Tours & Cruises was still in business, representing a number of small cruise operators, but
particularly Lindblad Tours, which specialized in the Antarctic with its 2,398-ton *Lindblad Explorer*, the first custom-built expedition cruise ship, which Lars-Erik Lindblad had built in 1969. In 1984, the *Lindblad Explorer* became the first cruise ship to navigate the Northwest Passage. Lindblad also offered tours to China that included a Yangtze cruise option.

Starting in 1980, the St Lawrence cruise business was dominated for several years by Bahama Cruise Line, whose 10,596-ton *Veracruz 1* operated on a very successful itinerary that included Montreal, Quebec, the Saguenay, Gaspé, Prince Edward Island and New York. This was of course the route that had first been promoted by the Quebec Steamship Co and carried on by its successors the Furness Bermuda Line, and on which Clarke's *North Star* had operated in 1939. Bahama Cruise Line was owned by Newcastle-based Common Brothers and marketed by Strand Cruises of Toronto, which chartered ships in the Caribbean by winter and the Mediterranean by summer specifically for Canadian holidaymakers.

Meanwhile, Clarke's new owners had decided to dispose of Clarke Tours & Cruises. Its manager, Michael Hensby, bought the business and on April 20, 1982, formed a new company, M-H Tours Inc, at 1118 St Catherine Street West, around the corner from Clarke's head office in the CIBC Tower. Coincidentally, 1118 was directly across the street from the Drummond Building at 1117 St Catherine, where Frank Stocking had opened Clarke's first Montreal passenger office in 1926.

**The "Catalina"**

With Newfoundland Steamships now operating a full container service, it is worth looking at the new ship that replaced the *Cabot* and *Chimo*. She had previously operated for Saguenay Shipping Ltd as the *Sunhermine*, under time charter from Boréal Navigation Inc of Ste Foy. Newfoundland Steamships negotiated a bareboat charter and renamed the ship *Catalina* for service to Newfoundland. She had been built in 1965 by Austin & Pickersgill Ltd at Sunderland as the Head Line cargo liner *Inishowen Head*, and converted into a container ship in 1970.

Léo Chouinard remembered taking delivery of the *Catalina* in his book "Capitaine Silence":

> To maintain the service we had provided before, the company chartered an old container ship, owned by a group of pilots from the Lower St Lawrence. She was renamed *Catalina*. Previously, this ship had been chartered by Saguenay Terminals. She had just lost her contract trading between Montreal and the West Indies&

> The company had chosen a new crew for the *Catalina* from among those of the *Cabot* and *Chimo*. I was among the lucky. In March, I
went to take delivery of this ship, tied up in Bagotville on the Saguenay. We brought her back to Montreal to make the required repairs before re-entering service, set for April 1. This 10,000-ton ship was the largest Canadian container ship. She could reach a service speed of sixteen knots. Weather-beaten and very run-down, above all in the engine department, she was extremely dirty. Our first year of service in this ship was very hard. Finances were tight, and the company was forced to reduce personnel to a strict minimum, as much on the ship as on shore.

With dimensions of 495 feet overall by 64 feet and a deadweight of 10,345 tons, like both the ships she replaced, the Catalina was powered by a single Sulzer diesel, and had an Ice Class hull, in her case Lloyd's Ice Class 2. Named for a Newfoundland fishing town at the mouth of Trinity Bay, she continued the theme of having ships' names that began with the letter 'C.' The Catalina sailed from Montreal for the first time on May 1, 1982, a month later than had first been anticipated.

Newfoundland Steamships’ Quebec-based masters now were Capt Léo Chouinard and Capt Roméo Bourgeois. Chouinard, whose autobiography has given us so many valuable insights, had joined the Cabot from the Jean Brilliant, taking over on Capt Bégin's retirement, and Bourgeois, originally of the Magdalen and North Gaspé, had left Halterm in about 1980 to succeed Capt Jacques Chouinard as master of the Chimo. While these two shared command of the Catalina, Capt Job White, a Newfoundlander who had commanded many Crosbie ships in his time, including the Sir John Crosbie, was in charge of the Lady M A Crosbie.

ACE Atlantic Container Express

On June 25, 1982, Newfoundland Steamships and Atlantic Freight Lines announced that they had come to yet another agreement. This time the two companies formed yet another new line, known as ACE Atlantic Container Express Inc. Newfoundland Capital Corporation, on behalf of the Clarke Group, held half the shares while A Harvey & Co and The CSL Group each took 25 per cent of the new service. In essence, Clarke was back to holding a half-interest in a new joint line.

"The Globe & Mail" gave some background to the reasons for the changes in its June 25, 1982, issue: -

The alliance does not involve any purchases from the existing container operations, but Harry Steele, president of NCC, said both companies will probably need to invest $2 million in the joint venture.

He said the alliance was forced on the two by heavy losses arising out of their individual attempts to meet the rate-cutting activities of Terra
Transport, which was set up two years ago to take over the CN rail, trucking and bus operations in Newfoundland.

With $67 million of federal capital, Terra Transport has transformed the former cumbersome and outmoded rail freight operations of CN, containerizing the goods and moving them across the Gulf of St Lawrence to CN's railhead at North Sydney, NS.

By reducing some rates by as much as 50 per cent, Terra Transport has raised CN's share of the Newfoundland freight market to 35 per cent from 25 per cent. Its competitors said this could eventually reach 60 per cent.

Mr Steele said a merger of the two private companies was the only way to meet this competition. "It was forced on us."

"The Gazette" gave further details of the merger and new company's intended operations on June 28: -

"We find ourselves having to cope with government competition," said Atlantic Freight Lines executive vice-president Gilles Champagne. "There's just no way the two companies can survive separately." Champagne will be president of the new company...

Early next month, ACE will begin a weekly service between Montreal and Corner Brook, using Atlantic Freight Lines' Bonaventure II. Newfoundland Steamships' two chartered ships, the Catalina and the Lady M A Crosbie, will sail between Montreal and St John's every four days.

ACE is a "50-50 arrangement" between Atlantic Freight Lines and Northmount Holdings Ltd, according to Champagne, who added that no money changed hands. "Each organization is putting in whatever assets it has and each will look after its own debts," he said.

In August, "Seaports & the Shipping World" gave a Newfoundland perspective in its "Signals from St John's" column: -

A new container company, Atlantic Container Express Inc, was recently announced by Harry Steele, president of Newfoundland Capital Corporation Ltd, and Peter Outerbridge, president of A Harvey & Co Ltd.

Atlantic Container Express was formed to compete with the highly subsidized Terra Transport, a subsidiary of Canadian National, switch to containerization. It combines the resources of Atlantic Freight Lines Inc and Newfoundland Steamships Ltd and will operate three ice-classed container ships between Newfoundland and Montreal.
The Catalina and the Lady M A Crosbie will operate on a four-day frequency between Montreal and St John's and the Bonaventure II will operate once weekly between Corner Brook and Montreal.

Gilles Champagne, who has been in the freight business for 20 years or more and has been with Atlantic Freight Lines since its inception in 1980, was named president.

The new company expects to handle around 400,000 tons of cargo during its first year of operation [through] a centralized facility in St John's Harbour.

Meanwhile, the Chimo performed the last voyage of any mainline Clarke ship when she left Montreal on August 9, 1982, for Rae Point, Melville Island, under charter to C A Crosbie Shipping. After returning to Montreal at the conclusion of this voyage, the Chimo cleared for lay-up at Sorel, and four days later the Cabot was towed from her temporary berth in Montreal to lay up alongside the Chimo. The only majority-owned Clarke shipping concern was now La Traverse Rivière-du-Loup-St-Siméon Ltée and its Trans-St-Laurent.

ACE Appeals Terra Transport Freight Rates

Losing no time, only a month after it was formed, ACE took action and filed a complaint with the Canadian Transport Commission. Penney and Kennedy outlined the date and the reason:

On 29 July 1982, Atlantic Container Express made a formal complaint to the federal Minister of Transport that Terra Transport freight rates constituted predatory pricing in that the rates were below the actual cost of providing the service.

Although it took time, this appeal eventually obtained results. By May 6, 1983, the CTC would make a first ruling, which would disallow certain Terra Transport rates. This was followed by a second ruling on August 3, more than a year after ACE's first appeal, a third on October 10 and a fourth on December 21, all of which ordered Terra Transport to increase rates. However, for the almost three years it took to achieve this result ACE would have to survive.

Atlantic Searoute Limited

On the East Coast by now there were two competing operations. Fednav had commenced its roll on-roll off operation in 1974, and A Harvey & Co, with Newfoundland Container Lines Ltd, had opened in February 1977.
using its *Newfoundland Container*.

The first sign of any change came only seventeen days after the announcement of ACE, when on July 12, 1982, "The Globe & Mail" reported "Fednav & A Harvey to merge liner services" -

The Montreal-based Fednav Ltd shipping group and A Harvey & Co Ltd of St John's are preparing to merge their liner services between Halifax and St John's, and an announcement will be made soon, according to shipping industry sources...

Both companies operate one vessel on the run, but it is expected that only the larger of these vessels, the roll-on, roll-off Fednav ship, *Cavallo*, will be retained after the merger.

Harvey's currently operates a small container ship, capable of carrying 100 20-foot equivalent units (TEU), in its Newfoundland Container Lines service.

Fednav has a contract with Canadian National Railways to ship new automobiles to dealerships in Newfoundland, but because of the recession, the volume of vehicles carried has slipped by 25 per cent in the past year...

Harvey's and Fednav are already allies in the Newfoundland container trades. Fednav is part owner of the Montreal-based CSL Group Inc, which, with Harvey, is joint owner of Atlantic Freight Lines Inc of St John's. Late last month, the AFL service between Montreal and Newfoundland was merged with that of Newfoundland Steamships Ltd, a former competitor owned by Newfoundland Capital Corp of Gander, Nfld.

ASL Atlantic Searoute Limited Partnership thus became a joint operation of Fednav and A Harvey & Co, retaining only the *Cavallo* for this trade. A statement from ASL gives us more background: -

The *Newfoundland Container* cargo increased each year and in fact the vessel was almost always full on her voyages to St John's. She was though too small and inefficient and the cost of replacing her with a larger vessel was facing the Harvey Group.

The *Cavallo*, on the other hand, was a much larger, stronger vessel and on investigation was able to lift all of the cargo being carried by Fednav and the cargo being carried by the smaller vessel *Newfoundland Container* for the Harvey Group. The obvious economics of the one ship operation, which had already been demonstrated earlier in the Fednav Newfoundland service, were evident once again...
The *Cavallo* proved to be the vessel required for the service. She was large and built very strongly - in fact for carrying heavy machinery and military tanks - and performed admirably for ASL, providing the much required stability and reliability required of a domestic service competing in the marketplace with highway transport companies with seven days per week operations versus ASL's once per week sailing. Despite this obstacle, ASL's market share on the Newfoundland cargo increased each year - in fact on many occasions cargo was left behind and extra voyages made in order to meet the cargo commitments.

The CSL Group Inc soon became a 25 per cent partner in this operation by taking over half of the A Harvey shareholding.

**Montreal-Corner Brook Service Closed**

Subsidized container competition from Terra Transport reduced cargo volumes to Corner Brook, and due to its small size and high operating costs, the *Bonaventure II* was also withdrawn in late 1982 and her service closed. This was the end of a long line for Newfoundland as Corner Brook had seen almost sixty years of continuous service since the first calls there by Clarke's *Gaspesia* as far back as 1923.

The conclusion had been obvious from the outset, however, as "The Globe & Mail" had said in its report on the formation of ACE on June 25: -

The survival of the Corner Brook operation, which is losing money at the rate of about $1.5 million a year, depends on the willingness of the federal Department to curb the price-slashing activities of CN and its Newfoundland subsidiary Terra Transport.

Ottawa has only about three months to save the Corner Brook service because the AFL ship earmarked for the trade, the 182 TEU *Bonaventure II*, has been placed on the market.

On October 12, "The Gazette" carried news of the end of the Montreal-Corner Brook service: -

In what is seen as an attempt to exert pressure on Ottawa for a shipping subsidy, Atlantic Container Express (ACE) says it will halt its three-month old service between Montreal and Corner Brook, Nfld, later this month.

ACE president Gilles Champagne said last week in Corner Brook that the weekly service has been squeezed out by "intense competitive pressure" from CN-owned Terra Transport. Terra, which offers a daily truck and ferry service between Corner Brook, North Sydney and Port aux Basques, Nfld, receives government support totalling more than
$40 million annually, Champagne said.

ACE received no federal subsidies. But Gerry George, director general of water transport assistance in Ottawa, said that ACE recently wrote transport minister Jean-Luc Pépin advising him the service would close unless the company received assistance. "I guess you could consider that an application for a subsidy," said George.

ACE has also been campaigning to force Terra to charge higher rates. In a submission to the Department of Transport, ACE alleged "predatory pricing" by Terra on freight rates to and from Newfoundland. On September 29, Pépin directed the Canadian Transport Commission to study the matter, his Atlantic assistant, Neil McNeil said.

Ironically, Newfoundland Steamships, one of the two companies that merged to form ACE last summer, enjoyed annual subsidies of between $4 million and $5 million since 1973. The contract was supposed to last until 1986, but Transport Canada bought it out over a five-month period last year.

"It was considered by Newfoundland Steamships to be a very beneficial buy-out," said Pépin's assistant McNeil. He added that soon after it merged with AFL, Newfoundland Steamships "came back for another subsidy, but we decided against it."

Asked whether the latest move might be a bargaining ploy by ACE in an attempt to win a subsidy, McNeil said, "I would imagine so."

ACE's Champagne said that competition from Terra, combined with deteriorating economic conditions, have reduced the volume of marine cargo to the Port of Corner Brook from 80,000 tons in 1981 to less than 50,000 tons this year. The service was ended, he said, to eliminate financial losses expected to reach over $2 million a year.

The decision leaves Corner Brook shippers dependent upon CN-owned Terra Transport when the Bonaventure II sails from Corner Brook for the last time at the end of this month...

ACE said that 100 jobs in Quebec and Newfoundland will be lost as a result of the decision. The Atlantic province will bear the brunt of the job loss, including the crew for the Bonaventure II, and stevedores and sales staff in western Newfoundland, according to ACE official Doug Taylor in Newfoundland. The ice-strengthened vessel (capacity: 182 20-foot containers), is now for sale.

The final act took place on November 15, 1982, when the Bonaventure II left Corner Brook for Montreal with a cargo of empty containers to close
the weekly service. She then proceeded to St John's to lay up alongside the Newfoundland Container, and was sold by her owners, A Harvey & Co, in 1984.

The "Cabot" and "Chimo" go to Upper Lakes

On January 26, 1983, Clarke announced that it had sold the Cabot and Chimo for $2.4 million to Upper Lakes Shipping Ltd of Toronto. At the time of their sale, it was not known what Upper Lakes had in mind for them, but it had agreed not to operate them in the general cargo trades, and specifically not to Newfoundland or the Arctic. While their hulls were still in top shape, it was their reliable Sulzer engines that most interested Upper Lakes.

Five days later, on January 31, Upper Lakes announced that the pair would be used to repower two of its maximum Seaway-size steam-powered bulk carriers, the 16,579-ton Northern Venture and the 16,628-ton Hilda Marjanne. These two ships had war-built steam-powered T2 tanker sterns and had been rebuilt for Great Lakes service with new forward and cargo sections in Hamburg in 1961. These relatively modern sections were now to be powered by the stern sections of the Cabot and Chimo.

Upper Lakes’ in-house shipyard, Port Weller Dry Docks of St Catharines, was to convert the four ships into a pair of bridge-aft maximum Seaway-size diesel bulk carriers. As the construction of new ships for the Great Lakes trades was coming to an end, a number of owners had commissioned conversions to supplement their fleets and the Cabot and Chimo were now to become part of this program.

Conversion of the "Cabot"

The first of the two to arrive, the Cabot, reached Hamilton on April 27, 1983, under tow of the 90-ton shipyard tug James McGrath and the 143-ton Hamilton tug R&L No 1. As it happened, this was the first time a Clarke ship had been in Hamilton since the Highliner had participated in the Newfoundland Great Lakes trade in 1962. On May 17, the same tugs towed the Cabot from Hamilton to the fit-out wall at Port Weller, and two weeks after that, she was moved into the dry dock. On June 2, work began on cutting the stern, which was now to be joined to the fore-body of the Northern Venture.

On June 14, the Cabot’s stern section was moved to the building berth alongside the dry dock, and on the 25th the Northern Venture, stripped of her forward cabins and cut down at the stern, was towed from Hamilton to Port Weller, to be drydocked the next day. On July 1, the R&L No 1 delivered the severed bow section of the Cabot to Port Maitland, Ontario, for scrapping. The Northern Ventures war-built T-2 steam-powered stern section also went
for scrap.

A "new" ship was soon produced by marrying the stern section of the Cabot and its trusty slow-speed Sulzer diesel to the 1961-built forward sections of the Northern Venture. To match the 56-foot wide stern to the 75-foot wide fore-body, a 25-foot link section was built to join the sections. With dimensions of 730 by 75 feet and a deadweight capacity of 26,000 tons, the 16,352-ton Canadian Explorer began sea trials on Lake Erie on October 31, 1983, and on November 2 headed up the Welland Canal on her "maiden" voyage, to collect a cargo of 851,000 bushels of corn in Duluth.

The name Canadian Explorer was interesting as the Tung Group had used the same name in 1981 when it renamed the former Dart Canada. The result was two ships of the same name, one Canadian and the other British, passing each other not just occasionally but fairly often as each was in the St Lawrence on about a monthly basis. The confusion lasted ten years, until Tung's ship was withdrawn in late 1990.

**Conversion of the "Chimo"**

The Chimo and Hilda Marjanne were next, with the Chimo arriving at Port Weller on September 17 under tow from Hamilton by the same tugs that had brought the Cabot four months earlier. On September 21, the bow and mid-body of the Hilda Marjanne arrived, and on November 15, the Chimo's bow section, like that of the Cabot before it, was towed to Port Maitland for scrapping, arriving two days later because of bad weather.

On December 16, the 1961-built forward section of the Hilda Marjanne was shifted into the building berth to be joined to the Chimo's stern section. Work continued over the winter and on April 5, 1984, another "new" ship, the 16,352-ton Canadian Ranger was floated out. She completed sea trials on Lake Ontario on April 26 and departed upbound on May 6, returning downbound three days later with her first cargo, coal for Hamilton. The work of producing these two new maximum Seaway-size motorships took just over a year.

As well as the joining, the Cabot and Chimo's bridges had been raised by a full deck to give better visibility over a much longer forward body, and their round cruiser sterns were squared off with a transom effect to save on length. Their foremasts were stepped on the lakes forecastles about 275 feet ahead of their old positions, replacing the former lakes-style bridge and forward accommodation that had been removed.

In 1988, the Canadian Ranger was equipped with a grain self-unloading system to speed up discharge, and she carried grain for the next dozen years. At the end of 2000, she was laid up in Montreal, moving to Trois-Rivières in November 2002 to back up her owners' grain elevators.
there as storage vessel. In 2004, after a $2 million refit, her Sulzer engine would be turning once more, but by 2006 she was laid up again, this time in Toronto.

Algoma Central Corporation took a half-interest in the ship in 2006 and she was re-activated in September 2007. With part of her unloading gear removed at Port Weller, she joined the bulk carrier fleet of Seaway Marine Transport, a joint venture of Upper Lakes and Algoma Central that had been formed in 2000 by the amalgamation of Seaway Bulk Carriers, formed in 1990, and Seaway Self-Unloaders, formed in 1994.

In December 2008, however, she was again laid up at Toronto, and on May 30, 2011, her long tow to the scrapyard in Aliaga, Turkey, began, her sturdy Sulzer engine now rendered redundant by an obsolescent hull.

The "Catalina" Holes Herself

While work was beginning on the conversion of the Cabot into the Canadian Explorer, the Catalina had some trouble whilst on a voyage to Newfoundland. In service for less than a year, and now operating for ACE, Capt Chouinard gives us an account of a serious winter incident en route to St John's: -

I had the fright of my life in the spring of 1983, when the Catalina was en route to St John's, Nfld, in very hard Arctic ice. The crew member in charge of checking the ballast compartments discovered that the forward tank had filled with water during the night. Panicking, he came to inform me. On examining the hull, we could see a large gaping hole in the bow of the ship. Without our knowing it, a piece of ice had smashed in a hull plate. Only the watertight bulkhead kept the ship afloat. I reported the incident immediately to the Coast Guard at St John's; they assured us that a boat would be kept on the alert should we need assistance. With no one to assist us, we had to cover a distance of sixty miles at low speed before we made port. Never had hours seemed so long and so agonising.

There was no regret in Capt Chouinard's words when he recounted that "at the beginning of 1984, ACE decided not to renew the charter contract for the Catalina, which had become too expensive to maintain." This ship, while of the same vintage as the Cabot that Chouinard had commanded for so many years, had seen long and heavy service for many operators. She had been the only suitable Canadian-flag container ship that was available when one was needed, but other options had since become available.

The Catalina was redelivered to her owners and laid up in Montreal on July 26, 1984. In June 1985, she was moved to another lay-up berth at
Sorel, then on May 13, 1986, transferred to the ownership of Logistec Navigation and registered in Georgetown, Cayman Islands. The Catalina departed Sorel on May 27, 1986, bound for Detroit to load a cargo of scrap. When she arrived back in Montreal on June 7 it was on her last voyage, to South Korea, to be broken up.

New Business at Halterm

Meanwhile, at Halterm, with the loss of Dart to the St Lawrence in 1981 and the opening of a second Halifax container terminal at almost the same time, plus new managing owners in Newfoundland Capital, the terminal was kept busy looking for new business. This was evident from an article in "The Globe & Mail" on November 7, 1983:

New container handling equipment and the arrival this year of four new shipping services have resulted in a 28 per cent increase in productivity and a 50 per cent rise in cargo handled by the Halterm Ltd container terminal in Halifax, says Brian Doherty, president.

Despite the improvement, however, the 60-acre installation is still operating at only about 25 per cent of its annual handling potential of 200,000 containers.

In terms of vessel calls, Halterm's two berths are currently working at the rate of about 200 visits per year. "We can easily handle up to 500 calls without delay or congestion ... We need more and are actively looking for more to gain the economies of scale which are inherent in the new system," Mr Doherty said.

With the introduction of $10 million worth of equipment, including six gantry cranes, 15 tractors and 50 container chassis, "average productivity is now running at 23 containers per crane per hour."

Two long-time customers, Columbus Line and Zim Container Service, were joined at Halterm this year by National Shipping Co of Saudi Arabia, Sea-Land Service, Compagnie Maritime d'Affrètement and, most recently, PT Jakarta Lloyd.

Like many in the Clarke organization over the years, Brian Doherty had started as a purser, in his case on the North Shore in 1953, and he had come ashore at Montreal in 1958. Working his way up through the ranks, he had been appointed terminal manager at Sept-Îles in 1960 and then at St John's in 1963 before joining Halterm in 1969.

Orient Overseas Container Line finally moved to Halterm in 1985, partly in a move that saw Halterm drop a lawsuit that it had brought after Dart Containerline left Halifax, in which it claimed that a promise had been
breached that Dart would remain in Halifax. Later Halterm customers included Neptune Orient Line in 1987 and then Maersk Line and Evergreen Line, following other Far East lines such as Zim Container Service and K Line, that had preceded them.

ACE Reduced to One Ship

The ACE service had carried on with two ships, the Catalina and Lady M A Crosbie, between Montreal and St John's until May of 1984. In that month a single but much more modern vessel, the 10,919-ton ro-ro container ship Cicero, was introduced. Taken on bareboat charter from Fednav Ltd, which had a half interest in The CSL Group, one of the ACE partners, Capt Chouinard described her:

Tied up at North Sydney, NS, the Cicero, a roll on-roll off container ship belonging to Fednav. More modern and pleasing of appearance, this 12,000-ton ship was equipped with two engines totalling fifteen thousand horsepower, and had a service speed of seventeen knots. With a length of 482 feet and 74 feet wide, she was strengthened for navigation in ice. Her previous crew had been mainly Koreans. They had let her run down as their standards were not as demanding as those in Canada. ACE accordingly inspected the Cicero and signed a charter party with Fednav, knowing full well that she would cost less and give a better return than the Catalina.

In March 1984, with a skeleton crew, I therefore went to Sydney to see to the repairs needed to her engines - the rest could wait until later. We spent a full month at North Sydney putting the machinery back into working order. We only partially succeeded. At the beginning of April, we cast off for Montreal with only one engine. The machinery would cause us trouble all summer.

At Montreal, the Cicero was drydocked in order to inspect the hull, the screws, the rudder and bow thruster. It was May before we were able to enter service to Newfoundland.

A sister ship of the Cavallo, already operating for ASL Atlantic Searoute between Halifax and St John's, the Cicero had been purchased by Fednav in 1982 and been operating as a coastal trailer ferry in Brazil, in another of Fednav's ventures. With her twin Crossley-Pielstick diesels giving her a speed of 18 knots on 33 tons of fuel a day, she had a deadweight capacity of 7,000 tons and could carry 420 TEU of container traffic.

The Cicero and Cavallo were products of the Smith's Dock Co of South Bank, Middlesbrough, who had built the Highliner, with the Cicero having been delivered in 1978 and the Cavallo in 1979. Built for Ellerman's Wilson
Line Ltd of Hull, England, they had not met the owners' requirements as to stability and were refused. In the process, they were equipped with flume stabilization tanks aft of the superstructure, and later acquired by Fednav. With her high service speed, the Cicero was able to maintain a weekly sailing schedule and replace both the Catalina and the Lady M A Crosbie, which were returned to their owners, the former after two years' service to Newfoundland, the latter after six.

While the new ACE service had three partners, the Clarke Group, through Northmount Holdings, owned half, and the Cicero was crewed by Clarke crews from Quebec. The Lady M A Crosbie, on the other hand, had been crewed from Newfoundland, as had all the Crosbie ships.

Conveniently, the new ship's original name of Cicero, which had been retained by Fednav, continued the practice of Clarke ships serving Newfoundland - like Cabot, Chimo and Catalina - having names that began with the letter 'C.' At one point the name Caribou had been chosen for the Lady M A Crosbie, but as she was the last of the Crosbie ships, Newfoundland Capital had decided to keep the old name.

Elsewhere, a former Clarke-owned ship made the news at the beginning of 1985 in the Port of Montreal. The winner of that year's "Golden Cane" award for the first overseas arrival of the season was the Manchester Challenge, the former Dart America, which arrived on January 2. Manchester Liners had been a frequent winner of the first ship to Montreal award even before year-round navigation.

The Competition to Newfoundland

The desperate situation that had reduced ACE to just one ship had also meant that it had to apply to Ottawa for a subsidy to survive until an decision could be made on its complaints about predatory pricing by Terra Transport. Losses at ACE meant that Ottawa had to re-introduce the subsidy for water service between Montreal and St John's that had been abolished as recently as March 1982. A temporary subsidy was agreed to run through to the end of March 1985. The overall situation was outlined by Wilbrod Leclerc in an article in the February 1985 edition of "Seaports & the Shipping World":

From 1965 to 1977, Clarke Steamship's sideloaders, moving between Montreal and St John's, reduced the cost of water transport and improved the service. In 1977, Chimo Container Line introduced the first completely intermodal service to Newfoundland. In 1980, these two competitors merged to become Newfoundland Steamships Ltd. Their four ships carried a third of the traffic destined to Newfoundland and about half of that in containers.

In May 1981, a new competitor AFL entered into service from
Montreal. In the same year, CN launched Terra Transport, a subsidiary which would carry containers to Newfoundland by rail and by ferry using another subsidiary CN Marine. Terra Transport required a federal subsidy of $77 million to get started.

Faced with the new CN competition the two private companies, NSL and AFL, merged and created ACE. The share of traffic of the private sector has dropped from one-third to one-fifth. To reduce costs, the number of ships has been reduced to one, a relatively fast, highly computerized icebreaking ship called the *Cicero*.

ACE loses money competing against a subsidized Terra Transport service... [The] costs of transporting freight by ship to Newfoundland are roughly $20 per ton according to ACE. On the other hand, the federal government may have spent some $300 million in the last five years to move a million and a half tons to Newfoundland. This works out to $200/ton, or about ten times as much.

In as few words as possible, Leclerc had summed up the events of the past twenty years in the shipping trade to Newfoundland. Penney and Kennedy, meanwhile, recounted the situation in 1984 from the railway point of view in "A History of the Newfoundland Railway":

Meetings between CN and the federal government on the issue were frequent but inconclusive. CN wanted to calculate its Newfoundland loss as if the Newfoundland railway was a separate operation entirely from its mainland railway network, and indeed, this had been the purpose behind the setting up of Terra Transport. This approach would maximize the Newfoundland railway loss and thus maximize the subsidy to CN when the federal government agreed to pay it.

The federal government, on the other hand, still proposed that the Newfoundland railway be considered as an integral part of the CN system and only the marginal costs of the Newfoundland operation be considered. This approach would minimize the loss figure. Apart altogether, however, from the size of the loss, the federal government also had another problem: the subsidy which they were paying to ACE, which was costing them $7.3 million in 1984. They wanted to drop this ACE subsidy but reasoned, no doubt quite correctly, that if they agreed to subsidize the railway, no matter what the amount, they would weaken their case for discontinuing the subsidy to ACE.

One alternative considered was to raise the railway rates. Atlantic Container Express was losing money partly because of depressed freight rates held down by railway competition. If railway rates could be raised, ACE could also raise its rates, become profitable, and the subsidy would not be required...
Another possibility was to limit the scope of the railway container service. The container program had been developed and funded on the assumption that the railway market share had stabilized around the 1981 freight volume of 25% or lower. However, by 1984 the railway had recaptured market share and was heading for 40%. The government felt that limiting the funding for railway containers would limit the railway's ability to further increase its market share and would leave enough freight for the vessel operator to run a viable business.

CN was struck by the success of the container program, which was attracting freight back to the railway, and decided it could meet the threat of further CTC-ordered rate increases by diverting eastern Newfoundland freight through Halifax and by vessel direct to St John's. This would also get around the marine operation at the Gulf, which was now becoming more and more of a railway freight bottleneck. In July, a consultant's report on the railway revitalization program was submitted. The report concluded that the program had been a complete success and recommended that the container program be continued to completion with the railway carrying 40% of inbound Newfoundland freight and the remaining freight be divided equally between truck and vessel.

The annual payments that Ottawa was now making on its temporary water subsidy were more than double the level that it had been paying only a couple of years earlier. On the other hand, this was far less than what was being spent on the Cabot Strait crossing, as well as for continued rail service in Newfoundland.

Meanwhile, CN started moving cargo over Halifax with Atlantic Searoute instead of over North Sydney with Marine Atlantic. Clearly, a solution was going to have to be found to the whole future of transportation to Newfoundland, but the situation at hand already contained the seeds of that solution.

ACE Wins Terra Transport Appeal

It had now been two and a half years since Atlantic Container Express had called upon the Canadian Transport Commission to investigate Terra Transports pricing. Things had been difficult for ACE during this period, but in the end it won its case, with the CTC ruling that Canadian National's Newfoundland division was indeed pricing below cost.

Details of the CTC decision were carried in the January 7, 1985, edition of "The Globe & Mail," under the heading "CTC ruling assists small ocean carrier": -
A Canadian Transport Commission ruling against predatory pricing by Canadian National Railways will mean higher transportation costs for Newfoundlanders and a new lease on life for a small ocean carrier.

The federally owned railway has been given until January 10 to file more than 130 new tariffs and until mid-February to apply the same costing criteria to all items moved to Newfoundland in containers used by Terra Transport, CN's Newfoundland transportation subsidiary.

The CTC action appears to bring the curtain down on a two-year investigation prompted by allegations by Atlantic Container Express Inc of St John's that CN was using non-compensatory rates to kill private competition in the Newfoundland trade...

Gilles Champagne, president of ACE, was jubilant. He estimated that CN's rates for goods originating in Ontario will have to climb by about 12 to 15 per cent, while transportation of some items from Montreal will cost up to 25 per cent more. The ruling even covers paper shipped from Newfoundland to Montreal, an item not included on ACE's complaint list.

ACE, which offers a single-vessel weekly service between Montreal and St John's, is owned by Newfoundland Capital Corp Ltd of Gander, the Harvey group of St John's and CSL Group Inc of Montreal.

A merger of the two former competing lines - which in 1980 accounted for about 30,000 TEUs (20-foot equivalent units) of traffic between Montreal and St John's - ACE carried about 16,000 TEUs in 1984 and lost roughly $4 million on operations.

The loss was covered by a 20-month federal subsidy, scheduled to expire at the end of March, which proved a life preserver during the lengthy investigation of CN's pricing structure.

Despite cut-throat competition it appeared that ACE was finally coming out of a troubled period. The CTC had found that 152 rates out of 177 were non-compensatory, with costs established to be 10 per cent to 50 per cent above published rates. Although CN argued that only 67 were non-compensatory, ACE had won its case and things would begin to improve. Penney and Kennedy again gave the railway view: -

Railway freight volume started dropping in mid-1985 as shippers looked for alternative service to be available in the event the rate orders were implemented. The competition canvassed railway shippers urging them to lock into contracts in order to avoid the rate increases and serious interruptions in railway service which could follow on the discontinuance of the rail car ferry service at the end of the year. By August, CN calculated that it had lost 40,000 tons, or 10% of its
freight tonnage, and stepped up efforts to sell its new Halifax service.

Having been reduced to a one-ship operation after losing substantial market share to predatory price-cutting, ACE would soon be back running two, and sometimes even three, ships again.

Meanwhile, over at Clarke Transport, which was now one of ACE's bigger clients, as well as a shareholder, the return on investment had reportedly risen from a negative 9% in 1982 to a positive 46% in 1986.

**Halterm and Novaport**

The name of one of Clarke's former Newfoundland ships, the *Novaport*, was unknowingly revived in the 1980s with the formation of a company called Novaport, details of which were given in the April 1986 issue of "Seaports & the Shipping World":

Halterm is part of a Nova Scotia-based port management consortium that is increasingly looking at world markets to sell its container handling expertise. Novaport Ltd is looking at how ports in Eastern Caribbean islands can improve freight handling and capacity. Other partners in Novaport are: Canadian Plant & Process Engineering Ltd, Dominion Bridge-Sulzer, Foundation Company of Canada Ltd, Lundrigans-Comstock Ltd and Novaport Engineering Ltd.

Novaport is half-way through its four-year assignment with the Canadian International Development Agency to improve port facilities and management in Antigua, Barbados, Grenada, St Kitts & Nevis and St Vincent.

Fifty years after the *New Northland's* trade promotion cruise from Halifax, Halterm employees from the same port were back in the same islands helping them to develop their port businesses.

**Atlantic Searoute to Corner Brook**

ASL Atlantic Searoute put Corner Brook back on the shipping map in 1988 when it added the western Newfoundland port to its Halifax service. It had been over five years since ACE had been forced to drop the port from its Montreal service because it no longer paid. "Seaports & the Shipping World" carried the news in its "Signals from St John's" column in February 1988:

Early in the New Year Atlantic Searoute Ltd added Corner Brook, an important port on the province's west coast, to their regular schedule, a weekly call to St John's from Halifax.
Atlantic Searoute's newly acquired \textit{ASL Sanderling}, the vessel supplying the weekly Halifax, St John's, Corner Brook weekly cargo service, arrived St John's on her first run January 12 and after discharging cargo here left for Corner Brook to finish unloading.

The \textit{Sanderling}, a powerful ice-class ro/ro container ship with 1127 TEU capacity and 19,000 HP replaces a smaller vessel...

Atlantic Container Express is being reported to be interested in resuming its Montreal-Corner Brook service starting in March this year.

"Seaports" also reported that the 14,741-ton \textit{ASL Sanderling}, a large vessel with dimensions of 635 by 89 feet, had reduced the running time from Halifax to St John's from 75-80 hours to 65 hours. Corner Brook was added to the ASL schedule when the \textit{ASL Sanderling} sailed from Halifax for both Newfoundland ports on January 10, 1988.

\textbf{Back to Two Ships with a new "Cabot"}

Business had recovered sufficiently by 1987 that ACE was able to begin operating two ships again, chartering the 10,034-ton \textit{Lucien Paquin} from Logistec Navigation. The 300 TEU \textit{Lucien Paquin}, which had previously run as Saguenay Shipping's \textit{Sunemerillon}, joined the \textit{Cicero}, taking her first Montreal departure on February 3. This was the first time since 1984 that two ships had been used on the St John's route. A charter was signed until the summer season and, for a time, when the \textit{Lucien Paquin} was unavailable, ACE used the ro-ro container ship \textit{Astron}, chartered from the Woodward Group of Labrador. These two ships, being Canadian registered, also found work with ASL when extra capacity was needed at Halifax.

By March 1988, ACE was able to purchase the \textit{Cavallo} from ASL, renaming her the \textit{Cabot} (ii) in commemoration of the well-known Clarke ship and discoverer of Newfoundland. Again, Capt Chouinard was called upon to take delivery of a new ship: -

With the volume of cargo we had to carry to Newfoundland growing endlessly, the company decided to acquire another ship. The company settled on the \textit{Cavallo}, sister ship of the \textit{Cicero}. They renamed her \textit{Cabot}, remembering the good service that the ship of the same name had given to Newfoundlanders. Because of my experience, they entrusted me with the task of forming a skeleton crew to bring her up to Montreal. We spent a full month in Halifax, time to put this ship in shape. This one was in good condition compared to the last two ships that I had fitted out. In mid-March 1988, we entered service between Montreal and St John's, Nfld, at an accelerated pace, with two ships in good condition, of equal cargo capacity and speed.
ACE was now back to two ships full time. With the acquisition of the *Cabot* the call at Corner Brook was also reinstated after a six-year absence, with the first sailing of the new *Cabot* leaving Montreal on March 5, 1988.

On December 12, 1988, ACE resumed the charter of the *Lucien Paquin* and the Newfoundland service was finally back to three ships again, even if only temporarily.

Just six days later, on December 18, the *OOCL Challenge*, once Clarke's *Dart America*, ran aground near the Quebec Bridge. She was not freed until December 31, when four tugs towed her to Quebec. On January 3, 1989, she entered drydock at Lauzon to undergo repairs.

**Cruising the Gulf**

In the world of cruising, the Bahama Cruise Line had been renamed Bermuda Star Line in 1987, and the much larger 25,162-ton *Canada Star* replaced the *Veracruz 1*. The *Canada Star* had been at Quebec as the hotel ship *Island Sun* during Tall Ships '84. This was not the end however as in May 1989, Sweden's Effjohn International acquired Bermuda Star Line and in 1990 the *Canada Star* became Commodore Cruise Line's *Enchanted Seas*. She was then joined on the Montreal-New York circuit by her sister ship, the 23,818-ton *Enchanted Isle*, formerly *Bermuda Star*.

In 1992, the 15,271-ton *Crown Monarch*, owned by Effjohn-controlled Crown Cruise Line, joined the trade and in 1993 the slightly larger 19,089-ton *Crown Jewel* in turn replaced her. In an agreement between Effjohn and Cunard, however, Cunard took over the marketing of the Crown ships in 1993 and moved them to other trades, withdrawing from St Lawrence cruising except for the occasional call by a Cunard ship.

Also in 1987, Thomson Vacations of Toronto, as successors to Strand Cruises, placed the much smaller 3,719-ton *Jason* on alternating weekly cruises between Montreal and Saint John, and later, in order to conform to the coasting regulations, Gloucester, Massachusetts. Thomson was familiar with the *Jason* as it had also chartered her from her Greek owners, Epirotiki Lines, for Caribbean cruises in the winter time. But despite being part of the Thomson newspaper group, which also now controlled the Hudson's Bay Co, Thomson Vacations lost money, and was allowed to go into receivership in 1990.

Meanwhile, Michael Hensby's M-H Tours was still looking after Clarke's business travel requirements and representing Lindblad Travel, as well as selling motor home tours in Europe and Western Canada. After his own initials, this latter activity was said to be the other origin of the name M-H Tours.
The Loss of the "Coudres-de-l'Ile"

Clarke had served the North Shore to Clarke City, Sept-Iles, Havre-St-Pierre and Natashquan from 1921 through to 1978, by which time the main route was between Montreal and Sept-Iles. Clarke continued to serve the area by road, while its successor on the water route, Navigation Ile-aux-Coudres, managed to survive for another ten years, until disaster struck.

On June 15, 1988, the Coudres-de-l'Ile was lost, along with the life of one of her crew members, in a collision near Les Escoumins with the 20,310-ton Great Lakes bulk carrier Algowest. The story was carried in "The Gazette" the next day:

Dense fog contributed to a two-ship collision yesterday morning that sent a coastal vessel laden with scrap iron to the bottom of the St Lawrence River "in a matter of minutes," the captain of the other ship says. Reg Hatcher, captain of the Algowest ... said his crew quickly pulled nine shivering crew members of the Coudres-de-l'Ile out of frigid water near Les Escoumins...

Coast Guard rescue ships scoured the foggy stretch of the St Lawrence for one remaining crew member, believed to be the ship's female cook... The rescued crew members of the Coudres-de-l'Ile were to remain on the Coast Guard ship Simon Fraser until it completed its day of searching.

Despite all the modern aids to navigation, the Coudres-de-l'Ile had joined the long list of ships lost in the St Lawrence River.

The Quebec North Shore

In 1989, ACE began making calls at Sept-Iles once more, with its Newfoundland ships, eleven years after Clarke had closed its own North Shore shipping service. Now With three ships in operation, the first ACE calls were made that November. Porlier Express delivered containers to and from Sept-Iles, Port-Cartier and Baie Comeau while Logistec acted as stevedores.

Although a valiant effort to bring general cargo shipping back to the North Shore, the service did not take hold, and with the end of the ACE calls at Sept-Iles, any Clarke involvement in the once-extensive shipping trade to the North Shore ended for good.

Clarke's other North Shore route, from Quebec, and later Montreal, to the Lower North Shore as far as Blanc-Sablon, had been taken over in 1970
by Logistec Navigation, whose ships had taken over the subsidy until 1986. In 1991, five years after losing the contract, Logistec Navigation finally sold its last coaster, the *Fort Ramezay*, to Lineas Hondurena of Honduras, who renamed her *Skarpati I*.

As Malcolm Mackay of Halifax remarked in his newsletter "Shipfax" in August 1991 on the subject of the *Fort Ramezay*, "with her passing there is no conventional cargo vessel engaged in regular coastal cargo work in the St Lawrence River."

The North Shore highway had been extended beyond Sept-Iles to Havre-St-Pierre in 1976. But by the time it came to extend it to Baie-Johan-Beetz and Natashquan in 1995-96, the equipment needed to build the Natashquan end of the highway had to be brought in by tug and barge, as there were no more coasters.

**The Newfoundland Railway is Closed**

Meanwhile, back in Newfoundland, Canadian National's Terra Transport division had continued to use the Cabot Strait ferries and the railway across the island for as long as possible, but it had also realized the economies of using the sea route from Halifax.

On June 20, 1988, the Canadian and Newfoundland Governments, together with Canadian National, announced the closure of the Newfoundland Railway, to take effect that September. A background paper prepared by Atlantic Searoute outlined the situation from its perspective:

The Newfoundland Railway was an antiquated narrow gauge system, which was extremely costly to operate. The advent of domestic containers in the late 1970s should have helped transit times and therefore service to Canadian National's customers, but the requirement of many handlings of CN's containers from rail in North Sydney, on the Gulf Service of Marine Atlantic to Port aux Basques and transfer to the narrow gauge CN-owned Terra Transport railway system simply did not work. A huge deficit was incurred each year by CN and their market share was eroded significantly by truckers and the Montreal-based water service provided by Atlantic Container Express.

Canadian National has sought relief from these deficits each year through representation to the Federal Government in Ottawa. In July 1988 the Federal Government gave permission to Canadian National to discontinue the Newfoundland Railway & and the last train across the island of Newfoundland made its last run in September 1988.

ASL was able to see the direction which was being promoted by CN
and saw that we must endure. We positioned ourselves to take advantage of the new opportunities which might present themselves. With the *Cavallo* already hard pressed to meet ASL's own cargo commitments, the decision was made to replace her with a much larger vessel.

In January 1988 the 1127 TEU capacity ro-ro container vessel *ASL Sanderling* entered service, replacing the 430 TEU *Cavallo*, which was sold. ASL immediately commenced service to Corner Brook, Newfoundland, as well as to St John's...

We had, of course, by this time enjoyed an excellent working relationship with Canadian National Railway, having carried their automobile traffic since 1974 and some of their domestic highway piggyback trailers since 1978. This rapport and excellent service provided to them allowed us to promote the carriage of CN's container traffic which had previously moved over the North Sydney - Port aux Basques route.

In July 1988, immediately following the railway closure announcement, shipments of CN's Terra containers destined for eastern Newfoundland were routed via ASL service into St John's.

The old narrow gauge railway and its costly and inefficient transfer systems at Port aux Basques had finally gone and the more economic (and direct) sea route now took much of its former traffic.

How this change affected the Cabot Strait ferries was commented on in the same February 1989 "Seaports & the Shipping World" column that announced the return of scheduled shipping service to Corner Brook:

The phase-out of the Newfoundland Railway led to a decline in container traffic on Marine Atlantic's ferries operating between North Sydney, Nova Scotia, and Port aux Basques and Argentia, Newfoundland, according to a company report on its mainland Canada-Newfoundland operation.

The report, an overall review for the first eleven months of 1988, said container traffic declined by 6,300 units to 15,891, but truck and trailer traffic increased by 5,900 units to 58,241...

A portion of the rail container traffic lost to Marine Atlantic went to Halifax for direct water shipment to St John's and Corner Brook...

The Newfoundland Railway was shut down last October as a result of an $800 million federal-provincial roads for rail agreement and Canadian National has been disposing of its assets to overseas buyers.
After years of analysis, controversy and indecision, the Newfoundland transport infrastructure had finally adjusted to reality. Passenger service had ended almost twenty years before, the railway had been losing out to road transport ever since the completion of a highway across Newfoundland and the container experiment had turned out to be its last breath. The last rail was removed from the main line in November 1990 and the right of way turned into a provincial park in 1997.

The "ASL Cygnus"

As a result of all this, a sister ship of the ASL Sanderling, the 13,098-ton ASL Cygnus, was added to the Halifax service. "Seaports & the Shipping World" carried this news in its "Waves from Halifax" column in June 1989:

The inaugural sailing of the m/v ASL Cygnus took place in late May, giving Atlantic Searoute Ltd (ASL) the largest capacity of any non-subsidized shipping line serving the Newfoundland market, according to Roger Swallow, commercial manager in Halifax for ASL.

The ice-class vessel adds 1,127 20-foot equivalent units (TEU) to ASL's capacity and allows the company to make twice-weekly sailings from Halifax to Newfoundland...

The Cygnus schedule calls for the vessel to leave Halifax on Saturdays, arrive in St John's on Mondays, then reach Corner Brook on Wednesdays. The company's sister ship, the m/v ASL Sanderling, sails out of Halifax on Tuesdays, docks in St John's on Thursdays and continues to Corner Brook on Saturdays...

With those sailings, the two ships will be able to carry 11,200 drop trailers, 62,000 TEUs and 30,000 automobiles per year. "With the demise of the Newfoundland railway system, an improved direct water service from Halifax to St John's and Corner Brook will fill that void," says Jim Stoneman, vice-president and general manager of ASL Atlantic Searoute...

The ASL vessels are based at Pier 36, at the Halifax Harbour, which Mr. Swallow describes as "the natural Newfoundland gateway for both domestic and international traffic."

ASL's press release added that the addition of the ASL Cygnus would create 44 new seagoing jobs and 80 new hourly-paid jobs for stevedores, truckers and others who served the shipping trade.

Clarke's overall operations had new owners. Its shipping operations, after two periods of intense competition, were now run as a 50:50
partnership with others. A life-or-death situation had been dealt with in Newfoundland and the old Halifax-St John's route had found new life after being moribund for a number of years. The future was beginning to look much better but one more change was still in store.

**Oceanex Limited Partnership**

At the end of 1990, two lines with overlapping ownership were operating to St John's. Clarke parent Newfoundland Capital held a half share in Atlantic Container Express from Montreal, with the balance shared between A Harvey and CSL, and Fednav owned half of Atlantic Searoute from Halifax, again with the remainder shared by A Harvey and CSL. These two companies held equal shares in both operations while the Newfoundland Capital and Fednav holdings were divided, the former at Montreal and the latter at Halifax.

Although different source markets were being served, the activity was the same and it made sense to rationalise these shareholdings and take advantage of the savings that could be made from a single operation. The precedent was Newterm Ltd, the St John's terminal operating company, which had been owned by four equal partners and was now rolled into the new entity.

Thus, ACE and ASL were merged in January 1991 into Oceanex Limited Partnership. Clarke, CSL, Fednav and A Harvey each took an equal share in Oceanex. In return for reducing its share in the Montreal service to 25 per cent in favour of Fednav, Newfoundland Capital received a 25 per cent share in the Halifax service, bringing Clarke back into that market for the first time since Trident Steamships. "Canadian Sailings" outlined the new arrangement on January 21, 1991:

The two services, Atlantic Searoute Limited Partnership (ASL) operating out of Halifax, and Atlantic Container Express (ACE) operating out of Montreal, formed a partnership, under new president Gilles Champagne formerly the head of ACE.

The two companies' combined fleet of ships more closely matches the volume of cargo available, a company official stated. He said the two companies compete in different markets: ASL operates two ships between Halifax, St John's and Corner Brook, while ACE operates three ships between Montreal, Corner Brook and St John's. The new arrangement sees ASL and ACE pool ships and equipment while retaining two separate services and identities...

The two companies have been closely connected since 1982 when both ASL and ACE were formed. Both companies are one-quarter owned by CSL Equity Investments of Montreal and one-quarter owned by the
Harvey Group of Newfoundland.

Under the new deal, the only change in actual ownership involves the holdings of both companies' major shareholders. The new agreement sees Newfoundland Capital Corp, a 50% owner in ACE, wind up with a 25% stake in the new venture, while Fednav of Montreal, a 50% owner of ASL, also reduced holdings to 25% of the combined company. Thus, the four shareholders: Fednav, CSL Equity Investments, Harvey and Newfoundland Capital Corporation, are equal shareholders.

The Oceanex fleet now numbered three ships, with the Cabot and Cicero running from Montreal to St John's and the ASL Sanderling from Halifax to St John's and Corner Brook. Although "Canadian Sailings" mentioned five ships, only these three became permanent members of the Oceanex fleet, whose new name was based on the same concept of an Ocean Express service to Newfoundland that had first been promoted when Clarke's new Chimo had joined the first Cabot in 1967 to form a two-ship service.

The ASL Cygnus, meanwhile, had been chartered to the US Military Sealift Command in August 1990 for Operation Desert Storm, the first Gulf War against Iraq, and would not return until September 1991, when she was to relieve the ASL Sanderling for dry-docking. In her absence, the ASL Cygnus was replaced by the chartered Lucien Paquin, which had been running for ACE from Montreal. Another chartered ship, the 7,048-ton northern re-supply ship Aivik, was also taken on hire for a time from the North West Co Inc, successors to the Hudson's Bay Co in the north.

On her return from Gulf War service, the ASL Cygnus's ownership remained with Cygnus Limited Partnership, held 50 per cent by Fednav and 25 per cent each by CSL and A Harvey. She was then renamed Thekwini for a one-year charter to Wilhelmsen Lines. After her commercial charter expired, she was sold into the US Ready Reserve Fleet on August 19, 1994, and renamed Cape Taylor. Having sold two earlier Canadian-built ro-ro's into the Ready Reserve Fleet, Fednav had experience with these sales. One of the ships they had sold was the former Laurentian Forest which Clarke had once looked at acquiring for its St John's service. After operating as the US-flag Federal Seaway, she became the Cape Lobos in March 1988.

As part of the Oceanex reshuffle, the Halifax service moved from ASL's own terminal facility to Halterm, which was part of the Newfoundland Capital group. The ASL Sanderling's first call at Halterm took place on July 11, 1991.

**The Oceanex Partners**

Oceanex can trace its existence back to the Clarke Steamship Co's first entry into Newfoundland in 1923, two years after that company was formed,
with calls first at Port aux Basques and then at Corner Brook. This in turn had led it to test the Montreal-St John's market in the 1930s and to start a full Montreal-St John's service after the war. When the St Lawrence River had been closed by winter, continuity had been assured by offering winter service from Halifax and Saint John. Since January 1968, the service had operated year-round from Montreal.

Clarke and Newfoundland Steamships were not alone, however. There had always been competition and others who have joined them since have a history of their own in Newfoundland and became an integral part of the formation of Oceanex.

After a brief experiment carrying cars in a conventional 'tweendecker in 1971, Fednav had entered the Halifax-Newfoundland automobile trade with ro-ro ships in 1974, expanding the service step by step with larger and better ships, all under the Canadian flag.

A Harvey & Co had a long history in St John's, having acted as agents for the Black Diamond Line, Canada Steamship Lines, the Red Cross Line, Newfoundland Canada Steamships, Furness Withy and even Newfoundland Steamships, in which it once had a minority shareholding. In 1977, Harvey's Newfoundland Container Lines had entered the Halifax-St John's trade.

With Fednav moving from strength to strength and starting to accept trailers in 1978, Fednav and Harvey's had agreed to form the new Atlantic Searoute orhanization in 1982. Meanwhile, Harvey's had entered the Montreal trade with its formation of Atlantic Freight Lines in 1981.

After a long absence, the CSL Group had also come back into the Newfoundland trade, joining Harvey's with a half share in Atlantic Freight Lines in 1981. In 1921, eight years after its own formation and in the same year the Clarke Steamship Co was formed, Canada Steamship Lines had started carrying passengers and cargo on the Montreal-St John's run in succession to the Black Diamond Line.

Although the passenger trade had ended in 1926, the year in which Clarke introduced the New Northland, CSL had continued to carry cargo for a while. After Canada Steamship Lines briefly returned to the Montreal-St John's trade in 1962, it had divided its services with Clarke at Montreal and the two companies began to exchange cargoes with one another.

In 1982, however, a year after CSL returned to the Newfoundland trade for a second time, it participated in the formation of Atlantic Container Express, jointly created and equally owned by Atlantic Freight Lines and Newfoundland Steamships.

In 1991, all of these strands came together to form Oceanex, with shares now divided equally among Clarke, CSL, Fednav and Harvey's.
Gulf War Revives St Lawrence Cruising

Neither Clarke nor Oceanex had any cruise or travel connections any longer, although the odd company guest was accommodated on the Oceanex ships running between Montreal and St John's. But the St Lawrence River and Gulf once again became popular destinations after the first Persian Gulf War broke out in Kuwait and Iraq. Indeed, the "New York Times" carried an item on March 10, 1991, headed "Travel Advisory; Diverted Ships Head to Canada": -

New England and Eastern Canada will benefit from the decision of some cruise lines to shift ships from the Mediterranean this summer as a result of the Persian Gulf war. Seabourn Cruise Line is replacing its 1991 Mediterranean itineraries with sailings in Quebec and the Atlantic Provinces, which have been largely unexplored by cruise ships, and visits along the coasts of Massachusetts and Maine. The 7- and 14-day trips will be on the 204-passenger Seabourn Pride from May through August and depart from Boston; Montreal, and Halifax, Nova Scotia. The line says that, because of its design, the 10,000-ton vessel will be able to reach straits, waterways and harbors closed to most ships of its size.

Among places on the four itineraries are Baddeck and Bras d'Or Lake on Nova Scotia's Cape Breton Island; Louisbourg, Nova Scotia, site of a reconstruction of an 18th-century French fort; the French island of St. Pierre, off Newfoundland, and Northeast Harbor on Mount Desert Island, Me. The Seabourn Pride will also cruise along the Labrador coast and the St. Lawrence and Saguenay Rivers. All accommodations are outside cabins with five-foot windows. Fares start at $4,230 a person, double occupancy, for 7-day cruises and from $7,660 for 14 days.

Seabourn Cruise Line, formed in 1987, later became part of Cunard, but it had begun cruises between New York and Montreal in 1990, increasing its presence to fourteen voyages with two ships in 1991. In 1991 Seabourn also introduced port calls in Labrador, becoming the first cruise line to make calls there in over fifty years, since Clarke's New Northland, and North Star in 1939. The "Los Angeles Times" carried further news on May 12, in an article entitled "New Market for New England and Canada Trips": -

Although Canada and New England long have been on the cruise circuit, mostly in early fall for viewing foliage, they haven't been considered a rival of the glamorous Mediterranean. So when Seabourn Cruise Lines offered discounts up to $1,000 to previously booked Mediterranean passengers, fewer than 35% changed their vacation
plans to Canada and New England, according to President Duncan Beardsley. "What's happening instead is that we're getting a lot of new passengers--a whole new market," Beardsley said.

Seabourn is attempting several different ideas with its Canada/New England sailings scheduled for this month through August. First, its itinerary will vary somewhat from the traditional route that goes from New York City, up and around Nova Scotia and Prince Edward Island and then down the St. Lawrence River into Quebec and Montreal for the turnaround.

Instead, the 212-passenger ship will sail from Boston to Labrador and remote ports usually visited only by expedition ships coming south from Greenland or Iceland. Beardsley said they have a very experienced local pilot who will take the ship through Labrador's icy Lake Melville, considered an ideal spot to look for the Aurora Borealis, and into Goose Bay.

Other ports of call on the Labrador itineraries include Newfoundland's remote and beautiful Bonne Bay for whale watching, and the 1,000-year-old Viking settlement at L'Anse aux Meadows at the northern tip of Newfoundland, where voyagers from Scandinavia set up an outpost 500 years before Columbus discovered the New World.

The Seabourn Pride is making 7- and 14-day sailings through the departure of Aug 28. Sister ship Seabourn Spirit, deployed in Scandinavia and Northern Europe through the summer, will pick up the Canada/New England schedule Sept 30 through the sailing of Oct 7.

The 9,975-ton Seabourn Pride and Seabourn Spirit were upmarket ships, but the Pride also scheduled some ports that no cruise ships had gone to before. She sailed all the way through Lake Melville to Goose Bay, where neither the New Northland or North Star had been, and also called that summer at Bonne Bay, where no cruise ship had been since the pre-war Clarke days, and Corner Brook, where the Bermuda Star had called the year previous. But Seabourn was not the only line to try the St Lawrence. The same "Los Angeles Times" article went on to talk about Crystal Cruises and Royal Cruise Line: -

Crystal Cruises' 960-passenger Crystal Harmony, also originally scheduled to spend the summer cruising in Europe, heads for New England/Canada at the conclusion of its series of five Alaska cruises. The first of six 10-day cruises between New York City and Montreal sails Aug 22, with the last departure scheduled for Oct 11...

When Royal Cruise Line pulled its 460-passenger Golden Odyssey out of the Eastern Mediterranean for summer, it also substituted 12 seven-day Alaska cruises before moving to Canada/New England for six autumn sailings between New York City and Montreal during prime
fall foliage time. The *Golden Odyssey* season runs from Sept 16 through the sailing of Oct 21... Passengers booking before June 1 get an additional early booking discount of 20%.

The 114-passenger *Renaissance III* from Renaissance Cruises also threw in 11 New England and Canada 10-day packages, including 7-day cruises between Boston and Quebec during August, September and early October...

The 48,621-ton *Crystal Harmony* became the largest ship to trade to Montreal when she arrived that summer while the 4,077-ton *Renaissance III* had just entered service on August 18, 1990, and was probably the newest and, with approximately the same dimensions as the *New Northland*, the smallest to arrive from outside the Gulf.

The 10,563-ton *Golden Odyssey* was somewhere in the middle and could carry 460 passengers, about the load of a Boeing 747. Royal Cruise Line had in fact first called at St Lawrence ports in 1986, and was absorbed in 1995 into Norwegian Cruise Line, three of whose ships in 1998 would offer St Lawrence cruises from New York, Boston and Montreal. But there was more: -

In addition to these four cruise lines, Canada/New England has twelve cruise ships scheduled to return this summer.

As early as last fall, Commodore Cruises announced that it was doubling the number of Canada/New England sailings for its *Enchanted Seas* and *Enchanted Isle*, each carrying 715 passengers. Its seven-day cruises between New York City and Montreal run from June through October... Three August departures aboard the *Enchanted Isle* are round-trip seven-day cruises from New York City that visit ports in New England and Nova Scotia.

Cunard's 589-passenger *Sagafjord* will be sailing 10- and 11-day itineraries between Fort Lauderdale and Montreal Sept 26 and Oct 7...

The largest ship scheduled in Canada/New England this summer is Princess Cruises' 1,200-passenger *Royal Princess*, making a series of four 10-day sailings beginning Sept 9 between New York City and Montreal...

The 24,002-ton *Sagafjord* had started life in 1965 with the Norwegian America Line and been purchased by Cunard in 1983. Commodore we have touched on but Princess Cruises had entered the St Lawrence cruise trade in 1988. In 1989 its 46,314-ton *Sky Princess* had become the largest cruise ship to reach Montreal, the honour that had now been invested in the *Crystal Harmony*. The 44,348-ton *Royal Princess* (i) measured less but was notable for having been the first modern cruise ship to have been designed with extensive provision of private balconies when she was introduced in 1984.
And there is one line the "Los Angeles Times" did not mention at all. Holland America Line's 38,644-ton Rotterdam (v) turned at Quebec that summer, and was succeeded by the 53,872-ton Westerdam (ii) and the newly-built 55,451-ton Veendam (iv) in 1996, each in turn the largest Holland America liner to sail to Montreal.

The Gulf War had not only created a veritable renaissance of cruising in the Gulf of St Lawrence, but had also resulted in destinations either being revived, as in the case of Corner Brook and Bonne Bay, or, in the case of Goose Bay, introduced for the first time. In 1990, the Port of Montreal had handled 33,000 cruise passengers, but in 1991 the throughput rose to 46,000, an increase of 28 per cent. All of these ships passed by the Cabot and the Cicero at one time or another as they went about their respective ways and were observed as well from the decks of the Trans-St-Laurent crossing the river between the north and south shores, but no longer was Clarke in any way involved in cruising, not even as agents.

Settling into Oceanex

Although ACE, now Oceanex, had begun to recover its rightful competitive share of the commerce bound for Newfoundland, Canadian National had not totally conformed to the Canadian Transport Commission decision of 1985. On July 6, 1989, ACE appealed to the National Transportation Agency, as it was now called, for a further review of specific rates CN was charging to Newfoundland. Public hearings were held in St John's in August 1990 and a ruling finally arrived at on May 22, 1991, whereby CN was required to review its rates on pool car traffic from Toronto and Montreal, insulation from Ottawa and flour from Montreal to ensure that they were compensatory.

Having found these rates to be significantly non-compensatory, a further NTA ruling on May 6, 1992, just a few months after the formation of Oceanex, required CN to bring them into line. As for as pool car operators, Clarke Transport, the largest to Newfoundland, had started as a customer of first Newfoundland Steamships and then Atlantic Container Express and now dealt with Oceanex, in which its parent company still had a 25 per cent holding.

Meanwhile, a still combative Gilles Champagne spoke to "L'Escale" magazine in an interview entitled "Oceanex, or the Continuing Battle," which appeared in May 1992: -

The Cabot and the Cicero, between Montreal and Newfoundland, and the Sanderling between Newfoundland and Halifax, criss-cross the Gulf of St Lawrence under the houseflag of Oceanex, a company whose shares are divided equally among Fednav of Montreal, Canada.
Steamship of Montreal, Harvey ... of Newfoundland and Newfoundland Capital of Halifax.

But the daily battle that it wages isn't simply against fog, ice and storm. It's a persistent fight against subsidies to the railway and road transport whose tariffs are often below real costs...

Gilles Champagne, the CEO of Oceanex, hardly emerged from the hearings conducted before the National Transportation Agency against the underhanded competition of Canadian National, doesn't complain; but he chooses his words carefully. "We don't receive a cent from the federal government, nor any other government, we employ 450 people, of whom 200 are in Quebec and we achieved a turnover of $100 million last year, of which $70 million came from Quebec."

Gilles Champagne takes advantage of the fact that without his company's shipping service to Newfoundland, purchases, even adding an extra $900 between Toronto and Montreal, would be made mainly in Ontario instead of other supply sources. And this is not counting the 68,000 TEUs that cross the Montreal docks.

By virtue of the Atlantic Freight Rate Assistance Act, federal subsidy programs have been put into effect to compensate for empty returns. Up to 50% of tariff. But these programs, until now, have been reserved for trains and trucks. Not for ships. For ships, there is the revenge of the Crown corporation, Marine Atlantic, which has just applied for a year-round link between Argentia, Newfoundland, and North Sydney, Nova Scotia, with its brand-new Joseph and Clara Smallwood, but also with brand-new below cost tariffs.

"We're fighting it," confirms Champagne. "They finally obtained the run from May to October, but now they have also asked to 'compete' with us year-round. It's a continual battle."

A battle that almost cost the life of the company that had been known as ACE and which, in 1982, had held 32% of the market between Montreal and Newfoundland, while the CN share had only been 22%. But by 1984, CN had 40% of the market while ACE took only 16%.

Up against the discounted tariffs of the railway, ACE had to dispose of four of its five ships, keeping only the Cicero, make several lay-offs, and content itself with a turnover of $14 million and a net loss of $6 million. "We almost locked the door," admitted Richard Robillard, right hand man to Gilles Champagne. Thanks to the resistance they put up, CN tariffs were more or less normalized in 1986. But one has to remain vigilant...

"From the pier, we deliver 60% of our cargo to door within 24 hours,"
confirms Gilles Champagne. "There is no faster means of transport than us, other than planes, between Montreal and Newfoundland."

Oceanex owns more than 2,500 containers, of which 28% are 20-foot, 62% 40-foot and 10% on wheels. They are starting to buy 48-foot containers. The Cicero was completely refitted last summer at a cost of $1.5 million and the Cabot will be next. As long as nothing returns to hinder the maritime mode, Oceanex projects the acquisition of a large container ship such as the Sanderling to replace the Cabot, which will be moved to a new route that the company prefers not to discuss for the moment.

While the reporter was writing from a Quebec perspective and the article stressed that ACE had been working against the odds, it also signalled a tentative hint of optimism. Marine Atlantic's 27,614-ton Joseph and Clara Smallwood, awkwardly named for the premier who had brought Newfoundland into Confederation and his wife, had been delivered in 1990 by MIL Davie, the same yard that had built the Caribou four years earlier. Intended for summer service on the 280-mile North Sydney-Argentia route, the anticipated year-round service never came about and the new ship ended up spending most of her time on the Port aux Basques run with the Caribou.

The battle against Canadian National's predatory pricing had been won and despite continuing huge federal funding for the Cabot Strait ferry service, the most expensive part of it, the railcar ferry, had been closed in 1985. Because of their proven economics, things were now becoming a little easier for the shipping operations from Montreal and Halifax. Level heads had realized that the all-water mode was the least costly and most efficient way to move goods to Newfoundland, and even Canadian National was now using Oceanex's Halifax service to deliver much of its Newfoundland business. The fierce competitor had finally become a valued customer.

**Oceanex Lengthens the "Cabot"

The ASL Cygnus could well have been made available for Oceanex, but despite what might have been implied in Champagne's 1991 interview, she never joined the Oceanex fleet. And neither was the Cabot ever moved to a new route.

Instead, in order to increase capacity on the Montreal-St John's run, Oceanex signed a contract with MIL Davie Inc of Lauzon in 1995 to lengthen the 482-foot Cabot by 82 feet. Oceanex thereby obtained a 564-foot long ro-ro container ship with a 50 per cent increase in container capacity, now 644 TEU. This gave Oceanex the larger ship that Clarke had started looking for more than twenty years earlier to take up the more demanding weekend sailing.
Thereafter, the lengthened 14,597-ton *Cabot*, became the weekend ship from Montreal while her smaller sister *Cicero* took the lighter midweek sailing.

**Clarke Road Transport Inc**

While the Newfoundland shipping operations had been evolving into Oceanex, other things were happening in the world of road transport. In order to add a Gaspé route to its road transport network, Clarke had made an offer to purchase Cabano Transport, a family business based at Rivière-du-Loup, in 1986. Instead, in July 1990, Newfoundland Capital ended up selling Clarke's Quebec road transport operations to the new Cabano Expeditex Inc, now the province's largest trucking firm, in exchange for an eleven per cent shareholding in the merged firm.

In a further 1995 merger with Kingsway Transports, once the trucking arm of Canada Steamship Lines, Cabano Expeditex became Cabano Kingsway Inc, a company that in turn evolved into TransForce Inc of Montreal. TransForce acquired a string of Canadian trucking companies, becoming Canada's largest road haulier, with facilities from coast to coast and over 12,000 tractors and trailers by 2005.

Newfoundland Capital may have sold off its Quebec operations, but this was by no means the end of its interest in road transport. In 1994, it formed yet another trucking operation, this time at Halifax, under the name Clarke Road Transport Inc.

The latest Clarke Road Transport operation lost no time in expanding and on October 31, 1996, "Canadian Sailings" carried a story headed "CN Intermodal and Clarke join forces":

CN Intermodal and Clarke have entered a new partnership in Newfoundland. Under the agreement, the Road Transport Division of Clarke is handling distribution on behalf of CN Intermodal in Newfoundland. In addition, Clarke will continue to service its existing customers on the island.

"Our Newfoundland partnership with Clarke is the latest chapter in a long-standing business relationship," says Craig Littzen, Vice-President, CN Intermodal. "Clarke has been a CN customer for many years, and we are already partners with Clarke at the Halterm Intermodal facility in Halifax, Nova Scotia."

The partnership provides the best service to CN and Clarke customers, both existing and new. The joint operation gives shipper to and from Newfoundland access to Clarke's well-established province-wide highway service, as well as CN's transcontinental track network and...
connections to other major North American rail carriers.

This announcement effectively saw Clarke acting as CN's Newfoundland arm and was followed by the opening a new flatbed operation at St John's in 1997. Where CN had once offered threatening competition to both Clarke and Oceanex the three companies were now all operating together. CN traffic now reached the province largely on Oceanex ships from the mainland and was distributed there by Clarke Road Transport. The change had come about largely because of Canadian National's privatization.

Clarke Road Transport soon also had terminals in Moncton and Halifax and as well as CN, was serving the offshore, mining and construction industries of Atlantic Canada with sixty power units and an array of trailers and flatbeds. This was followed by more new terminals, first at Montreal and then at Milton, Ontario, with Clarke offering truckload and less-than-truckload services throughout Canada and the United States.

Eventually, the Clarke Road Transport fleet once again numbered some 200 power units, of which 150 were owner-operated and the balance company-owned, and 300 trailers, offering long-haul piggyback and flatbed service across North America.

On the Pool Car side, now called Logistics, things had been expanding as well, with Clarke's acquisition in 1991 of the Railfast division of TNT Canada Inc, and in late 1995 the Cottrell Pool Car Group of Companies. But over the same period Clarke Transport Canada, Consolidated Fastfrate Transport Inc, Cottrell Transport Inc, Northern Pool Express Ltd and TNT Canada had all been fighting charges of price fixing. The charges were made in September 1990 but the trial did not go forward until March 1995. All five companies were acquitted that November, but not before Clarke had taken over two of the others.

**Clarke's Last Newbuilding Goes For Scrap**

While Oceanex was developing, the last new ship built for Clarke's own account, the *Dart America*, finished her days in the St Lawrence Co-ordinated Service as Orient Overseas Container Line's *OOCL Challenge*. She was still registered with the Tynedale Shipping Co, but under Tung ownership. In fact, in 1974, not long after C Y Tung acquired the Tynedale Shipping Co, it had also become the owner of the 21,339-ton *Atlantic Phoenix*, another Tung container ship engaged in the Transpacific trade, with Bibby Brothers as managers. She had become the *Oriental Educator* in 1975 and then *Oriental Scholar* in 1979.

Her name had been changed from *Manchester Challenge* to *OOCL Challenge* in 1988, when she became part of the OOCL fleet and took on its colours. Probably the major event of her OOCL days occurred on February 4,
1993, when as *OOCL Challenge*, she struck a growler while travelling at 18½ knots on an outbound voyage from Montreal. Considerable damage, including a thirty-foot gash to her bow and additional cracking in her ballast tanks, forced her to return to Lauzon for lengthy repairs.

In 1996, after more than a quarter-century of service, the *OOCL Challenge* was sold for breaking up. The 33,663-ton Ice Class *OOCL Canada*, newly-built in South Korea, succeeded her in OOCL's St Lawrence trade that same year.

**Halterm Flotation**

In Halifax, in April 1997, Halterm underwent a financial restructuring, with a public offering of units in the Halterm Income Fund, a new format trust fund traded on the Toronto Stock Exchange (TSE). Income trust funds were sold to unit holders, with the chief difference between a fund and a company being that in order to eliminate double taxation the fund holders were responsible for payment of income tax on their investments, as no corporate income tax was paid.

By now, Halterm had become a 50:50 joint venture of Newfoundland Capital Corporation and Canadian National Railways, after the withdrawal of the Nova Scotia Government. With the issuance of the trust units, it had been intended that Newfoundland Capital and Canadian National would jointly manage Halterm, with the trustholders as its owners, but in the end, Clarke successfully retained its management contract.

Halterm continued to be in the forefront of containerization, in 1998 announcing the acquisition of two post-Panamax container cranes for a new generation of jumbo container ships, too wide to transit the old locks of the Panama Canal.

**Oceanex is Listed**

Within just months of the Halterm flotation, yet another fund, the Oceanex Income Fund, was organized, and floated in January 1998 on the TSE. From the proceeds of $82 million, debt of $14 million was retired and a $19.5 million reserve was established for fleet replacement. The four previous owners, Newfoundland Capital, CSL Group, Fednav and A Harvey, divided the remaining $48.5 million. A new board was formed, with Oceanex president Gilles Champagne, a representative from each of the four previous partners and two representatives from the Fund.

A new management company, Oceanex (1997) Inc, took over operation of the Newfoundland shipping and transport services, with headquarters in Montreal. By 2002, there were 8,725,000 outstanding Fund
units in the market, and Oceanex was employing over 350 people in Newfoundland, Nova Scotia, Quebec and Ontario.

Once Oceanex had settled down into a routine, the former ASL head office function in Halifax was moved to St John's, where a vice-president was appointed for the Atlantic Region. As all Oceanex ships called at St John's and its cargo receivers were there, the move made eminent sense. Meanwhile, the Montreal terminal was relocated to Bickerdike Pier in the heart of the port, where Newfoundland Steamships had operated from after the acquisition of the Catalina.

In addition to its own ships, Oceanex obtained a two-month coasting waiver in 1999 in order to charter the 5,006-ton Sven Oltmann, a 510 TEU container ship, to fill in between Montreal and St John's from mid-June to mid-August. Employing this modern ship, built by J J Sietas of Hamburg, during the drydocking of its own ships gave Oceanex some experience of operating a modern German-built container ship on the run.

The "Canadian Transfer"

Fifteen years after her original conversion, the former stern of the Cabot, now Canadian Explorer, was used to create yet another "new" ship, this time a 11,120-ton handy-size self-unloader called the Canadian Transfer. This job married the original diesel-powered stern of the Cabot to the forward bridge and cargo sections of Upper Lakes' war-built "Maritime" class bulk carrier Hamilton Transfer, a vessel that had been converted into a self-unloader in 1974. A new 24-foot section was built to join the aft power section to the fifty-five-year-old hull, which had never been subject to the corrosive effects of saltwater. "Fairplay" magazine carried the story in its August 6, 1998, issue, under the heading "Chop and change at Weller":

First this year was a $6 m contract from ULS to blend two of its vessels into one pocket-sized self-unloader named Canadian Transfer. Next came a $100 m contract to rebuild the forebodies of three Canada Steamship Line self-unloaders...

At the same time, the workers in the drydock spliced together the stern of the Canadian Explorer with its 6,100 hp ... engine and modern navigation gear and the forebody of the Hamilton Transfer. The forebody of the Explorer was sealed off with a steel plate and floated out of the drydock to be marketed for mobile storage.

The stern of the Hamilton Transfer, which had been parked at Dofasco Steel in Hamilton for the past three years on station transfer duty, was removed at Heddle Marine and scrapped, ULS vice-president of operations Walter Davis explained. The forebody was floated over to Port Weller in late April to be joined to the stern of the Canadian
**Explorer.** The result will be a ... self-unloader with a ... capacity of 16,000 tons. The *Canadian Transfer* will join the fleet of Seaway Self Unloaders in the late summer...

The *Canadian Transfer* will have a speed of 14 knots, "which will make it one of the faster self-unloaders on the Lakes," added Davis. It will also have its unloading boom forward. "There's quite a few docks on the Lakes which prefer this style of unloading. This is going to be quite a handy ship that can go many places." The *Transfer* had its cargo hold renewed and the sides lined with Teflon to ease the unloading. The result will be a virtually new ship and certainly one of the better conditioned vessels on the Lakes. She has never seen any salt water and spent most of her career in the Upper Lakes," added Davis.

Parts of the *Canadian Explorer* and the *Hamilton Transfer* have been on the Lakes for decades. The *Explorer* was put together in 1983 by combining two older ships to make a ... bulker. The *Transfer* dates back to 1943 and was made into a self-unloader in 1974. ULS notes in a brochure that the *Canadian Transfer's* family tree has included a tanker, a bulk carrier, a self-unloader and a package freighter.

The resulting 650-foot self-unloader retained her forward bridge because the height of the self-unloading gear forward made it impractical to keep the after bridge, which was instead removed. By now the sturdy Sulzer diesel that had begun life in Clarke's *Cabot* had powered three entirely different ships - the original Davie-built sideloading general cargo ship for eighteen years, a maximum Seaway-size bulk carrier for fifteen years, and now a handy-size Great Lakes self-unloader - a varied career. At 14 knots, the *Canadian Transfer* was 40 per cent faster than she had been as a steamship, another tribute to Clarke's original choice of engine. In 2000, she performed yeoman service on a shuttle run on Lake Superior, delivering 1.5 million tons of iron ore in 114 trips from Marquette, Michigan, to Sault Ste Marie, Ontario.

Meanwhile, the 1961-built forward hull of the *Canadian Explorer* became a 498-foot grain storage barge called the *Laviolette*, based at Trois Rivières. She later became part of the fleet of Distribution Grand Lacs / St-Laurent Ltée (Dismar), a tug and barge affiliate of the Upper Lakes Group. In June 2008, a decade after delivery of the *Canadian Transfer*, the *Laviolette* was delivered to owners in Panama to become a spoil barge for the new Panama Canal enlargement project.

In February 2011, ownership of the *Canadian Transfer* passed to Algoma Central Corporation when the latter acquired the fleet of Upper Lakes Shipping and their half-interest in Seaway Marine Transport. The *Canadian Transfer* then took on the new name of *Algoma Transfer*. 
To Gaspé and the Magdalen Islands

On Clarke's old route from Montreal to Gaspé and the Magdalen Islands, CTMA had operated a weekly service with its 12-passenger Madeleine (ii) until 1986. Compared with Clarke's advertised sailings by the Gaspesia, New Northland and North Gaspé, this little ship had been almost unknown to the travelling public.

The service was improved in 1987 with the replacement of the Madeleine by the 4,529-ton 25-passenger ro-ro ship CTMA Voyageur. Acquired in Europe, the new ship arrived at Montreal for the first time on May 9 to load for the Magdalens. On February 3, 1989, the CTMA Voyageur arrived at Matane to begin a two-year winter trial between Matane and Cap-aux-Meules. On her second voyage, the ice had been so bad that it took seventy hours to make the normal fifteen-hour voyage, but Matane was soon adopted as the new winter port for the CTMA St Lawrence service. This made possible a year-round St Lawrence service to the Magdalen Islands, from Montreal during the open season and from Matane by winter.

The port of Matane had become quite busy, with the car ferry Camille Marcoux and railcar ferry Georges Alexandre Lebel operating year-round and now the Magdalens ro-ro based there by winter too. By 1992, CTMA, based in the Magdalen Islands with a population of only about 15,000, was generating a turnover of about $20 million annually. While the Montreal service received a subsidy from Quebec, the ferry service to Prince Edward Island was operated under long term contract with the federal government.

The Montreal service was substantially improved in 2002, when CTMA introduced the 11,481-ton ex-European night ferry CTMA Vacancier, a ship capable of carrying 500 passengers in 175 cabins, plus their cars, into a weekly cruise and ferry service to the islands. By summer, the CTMA Vacancier left Montreal every Friday morning, calling at Quebec in the evening. Originally, she passed the mouth of the Saguenay River on Saturday morning and called at Matane in the afternoon. Arriving in the Magdalen Islands on Sunday, she spent two days there before returning to Montreal on Tuesday. On the return leg, she sailed past Percé and Bonaventure Island, called at Matane and Quebec, and arrived in Montreal on Thursday.

By winter, she ran from Matane. Although the schedule was later amended so that the Gaspé port of Chandler replaced Matane, Matane still retained the winter service. The Chandler call brought CTMA back to the Gaspé and it was the first time since the North Gaspé that a passenger ship had called there regularly. The CTMA Vacancier is by far the largest ship to have served this trade since Clarke's New Northland and North Star in the 1930s.
Between June and October, the CTMA Vacancier now leaves Montreal at 3 pm on Fridays, passing Quebec at 11 pm, Quebec passengers having boarded the day before on the inward call for Montreal. The ship arrives at Chandler at 11 pm on Saturday and at Cap-aux-Meules at 9 am on Sunday morning. She then lays over in the Magdalens until sailing again at 10 pm on Tuesday, and reaches Chandler at 6 am on Wednesday for a six-hour stay. From noon until 8 pm on Thursday, she calls at Quebec to disembark inbound and board outbound passengers. An overnight passage then brings her to Montreal early on Friday morning and her Montreal passengers are given breakfast before going ashore.

For many years, CTMA had continued with the car ferry Lucy Maud Montgomery, connecting the Magdalen Islands with Prince Edward Island, but in 1997 the 6,808-ton Madeleine (iii), capable of carrying up to 1,200 passengers, with 240 in berths, plus vehicles, took over this route. The new Madeleine was a more than worthy successor to Clarke’s Magdalen and North Gaspé and to CTMA’s own Manic and Lucy Maud Montgomery. As with the Labrador ferry, the ships serving the Magdalen Islands just kept getting bigger.

As the Magdalen Islands ferries call only at Cap-aux-Meules, a passenger ferry is also now also operated from May to December between Cap-aux-Meules and Ile d’Entrée, a route once served by the Magdalen and later the North Gaspé. Until 2007, a 14-passenger ferry carried between 5,000 and 6,000 passengers a year, but in 2008, a new Société des Traversiers-owned 45-passenger ferry that can carry a single highway trailer was introduced.

The Railway and the North Shore

The year 2003 saw the twenty-fifth anniversary of the Cogema rail ferry service from Matane and reports appearing in the Quebec press recorded some of the achievements of this one short-haul ship that had replaced the dozens of coasters that had preceded her.

The magazine "Les Affaires" ran a story under the heading "Rail ferry has become essential to several industries" on July 12, 2003: -

When it was inaugurated in 1978, the rail ferry transported paper products from Baie Comeau between the North Shore and the Lower St Lawrence. In 25 years, several other industries have adopted it and they perceive it as an essential future link to North American markets. Today the railcars loaded on board the Georges Alexandre Lebel also carry the production of sawmills and North Shore aluminum smelters...

Last year, the rail ferry carried 738,000 tons of merchandise, 11% less
than the year before...

A quarter century after being placed into commercial service on the St Lawrence, the intrepid Georges Alexandre Lebel has another good twenty years of service ahead.

"Our policy has always been to maintain her well and that allows us to keep her going. We have never received a subsidy," said Georges Gagnon, manager of La Compagnie de Gestion de Matane (Cogema), the ship's owner and operator, itself an affiliate of La Société des Chemins de Fer du Québec... Last year, she moved 10,745 railcars.

"Le Soleil" added a little more background in its issue of January 15, 2004:

In operation since January 31, 1978, Cogema has transported more than 13 million tons, or the equivalent of 375,000 truckloads of cargo. Its main clients are Abitibi Consolidated (lumber and newsprint), Alcoa and Alouette (aluminum), Bowater and Scieries des Outardes (lumber).

Abitibi-Consolidated was the new owner of the Quebec North Shore mill at Baie Comeau, itself the result of a merger between what had once been Abitibi-Price and Consolidated-Bathurst. As a corollary to this, what had once been Montmorency Shipping also changed name once again, to Abitibi-Consolidated Shipping, still under the management of Montreal Shipping, now called Montship Inc.

Once rail lines had been opened on the North Shore at Havre-St-Pierre, Sept-Iles, Pointe-Noire and Port-Cartier, it was inevitable that they would eventually be connected to the rest of North America. But the opening of a railcar ferry across the river had changed the face of coastal shipping. Any ship that could carry 750,000 tons a year would be taking a lot of business away from someone else.

Nevertheless, new industries had developed in the wake of the new service, including the Alcoa and Alouette aluminum smelters, the latter at Pointe-Noire, near the old Clarke City. But the once-mooted idea that there would eventually be three of these ferries was yet to materialise.

Coastal shipping for general cargo is now extinct in the St Lawrence River, except for the supply run from Rimouski to the Lower North Shore. Ferries cross here and there and now a modern ferry crosses the Strait of Belle Isle at Blanc-Sablon, once the end of the line for Clarke Steamships and now developing a nascent highway system as roads develop around it. Cruise ships and whale-watching tours now fill waters where once plied the coastal ships of Clarke Steamship and its competitors and successors.
Ships still sail to the Arctic. But in the scheduled trades, the only areas that now see regular service are islands - Newfoundland and the Magdalen Islands to be precise, as Prince Edward Island is now connected to the mainland by a bridge and causeway.

**Oceanex Succeeds**

By 2003, Oceanex was a thriving and successful company, with a market capitalisation of $116 million, revenues of $100.7 million and a share price of $13.30. So successful had it been that in 2003 Oceanex showed a five-year average return on investment of 17.8 per cent. In its Summer 2004 issue, "Canadian Business" magazine, identified Oceanex as the top performing company in Canada's maritime sector for 2003. Its return on investment of 21.2 per cent far outstripped companies such as Algoma Central at 5 per cent and CP Ships at 6.6 per cent, as well as both the Canadian National and Canadian Pacific Railways. The overall marine industry average in 2003 was 6.9 per cent, one third of Oceanex's performance. Things had come a long way since the cut-throat competition that had produced such heavy losses in this trade.

By now, Oceanex was challenging its one-time parent company, Newfoundland Capital Corporation, for a place in the market. Newfoundland Capital's market capitalisation of $133 million exceeded Oceanex's by 15 per cent but Oceanex's $100.7 million in revenues exceeded NCC's $62.1 million by almost a third, and its 21.2 per cent return on investment far surpassed NCC's 7.7 per cent.

Meanwhile, an interesting side event took place at the Oceanex terminal in Corner Brook that summer, when the submarine HMCS Corner Brook was commissioned into Canada's Navy on June 29, 2003.

**A New Ship**

Plans were now in place to build a new ship to replace the Cicero on the Montreal-St John's run. In early 2003, word circulated that Oceanax would order an 11,300 dwt roll on-roll off container ship from the Jiangsu Yangzijiang shipyard in China, for delivery in June 2005. Many Canadian shipowners, just some of whom included Canada Steamship Lines, CP Ships and Fednav, had started to build ships in China.

However, the Chinese order did not materialise and a report dated December 17, 2003, appearing in the April 2004 issue of "Maritime" magazine, broke the final news under the heading "Oceanex: new 150-meter ice-class container ship": -

Oceanex (1977) Inc, the wholly-owned subsidiary of Oceanex Income
Fund, announced today that the company has finalized a contract to purchase a new 150-meter ice-class container ship to be built by J J Sietas KG of Hamburg, Germany, for approximately $58 million.

"The new vessel, to be delivered in the Spring of 2005, will increase our carrying capacity to meet steadily growing demand in the Newfoundland and Labrador market. This is good news for Oceanex Income Fund and its unit holders," said Peter Henrico, president and chief executive officer of Oceanex (1997) Inc. Total capacity for the company's important Thursday sailing on the Montreal-St John's route will increase by over 50% to 1,000 TEUs (twenty-foot equivalent units)...

"This brand-new ship will provide numerous cost saving features as well," said Mr Henrico, "including a state-of-the-art bridge, completely automated engine room and fuel saving technology. The vessel is especially designed to accommodate 53-foot containers, in addition to the standard 20-foot, 40-foot and 48-foot containers already in use by the company. Our new ship will be equipped with moveable container cell guides, a unique feature enabling Oceanex to operate more flexibly and respond to changing markets."

The new container ship will be financed from the company's existing Ship Replacement Fund and from a loan from a German bank, HSH Nordbank...

The new vessel will join the current Oceanex fleet comprised of the m.v. Cabot and the m.v. Sanderling and will be used as a replacement for the m.v. Cicero.

It had now been thirty-eight years since the last new ship, the Chimo of 1967, was built for the trade. And she was not the first German-built ship in this trade by any means. The Gaspesia, Gulfport and Novaport had all come from German shipyards, as had Canada Steamship Lines' Manoa.

In the summer of 2004, while the ASL Sanderling went for a major overhaul, the 24,688-ton Stena Foreteller was brought in to replace her, from mid-June to the end of July. A large 22-knot Swedish-flag roll on-roll off container ship owned by Stena Line, she had been chartered from Transfennica, the Stockholm-based shipping company, who named her their "ship of the year" in 2005. To use her in the Canadian coasting trades, Oceanex had to obtain a waiver from Ottawa, but as no suitable Canadian-flag ship was available, this was granted. When the ASL Sanderling returned, the Stena Foreteller departed St John's on July 30 for Montreal, in order to replace the Cicero for a few voyages before returning to Europe in late August.

Meanwhile, although the legal name of the company remained
Oceanex (1997) Inc, it adopted the operating name of Oceanex Inc.

Clarke Inc

On December 9, 1997, Newfoundland Capital Corporation formed a new company called Clarke Inc. Newfoundland Capital had decided to divest itself of its investment in Clarke, and in 1998 it sold 6,700,000 common shares of Clarke Inc on the Toronto Stock Exchange at $13.75 a share, for a total issue of $92.1 million. At the same time, Roy Rideout, president and chief operating officer of Newfoundland Capital, resigned his position to become chairman and chief executive officer of Clarke Inc.

In a press release dated March 17, 1998, Newfoundland Capital gave some further background to the Clarke flotation:

NCC established Clarke Inc to acquire the transportation businesses operated by NCC's Clarke Division. With annual revenue in excess of $200 million, Clarke is one of Canada's leading providers of intermodal transportation and logistics services. Serving a base of over 12,000 customers, Clarke provides complete door-to-door transportation services from coast to coast within Canada and between Canada and the United States. NCC will realize an after-tax gain of approximately $30 million to $35 million on the sale of the Clarke Inc common shares. The divestiture by NCC of its transportation operations is consistent with the strategic decision to focus on the communications industry. NCC operates 13 radio stations across Canada. It also publishes 19 newspapers and specialty magazine publications and operates the largest commercial printing business in Atlantic Canada.

Just a few months later, in August, Clarke Inc acquired Concord Transportation Inc, a company with annual revenues of $55 million, and as a result its own revenues went up by about 25 per cent.

Clarke Inc was headquartered for many years in Etobicoke, Ontario, not far from Toronto's Pearson International Airport, with four operating divisions, Clarke Transport, Clarke Logistics, Clarke Road Transport and Clarke Contract Services. The latter looked after the Rivière-du-Loup ferry service and the crewing of Oceanex ships, among other things.

By 2001, with facilities in Canada, the United States and Mexico, Clarke was a publicly listed company with a turnover of more than $380 million and more than 1,500 employees. With the advent of the North American Free Trade Agreement, Clarke had expanded its operations significantly into the United States and Mexico. At the same time, it had developed into Canadian National's largest strategic intermodal partner.

Newfoundland Capital Corporation, on the other hand, eventually
changed its focus, evolving into a holding company with licenses for seventy-six radio stations across Canada, under the name Newcap Radio. It also owned and operated the Glynmill Inn in Corner Brook, where so many Clarke passengers had stayed or had visited in the past.

**New Management at Clarke**

In August 2001, a new player came onto the scene in George Armoyan. This happened when his Halifax-based investment company, Geosam Investments Ltd, took its ownership in Clarke to 11 per cent. George became a director that December, and eleven months later he became chairman of the board. Finally, in March 2003, he moved to a more hands-on job as the company's president and chief executive officer. By now, Clarke Inc had extensive facilities and 3,150 tractor and trailer units in its control. But changes were about to occur.

In January 2004, Clarke sold Concord Transportation to ATS Andlauer Transportation Services Inc in return for a 30 per cent interest in ATS. At the same time, Michael Andlauer became a Clarke director, taking a 12.3 per cent interest in the company. Clarke's 30 per cent interest in Andlauer was floated in October 2005 as shares in the ATS Andlauer Income Fund, and the following month, Clarke sold its interest for $34 million.

Clarke Logistics, by now one of North America's largest transportation management companies, looked after cross-border shipments and US domestic movements by rail, truck and intermodal service. In July, again under Armoyan's management, Clarke sold this operation to PBB Global Logistics Income Fund, a customs brokerage formerly known as Peace Bridge Brokerage, at Fort Erie, Ontario, near the Peace Bridge to Buffalo.

The sale of Clarke's logistics operation, together with its US subsidiaries Clarke Transportation Services Inc and Focus Carriers Inc, netted $40 million, and this from a service business with few assets. By now, Clarke Logistics' 130 employees were serving 2,200 cross-border customers in the United States, Mexico and Canada, with more than 116,000 shipments a year generating $200 million in revenue. For PBB, the result was an almost 30 per cent increase in its own net revenues.

This in turn was followed that October by a $17 million acquisition that saw Clarke take over a 50 per cent interest in land and buildings involving eight warehouse facilities in Toronto, together with a 100 per cent interest in ICW Logistics Services Inc, a warehousing operation.
The new owners changed the way Clarke operated, so that its various divisions became subsidiary companies, able to stand on their own. Of course, this also gave them more flexibility should an interested party come along willing to pay the right price for any particular operation.

Meanwhile, the successor company's involvement in shipping had remained limited to Clarke Contract Services in Montreal, which owned the Trans-St-Laurent and managed the Rivière-du-Loup - St-Siméon ferry service under a contract with the Quebec Government. It also provided ship management, payroll services and pension plans for the ferry employees and looked after the payroll for Oceanex seafarers working on board the Cabot and Cicero as well, most of whom had previously been Clarke employees.

**Clarke Inc Moves To Halifax**

In March 2005, Clarke moved its head office once more, this time to Halifax, in exchange for a $1.9 million payroll rebate from the Nova Scotia Government. The Clarke press release reported the decision as follows on March 30:


Lund of NSBI announced that they will be providing Clarke with a total $1.9-million payroll rebate, payable over 5 years, based on performance targets for positions at Clarke's new national headquarters.

The rebate is a performance-based incentive that supports the hiring of up to 95 employees working full time and earning an average annual wage including benefits and statutory contributions in excess of $83,000. The rebate begins in the second year of operations and will be paid annually in arrears over a five-year period.

Clarke has begun the process of transferring its offices from Toronto to Halifax. Mr Armoyan says that by locating the head office in Nova Scotia, the company is getting an "ideal location as not only does it offer the lifestyle and talent pool we seek but has an excellent infrastructure base and cost-effective business climate."

Mr Fage says that by "having a well-respected company such as Clarke
Inc relocate to Nova Scotia from Ontario sends an incredibly valuable message to the international business community about Nova Scotia's advantages as a business destination."

Furthermore, Mr Lund added that "Clarke's relocation to Halifax is proof that the business case for operating from Nova Scotia is starting to get noticed in investment circles as an attractive alternative."

From starting in Quebec in 1921, moving to Montreal in 1938 and to Metropolitan Toronto in the 1980s, Clarke was once again based in a major port city. It was also now closer to several of its major investors. For example, Clearwater Seafoods now held 20 percent of Clarke's shares.

George Armoyan

As president, Armoyan turned Clarke from a transportation company into an investment holding company that operated through subsidiaries. Eric Reguly covered his interests and activities at Clarke in an article that appeared in the August 25, 2006, issue of "The Globe & Mail": -

The fast-talking, Syrian-born Armenian wheels and deals more cleverly than just about anyone on Bay Street. But he doesn't work on the Street, and he invests in businesses that don't show up on his rivals' radar screens. The 45-year-old lives in Toronto, but his private holding company, Geosam Investments (named after his sons, George and Sam), is based in Halifax. It controls a public company called Clarke Inc. that holds transport, warehousing and IT assets.

His investment philosophy is simple: Don't follow the money. Armoyan is a value investor who searches for bargains other money managers have overlooked. Of course, plenty of managers claim they do that, yet they then stampede like a herd of buffalo to a handful of big names like Canadian National Railway, Dofasco and the banks.

That's why true outriders like Armoyan are the wave of the future. He and his five-man team of accountants and analysts work a niche--they go after broken, ailing or simply undervalued companies and income trusts with market values ranging from $50 million to $150 million. "We're in the minor league," he says. "Most institutions do not want to be involved in these illiquid stocks."

The Armoyan team will typically buy no more than 20% of a business--majority stakes are hard to sell--then obtain a seat or two on the board and go to work. That often means ousting managers, selling a division, cutting expenses, merging with a competitor or just telling a compelling story from near the bottom ranks of the TSX. The job often requires the help of "operators and visionaries," says
The goal is an 18% return on equity on the half-dozen or so investments the team manages at any given time. One big winner was Vaquero Energy, a junior oil company. The team bought a stake in 2003, when Vaquero traded at less than $1 a share, and Clarke reined in the oil company’s risky exploratory drilling program. Soaring oil prices also helped. Last year, Highpine Oil & Gas bought Vaquero in a stock swap for about $7 a share.

Clarke itself, a trucking company that had under performed for years, also needed a shakeup. Armoyan sacked management and focused operations. The share price has climbed from about $3 in 2001 to more than $10 recently. Other holdings have included Halterm Income Fund, Royal Host REIT, Fishery Products International and Versacold Income Fund. His worst pick was Hip Interactive, a video game company that went bust last year. Although Armoyan runs apart from the Bay Street herd, the herd has noticed him. Mention of his interest in a stock can send it soaring. That happened in April, after Clarke disclosed its 11% stake in the Granby Industries Income Fund. When Clarke sold some units, investors and analysts got skittish, and the share price sank. "We view [his sale] as a negative, since Mr. Armoyan may not be bringing his experience directly to the fund," said a report by Research Capital.

Armoyan won't reveal his personal net worth, other than to say, "I don't have to work for the rest of my life." Clarke is certainly flush - it has $140 million in cash.

That Armoyan has got this far in finance is unlikely, to say the least. He and his family emigrated from Syria to Boston in 1976. He then enrolled in Dalhousie University in Halifax because he couldn't afford a US school, earned a civil engineering degree and fell in love with Nova Scotia. A trader and bargain hunter by instinct, he bought junk at auctions, from canoes to washing machines, and resold it through newspaper ads. Then he shifted to land development.

In the 1990s, Geosam started buying non-performing loans from banks and converting the loans into equity in the borrowers' businesses. Since then, he's been a shake-up artist, moving in and out of companies quickly. Jim MacDonald, chairman of Enterprise Capital, a leading activist investment fund, says Armoyan is a "very shrewd observer of companies and goes where others fear to tread."

What's next for Armoyan? More - and bigger - deals. He'd like to build Clarke into a billion-dollar company. "If I had the money, I'd go hostile after [Bell Canada owner] BCE," he says. "I think the parts are worth more than the whole." It's a nice fantasy, but Armoyan should keep
sifting through the weeds, searching for small, tarnished gems while the big boys look the other way. That will keep him out in front of the herd.

By now, Clarke remained in Halifax but George Armoyan lived in Toronto, and held an 18.8 per cent interest in Clarke Inc, with another 9.1 per cent held through Armoyan family interests.

**An Interim President**

In April 2005, while Armoyan was working through these changes, Clarke was joined by Sarnia native and Toronto lawyer Rob Normandeau, who came on board as vice president and general counsel. By April 2007, Normandeau had become Clarke's chief operating officer and in December 2008 he was named president, at which time George Armoyan took on the role of chairman and chief executive officer.

Under Normandeau, Clarke reduced its management portfolio from fifty companies with assets of $380-million in 2007 to twenty with assets of $290-million in 2009, with an ultimate goal of paring this down to ten or a dozen core companies. Normandeau also closed down Clarke's share trading operations in order to concentrate on investing in businesses and turning them around.

When George Armoyan resigned from Clarke in January 2010 to look after personal matters, Normandeau took his seat on the Clarke board of directors and also became the company's president and chief executive officer.

At the same time, Michael Andlauer tendered his resignation from the board after the November 2009 sale by Andlauer Transportation Services Limited Partnership of its Retail Solutions Division to TransForce Inc, thus avoiding any conflict with Andlauer's new ongoing role with TransForce.

But the new president was relatively short term. After a little over three years Normandeau moved to a private equity investment company, and George Armoyan was back at the helm of Clarke by February 2012.

**Clarke Shipping Inc**

In addition to Oceanex and La Traverse Rivière-du-Loup - St-Siméon, in 2004 Clarke Inc developed a third shipping successor to the Clarke Steamship Co, in Clarke Shipping Inc. This occurred when Clarke Inc placed a bid on November 12, 2004, on a ship that had been put up for auction in the port of Portland, Maine. The "Portland Press-Herald" reported the auction in its November 13 edition under the heading "Detained ship is auctioned off ":

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A Canadian transport company successfully bid $11.05 million Friday for a repossessed cargo ship that has been detained in Portland Harbor since July.

If approved by a federal judge, the sale will mean the 393-foot-long *Shamrock* will soon be allowed to leave Portland and go back to work moving freight containers. But it's unclear whether the *Shamrock* will make a weekly call in Portland the way it did before the foreclosure.

*Shamrock* was the only container ship serving Portland and its seizure has stalled container traffic, idled the city-owned cargo terminal and forced dozens of Maine importers and exporters to truck their freight to out-of-state ports. Efforts to replace the ship have so far failed, and port officials see the *Shamrock*'s return to service as the best hope for resuming shipments through Portland.

Vrege Armoyan, the bidder who represented Clarke Inc at the auction, said the ship may run between Halifax and Portland again, but that no definite trade route is set.

"We have a bunch of alternatives. Nothing's finalized yet," Armoyan said. "It will be one of the options we have. We are seriously looking at that."

Armoyan also would not make any commitment about the future of the crew that has been living on the ship in the harbor for the past several months. "Of course, they're very familiar with the ship," he said, hinting that they are likely to keep their jobs.

Local officials and attorneys involved in the legal dispute over the ship all said they don't know Clarke Inc's plans for *Shamrock*...

US marshals seized the ship July 20 when it arrived for its weekly visit to Portland. Fortis Bank of the Netherlands had filed a lawsuit in US District Court here saying the ship's owner failed to make payments on a $14.3 million debt.

Friday's auction attracted inquiries from around the world. The minimum bid for the ship was $5 million, although the value was estimated to be between $10 million and $15 million.

Only two bidders - Clarke Inc. and Fortis Bank - actually made offers during the brief auction in the courthouse. The bank could have simply bought the vessel back if it didn't get a satisfactory bid.

"We would have loved to see more" bidders, said Peter Plumb, a
Portland attorney who represented Fortis Bank. Plumb said the bank was relieved to have found a buyer willing to pay a fair price, however.

There was uncertainty about the auction because the ship was built specifically for the New England trade route and may not be suitable for other routes, Plumb said.

The federal judge in the foreclosure case is scheduled to approve the sale Friday, as long as Clarke Inc makes the necessary payments and no one involved in the case files a legitimate objection. Assuming the sale is approved, the court can then take up the issue of how to divide the $11 million.

Some of those who are owed money, including the crew members and the city of Portland, are expected to be paid first. The city is owed about $11,000 in docking fees.

It's not clear when the Shamrock will steam out of Portland to go back to work. That will be up to the judge, Armoyan said. And where it goes will be decided by the new owner during the next several weeks, he said.

George Armoyan, president of Clarke since 2003, had engaged his brother Vrege to attend and bid on Clarke's behalf at the Portland auction. Clarke's acquisition of its latest ship, the Shamrock, was reminiscent of how the original Clarke Steamship Co had got started, by bidding on the little Labrador at a similar auction in April 1921. Clarke Shipping Inc was incorporated on November 25, 2004, to undertake this business.

Among the port authority, stevedoring and pilots organizations with claims against the Shamrock was Halterm, which had handled her at Halifax, and of which George Armoyan was a director and its major unit holder, having increased his stake to 19 per cent in March 2003. As well as being president and chief executive officer of Clarke, George Armoyan was a director of Halterm, Clearwater Seafoods and FPI Limited, both seafood producers, General Donlee Income Fund and Exceed Energy Inc.

**The "Shamrock"**

SPM Container Line had introduced the 4,654-ton Shamrock in early 2001 into a weekly feeder and container service between St Pierre & Miquelon, Halifax, Portland and Boston. At 394 feet in length and 59 feet in beam, she had been built by Ferrostaal at Galatz, Romania, in November 2000 at a cost of US $22 million. Her design is unusual, with both bridge and accommodation forward, two 40-ton cranes on deck, engines aft and a stern ramp. With a capacity for 430 TEU and a crew of eleven, she is powered by twin MAN diesels supplying 5,800 horsepower to give her a speed of 16
knots, and she burns 26.7 tons of fuel oil per day, and is equipped with bow thrusters. Designed for roll-on roll-off and breakbulk cargo as well as containers, her fit-out includes 100 plugs for refrigerated containers. After refitting at Halifax, she sailed on December 28, 2004, for Port Everglades, arriving there on January 3, 2005.

On acquiring the Shamrock, Clarke Inc broke the news of the new company that would own and operate her, with the following announcement:

To further expand the range of transportation services provided by Clarke Inc companies, Clarke has established Clarke Shipping Inc and will enter the ocean shipping area. Concurrently with the establishment of this subsidiary, Clarke announces the purchase of the m.v. Shamrock.

Clarke Shipping Inc operated the ship through a Barbados-incorporated subsidiary called CIS Shipping International Inc, and appointed Thien & Heyenga GmbH of Hamburg to manage the ship. Meanwhile, Clarke arranged $11.5 million of financing for the Shamrock. Thien & Heyenga arranged a charter to Tropical Shipping & Construction Co Ltd of West Palm Beach, many of whose twenty or so owned and chartered vessels have the same accommodation-forward profile as the Shamrock, at a reported rate of $7,900 per day. The German manager already had two of its own ships on charter to Tropical when Clarke came along with the Shamrock, a ship that has a good turn of speed compared to others engaged in this trade. At first, Tropical ran her between Port Everglades and Grand Cayman with its subsidiary, the Thompson Shipping Co Ltd of the Cayman Islands.

The Thompson Line

The Thompson Line, Tropical's Cayman Islands operation, operates from both Port Everglades and Tampa. Its Florida agent, the Hyde Shipping Corporation, is a family-owned firm that got its own start in the Miami River in the 1970s and had re-established at Port Everglades in 1995.

In this service, the Shamrock operated alongside the 509 TEU 3,992-ton Caribe Legend, a bridge-aft 1993 product of J J Sietas. With two ships alternating at Port Everglades, twice-weekly service was offered to Grand Cayman, with the Caribe Legend also serving Tampa. Although at first the Shamrock left Port Everglades on Tuesdays, by the end of 2005 she was taking the Friday sailing, with a Sunday arrival at Grand Cayman.

The Shamrock had many similarities in design to the 2,234-ton North King, a 1988 product of J J Sietas that the Thomson Line had operated up until 2000. Like many ships engaged in the Caribbean trades, both had
bridge and accommodation forward, cranes on deck and engine aft with stern ramp.

It was not the first time that a Clarke ship had been intended to serve Grand Cayman. Plans for the North Star to call there during her autumn 1939 cruises had to be cancelled because of the war. But the Jean Brillant had made a few voyages to Grand Cayman while on charter to the American in 1943. Even then, however, it had been almost sixty years since a Clarke ship had called on the Cayman Islands when the Shamrock entered the trade.

The Turks and Caicos

Late in 2006, Tropical Shipping moved the Shamrock into its own service from West Palm Beach to the Turks and Caicos, the Virgin Islands, calling at St Thomas, St John, Tortola and Virgin Gorda, and St Maarten and Anguilla. This fortnightly run was shared with the 9,966-ton Tropic Canada, a German ship registered in Antigua, in order to offer weekly southbound departures from Palm Beach. Although Clarke ships had sailed from Palm Beach before, they had never served any of these ports in a scheduled service. In early 2007, Tropical briefly assigned the Shamrock to a daily shuttle from Palm Beach to Freeport, Bahamas, then assigned her to weekly service to Grand Turk in the Turks and Caicos. However briefly, after a half-century's absence a Clarke ship had been back to the Bahamas.

As so many Clarke ships had operated from Florida in the past, it seemed quite appropriate that Clarke Shipping should have re-entered the business in this way. And that the Shamrock should now be operating out of West Palm Beach meant that she was sailing out of the same docks as the New Northland had in 1927 and the North Gaspé, North Shore and North Coaster after the war, when they had worked for the West India Fruit & Steamship Co.

As for Tropical Shipping, it got its start running to the Bahamas in 1963 and, with 450 employees at its headquarters running a fleet of nineteen ships, it was now the lifeblood of the Port of Palm Beach. By buying the Kent Line's Caribbean service from Saint John, New Brunswick, in 2001, Tropical had also joined the long line of carriers that had served the West Indies from Canada, including Cunard, Pickford & Black, Royal Mail Lines, the Canadian Government Merchant Marine, Canadian National Steamships and Saguenay Shipping.

Clarke's Management in 2006

Meanwhile, another article in "The Globe & Mail," appearing on October
28, 2006, just a couple of months after that by Eric Reguly, included a more detailed commentary on how Armoyan had come about to taking control of Clarke Inc: -

There's probably no better example of Mr Armoyan's modus operandi than how he captured control of Clarke. In the early part of the decade, Mr Armoyan took an interest in Halterm Income Fund, which runs a huge shipping terminal at the Port of Halifax. He was thinking of building a larger stake, but was put off by one thing: Clarke, an Ontario trucking and logistics company, held the contract to manage Halterm.

Mr Armoyan found the arrangement unwieldy and expensive, and approached Roy Rideout, Clarke's chairman and chief executive officer, to buy out the contract. "The guy really put me off," Mr Armoyan says. "He wouldn't sell me the contract at any price."

Big mistake. Mr Armoyan started poking around Clarke, and saw the company had been a poor investment: It went public in 1998 at $6.87 a share and had dropped below $4 by early 2001 (both prices are adjusted for a later share split). Through his private holding company, Geosam Investments, he began to buy stock. By September, 2001, he had grabbed 16.6 per cent of the company, and he asked for a seat on the board.

"They gave me a bit of the run-around, but finally I told them if they don't put me on the board, I'll have a proxy fight." He was allowed in, but it wasn't an easy relationship. "I was a very active board member," he says, grinning. "Always a critic. And he [Mr Rideout] was frustrated. There was so much bullshit and bureaucracy going on there, you know?"

The tension came to a boil when Clarke's board enacted a poison pill, to be triggered when any shareholder acquired more than 20 per cent. Mr Armoyan, who by then had bought 18.3 per cent and owned more stock than all the other directors combined, campaigned against it and got it defeated at the annual meeting in August 2002.

Within a week of that victory, he'd raised his stake to 27 per cent. Mr Rideout, who declined to comment for this article, left two months later. His replacement lasted a bit more than five months before bailing out, and Mr Armoyan became the CEO. He has been busy, selling parts of the transportation and logistics business, buying real estate and a container ship, the m.v. Shamrock, and Clarke's share price has risen 133 per cent since he became CEO.

A new style had now arrived at what had become a rather staid transport and logistics company. Within a short time, Clarke Inc was building
up holdings in what it considered undervalued income funds such as Granby Industries, Clearwater Seafoods, Specialty Foods and TerraVest, as well as in Oceanex, and in companies such as Bikini Village Inc and Shermag Inc, each at between 10 and 20 per cent.

Other investments were made in Halterm Income Fund, Entertainment One Income Fund, FPI Limited and Spectra Premium Industries Inc and then liquidated after turning them around to improve share value or by sale in a takeover, providing large capital gains. In one example, the August 2007 sale of a 19 per cent holding in Versacold Income Fund of Vancouver, acquired in 2006, would bring in $101 million, for a pre-tax gain of $30.5 million, in a sale to Eimskip Holdings Inc, the Icelandic shipping operator.

Clarke had now been reorganized into a freight transportation segment, a warehousing segment and a corporate segment, with an annual turnover of about $200 million and the corporate segment producing the majority of its profits.

The "Oceanex Avalon"

The order placed by Oceanex at J J Sietas was delivered in the spring of 2005, as scheduled, and her naming ceremony was covered in the Summer 2005 issue of "Maritime" magazine, under the heading "Avalon joins Oceanex fleet":

Oceanex (1997) Inc recently added a new ship to its fleet, the Oceanex Avalon, which was christened in her home port of St John's on May 12 and subsequently made her maiden voyage to Montreal. Maureen Williams, spouse of Newfoundland and Labrador Premier Danny Williams, served as Lady Sponsor of the vessel.

Built at a cost of $58 million by J J Sietas shipyard in Hamburg, Germany, the 1,004-TEU ship is the first cellular vessel designed with moveable cell guides, allowing for greater flexibility. It can accommodate up to 360 53-ft containers per sailing, as well as the standard 20-ft, 40-ft and 48-ft boxes.

Peter Henrico, President and CEO of Oceanex, said the addition of the Avalon "increase our carrying capacity to meet steadily growing demand in the Newfoundland and Labrador market."

Close to half of all goods entering Newfoundland and Labrador are transported by Oceanex.

The new ship has joined three other ice-class vessels in the Oceanex fleet - the Sanderling, the Cicero and the Cabot, which serve the
province sailing from Montreal and Halifax to St John's and Corner Brook. The *Avalon* has increased capacity on the Montreal-St John's run by 50%. The *Cicero* has been redeployed to the Halifax-St John's route, joining the *Sanderling*, increasing service from once a week to twice weekly.

While the first newbuilding for the Newfoundland trade, the *Northland*, had appeared in 1926, it had taken about forty years before the *Cabot* and *Chimo* were built. Now, eighty years on, Oceanex had introduced the 14,639-ton *Oceanex Avalon*. Although many ships had operated to Newfoundland, she was only the fourth to be built specifically for the trade in that time. It represented a proud moment for Oceanex.

The arrival of the *Oceanex Avalon* into service was reported in the company’s report of results for the quarter ended June 30, 2005:

Delivery of the *Oceanex Avalon* took place on May 4, 2005, in Germany, and the vessel entered service in Montreal on May 19. Costs capitalized to date amount to $59.2 million including Canadian duty of $10.9 million and financing fees of $1.2 million. The vessel was paid for with a 10-year loan maturing May 4, 2015, for $45 million, withdrawals from the company's ship replacement fund of $13.6 million and cash of $0.6 million. The loan facility provides for repayment of 70% of the capital during the term of the loan and a final payment of the remaining 30% on maturity. The loan bears interest at the 3-month bankers acceptance rate plus 1.6%. The terms of the interest swap agreement entered into by the company with the lending bank coincide with the loan repayment terms and fixes interest on the debt at 6.96%.

The new vessel is being amortized on a straight-line basis over 30 years beginning in May 2005, while the deferred financing fees are amortized on a straight-line basis over 10 years...

The *Oceanex Avalon* & performed well during its first month at sea. We have now received the 300 x 53' containers and expect delivery of the specially designed 50x48' flat-rack containers later this summer.

Soon after the arrival of the *Avalon*, the *Cicero* was reassigned to Halifax supplementing the *Sanderling* on a weekly sailing to St. Johns. The addition of a fourth weekly sailing had positive results in June with carryings significantly above last year...

The same report gave news of an engine failure in the *ASL Sanderling* and some changes of plan for the *Cicero*:

On July 5th, the *Sanderling* suffered an unexpected failure to one of its two engines. In order to minimize the impact on our Halifax service,
repairs will be completed over several weeks during which the *Sanderling* will sail on a modified schedule between Halifax and St. Johns while the *Cicero* will continue to call St. Johns and also provide service to Corner Brook.

Thereafter, the *Cicero* will be reassigned to Montreal for the duration of the *Cabot* dry dock, which has been delayed to October to coincide with completion of the *Sanderling* repairs. The company is currently reviewing proposals for the *Cabot* dry dock and has determined that additional work must be performed including more steel replacement than anticipated.

The ASL *Sanderling* thus continued to operate to St John's on one engine while repairs were effected in service, and was assisted by the *Cicero* taking over her Corner Brook duties for the duration.

**Macquarie Acquires Halterm**

During the course of 2006, Halterm was put on the market and an announcement soon followed that effective January 2007, Macquarie Infrastructure Partners of New York, a unit of Macquarie Bank Ltd of Australia, would buy Halterm Ltd from the Halterm Income Trust for $173 million. A release by George Armoyan, dated November 6, 2006, and relating to the agreement under which Clarke had still been responsible for the management of Halterm Ltd, made interesting reading. It appeared under the title "Clarke supports selling Halterm subsidiary to Macquarie": -

Clarke Inc has entered into a lock-up agreement with Macquarie Infrastructure Partners. Under the terms of the agreement, Clarke has agreed to vote the units it holds in Halterm Income Fund in favour of the sale by Halterm of all of the issued and outstanding shares of Halterm Ltd, its wholly owned subsidiary, to Macquarie. Clarke cannot withdraw its support for the transaction, except under certain limited conditions. Halterm will receive proceeds of $172.75 million in connection with the transaction, which it intends to use to redeem all of its outstanding trust units at a price of approximately $19.00 per unit in cash, after the retirement of existing debt and payment of costs related to the transaction.

Clarke owns 295,408 units, representing approximately 3.66 per cent of the outstanding units. If the transaction is consummated and the units held by Clarke are redeemed at the proposed price, Clarke will receive total proceeds of $5,612,752, representing a gain before income taxes by Clarke on its investment in Halterm of $3,363,279. In addition, as a result of the transaction, Clarke will receive a one-time payment from Halterm of approximately $500,000, in connection with the early termination by Halterm of a management agreement, dated
as of May 13, 1997, as amended on Oct. 12, 2006, between Halterm and Clarke.

George Armoyan's views were given in an article that appeared in the November 7, 2006, issue of "The Globe & Mail" announcing the sale under the heading "Australias Macquarie Snatches Halterm": -

The growing competition for infrastructure assets touched down in Halifax yesterday, where a unit of Australia's Macquarie Bank Ltd outflanked several global rivals to snatch control of Halterm Income Fund.

Macquarie Infrastructure Partners agreed to pay $173-million for Halterm, which runs a container terminal and cargo-handling operation that links international shippers to North American ground transportation systems...

There's been a tremendous amount of interest from international and national companies to buy this," said George Armoyan, a Halterm director who owns approximately 19 per cent of the company. "It's unfortunate you can only sell it to one person. It's a gateway to Canada and North America. The company has a tremendous amount of potential - it's running at only 50, 55 per cent capacity...

Mr Armoyan declined to comment on the identity of the other bidders for Halterm, but confirmed there was a lengthy list of both foreign and domestic suitors.

In trading yesterday on the Toronto Stock Exchange, Halterm shares rose $4.10, or almost 28 per cent, before closing at $18.80 - about 20 cents below the value of the Macquarie bid.

For his part, Christopher Leslie, chief executive officer of Macquarie Infrastructure Partners in New York, gave his views on the acquisition in the November 2006 issue of "World Cargo News": -

Halterm represents an excellent opportunity to acquire a long-established, well-run business with future growth opportunities and a strong management team. As a long-term infrastructure investment, the acquisition of Halterm is particularly compelling.

Although Halterm had started life as a North Atlantic container terminal, the opportunities to which Armoyan and Leslie referred were the large volumes of Chinese imports that were beginning to move to North America by way of the Suez Canal.

Thus, thirty-eight years of Clarke management of the Halterm container terminal came to a close. By now, Halterm was operating a
72-acre terminal with four Panamax and two post-Panamax container cranes to handle the larger ships that did not transit the Panama Canal. The Halifax terminal was now part of a larger group, with terminals at Gdansk and Changshu Xinghua Port on the Yangtse, as well as a 40 per cent interest in Hanjin Terminals' installations at Long Beach, Oakland, Seattle, Tokyo, Osaka and Kaohsiung. Three months after the Halterm acquisition, Macquarie Infrastructure also acquired Fraser-Surrey Docks LP in Vancouver.

**Shipping Operations in the 21st Century**

Once the Oceanex Avalon had been delivered, repairs were made to the ASL Sanderling and the Cabot's engine blocks were replaced at a cost of $2.3 million. Meanwhile, although the company's smallest ship, the Cicero, had been transferred to Halifax, it was soon found that the ASL Sanderling was quite capable of handling this traffic on its own. As a result, the Cicero was sent back to Montreal in October.

The larger Cabot was then sent to Halifax to fill in for the ASL Sanderling while she went for drydocking. A $1.4 million provision had been made for the Cicero's own drydocking, but it was decided that instead of spending this money she would be withdrawn from service and placed up for sale.

In Oceanex's report of results for the quarter ending September 30, 2006, Peter Henrico discussed the withdrawal of the Cicero:

> During the past sixteen months, the Cicero has played an important role in maintaining the schedule integrity of the Montreal and Halifax services especially during the extensive Sanderling repairs and Cabot dry dock. The Cicero will continue in this role until the end of November to cover the dry dock of the Sanderling.

Following the retirement of the Cicero, we expect to benefit from improved cost efficiencies of operating with only three vessels without a material adverse impact on volume.

After more than twenty-two years serving Newfoundland, longer than any of the Gulfport, Novaport, the first Cabot or the Chimo, the Cicero was finally laid up at Montreal on November 24, 2006. She quickly found a buyer, however. In less than a month she was bought by the Melody Shipping Company of Piraeus. Renamed Aegean Fantasy, she departed Montreal on Christmas Day 2006 bound for Greece, some forty-five years after the second North Shore had made the same voyage. Registered to Fantasy SA of Monrovia, the Aegean Fantasy, flying the flag of St Vincent and the Grenadines, arrived in Piraeus on January 6, 2007.

Her sale left Oceanex with three modern ships, the Oceanex Avalon,
Cabot (ii), and ASL Sanderling, in service to Newfoundland, all larger than any of their predecessors. The summer routine now became Saturday sailings from Halifax by the ASL Sanderling, arriving at St John's on Monday and Corner Brook on Wednesday, and from Montreal, Monday sailings by the Cabot, arriving St John's on Thursday, and Thursday sailings by the Oceanex Avalon arriving St John's on Sunday. Again, the larger ship always took the weekend sailings.

Oceanex Gets New Owners

Soon, however, new owners took over the Oceanex operation, details of which were announced in the Autumn 2007 issue of "Maritime" magazine under the title "Consortium Offers to Purchase Oceanex": -

Oceanex Income Fund recently announced it has entered into a purchase agreement to sell its Montreal-Newfoundland and Labrador service to a consortium in a transaction valued at about $200 million...

Shareholders in the enterprise that went public in 1998 have been offered $19 per share, representing a 17% premium on the September 18 closing price per unit. "We are very pleased to support this transaction and recommend it for approval by Oceanex unit holders," said Oceanex chairman John Peacock.

South Coast Partners Limited, the consortium named as the purchaser, is led by Capt Sidney Hynes, who is chairman of St John's-based Canship Ugland Ltd, which manages a fleet of 120,000-150,000 dwt shuttle oil tankers serving Newfoundland's booming offshore industry. Canship Ugland is a joint venture of Canship and Norway's J J Ugland Companies.

The other partners in the consortium are OPTrust Private Markets group, which manages the pension fund of Ontario civil servants with a portfolio of $16 billion, and Terma Capital Corp, a private equity investment group.

Retiring Oceanex president and CEO Peter Henrico said that "Capt Hynes is very knowledgeable of our business and together with his financial partners, will ensure that Oceanex continues to be a transportation leader in Atlantic Canada."

At one point prior to the new offer, Clarke Inc had taken a 10 per cent interest in Oceanex but it now sold its shares to the new Hynes grouping. Thus did Oceanex change owners one more time. But its fleet, consisting of the Oceanex Avalon, Cabot and Oceanex Sanderling, as she was renamed in 2008, was now controlled by owners who were in a position to build new ships and carry on the fleet replacement program that had been started with
the *Oceanex Avalon*. By now, Oceanex carried about half of what was sold into Newfoundland, and about two-thirds of that moved over Montreal.

**Oceanex’s New Executive Chairman**

On November 30, 2007, the "Telegram" in St John's carried a profile of Sid Hynes by Moira Baird that gives us a little more background: -

A year ago, Capt. Sid Hynes and his wife, Bernice, were getting ready to retire to a home they built a few years earlier on the shores of Conception Harbour. But Hynes wasn't ready for retirement after 35 years in the marine shipping, transportation, and oil and gas sectors as both a sea captain and businessman...

Earlier this month, the 52-year-old Hynes solved the problem when he closed a deal worth about $230 million to buy the container shipping company Oceanex and take it private.

"My focus is to make it more of an Eastern Canada transportation company, not just a shipping company, but to get into other avenues of transportation and to expand on what we have."

So far, he has three container ships, four terminals, more than 400 employees and a plenty of customers moving cargo to move to Newfoundland. Hynes got interested in Oceanex last winter when he was looking for new business ventures.

At the time, the container shipping company was looking for a new CEO. Hynes met with the Oceanex board of directors, but decided heading up a publicly traded company wasn't for him. By March, he had another idea: "Put together a deal to buy it." Eventually, he hired financial advisors and lawyers in Toronto and tracked down financial backers in OPTrust Private Markets Group and Terrma Capital.

"What I learned about that is people don't invest money in money; they invest money in people," said Hynes. "In less than a week, we had an understanding that we were going to do this together."

By June they pitched an offer to Oceanex, and on Nov 2 the company's shareholders approved the deal. Hynes figures Oceanex will keep him busy for another 10-15 years, and he likens running a company to skippering a ship. "On a ship, you're managing everything. .... It's a 24-7 operation. It's not an eight to five and everybody goes home.

A native of Harbour Breton, Hynes went to sea when he graduated from high school at age 15. "I went to sea as an assistant steward with Marine Atlantic & then, I transferred to the deck and went on from
there."

He was a second mate working on the PEI ferry service by the summer of 1975, when he left Marine Atlantic. (Hynes would later become chairman of Marine Atlantic for four years starting in 2000). At 21, he was captain of his first ship, Federal 6, a 180-foot offshore supply ship owned by Fednav Ltd.

Hynes "came ashore" in 1985, following the birth of his son Matthew. As a surveyor with Transport Canada, he certified ships, drill rigs and crews to work in Canadian waters and conduct safety inspections. He lasted a year. "I really didn't like that. & government works a different way than I was used to."

In 1986, he partnered with three other businessmen, including Ches Penney, to create Canship Ltd. Penney has nothing but praise for the sea captain who introduced himself in the early 1980s by buying him a drink in a bar, attaching a business card that read: Capt. Sidney J Hynes.

"I knew his father, but I didn't know him at the time," said Penney. "That's how our relationship started. He was very sharp. "We've been business partners and really good friends ever since."

Oceanex is Hynes' first business venture outside his more than two-decade-old partnership with Penney. "When this Oceanex deal came up, he wanted to go on his own and that was fine with me," said Penney. "He's the best man for that job, and he knows that business inside out. He'll do very well.

The 718-ton Federal 6 was one of four identical offshore anchor handling ships acquired by Federal Offshore Services, Fednav's offshore arm, in the early 1970's. All four had been completed by Star Shipyards at New Westminster BC for servicing oil drilling rigs off the East Coast. Twin General Motors diesels provided 3,280 horse power giving them a speed of 14 knots. Fitted with diesel-powered towing winches as well as storage tanks for drilling water and dry cement or drilling mud, they had a deck cargo area aft and accommodations for 34 in the forecastle and deckhouse far forward. They also had sophisticated electronic and navigational equipment, including a computerized satellite navigation system and doppler sonar. The Federal 6 became the SeaFed Avalon in 1981 and went to work in the Beaufort Sea in 1983 as the Arctic Mallik.

**Oceanex Ups Service to Corner Brook**

"The Western Star" carried good news for Newfoundland's second port when on February 21, 2008, it ran a story with the headline "Second
Oceanex Vessel to Make Weekly Stop in City:

In addition to the regular Wednesday visit of the m.v. Sanderling, city residents will get used to seeing a second big, red ship each week in the port this summer.

Capt Sid Hynes, executive chairman of Oceanex Inc., says the company is expanding its container ship and freight service to the port of Corner Brook by adding a visit per week of the Oceanex Avalon.

The Oceanex Avalon is smaller than the Sanderling at 148.9 metres [488 feet] long, 25.9 metres [85 feet] wide, with a gross tonnage of 14,639. The Avalon can carry 1,004 trailer equivalent units and has a speed of 20 knots.

In addition, the company is fitting out the port with an additional 20 shore-based electrical plugs. Hynes said the electricity will enable both the fish processors and international container lines to store more temperature-controlled containers within a safe and monitored environment.

"The second vessel call will create additional carrying capacity on the St. John's, Corner Brook, Halifax triangle for time-sensitive, refrigerated cargo," Hynes said in a prepared release.

The two calls a week were intended primarily for the fish season, but this would be the first time since the Cabot had been placed on the route in 1988 that the Montreal - Corner Brook was reopened. Calls by the Oceanex Avalon were made possible because of a decision by the port to invest in a fixed pedestal 53-ton crane to handle containers to and from the Montreal container ship. The Halifax-based Sanderling, on the other hand, could handle both ro-ro and container traffic.

A New Lease at Corner Brook

Corner Brook was also in the news again on August 18, when Oceanex signed a new thirty-five year lease agreement with the Corner Brook Port Corporation. "The Western Star" carried this part of the story the next day: -

Thanks to the $2.8-million Liebherr crane, Oceanex has expanded its transshipment service to Corner Brook from one ship to two ships weekly. With a 53-tonne capacity, it enables the newest ship, the Oceanex Avalon, to operate a weekly run to Corner Brook during the peak fish export season.

Capt Sid Hynes, Oceanex's executive chairman, said the new deal exemplifies the company's belief in the future potential of the city port.
"In signing this 35-year lease agreement today with the Corner Brook Port Corporation, Oceanex is sending a clear message to the local business community that we're committed to Corner Brook, committed to west coast Newfoundland and Labrador and here for the long term," said Capt. Hynes.

The crane, which replaced an aging and often unreliable one, also enables the Oceanex Avalon to keep to its tight schedule.

Corner Brook was back in the frame again, with a regular connection with Halifax and seasonal connections with Montreal, from where the original Clarke steamship service had begun.

Unfortunately, in the spring of 2009, after the service had started, the base for the new Liebherr crane was found to be faulty. It would have to be reconstructed at a cost of $1.25 million, resulting in not only the extra cost but also a loss of business to the port while this was done. This meant that the Oceanex Sanderling could not make calls and as the Oceanex Sanderling, on which the old crane could still be used, had been hit by engine trouble, there would be no calls between April 30 and September 11, when service was resumed.

Corner Brook Suspended Again

Less than two seasons later, on April 28, 2011, there was more bad news for Corner Brook. "The Western Star" carried the story under the heading "Corner Brook No Longer on Oceanex's Regular Schedule":

Oceanex Inc has ceased making Corner Brook a regular port of call for at least the summer months, but possibly longer.

A brief visit from the shipping company's vessel, the Avalon, on Wednesday morning marked the last of the ocean-going cargo service to western Newfoundland until market conditions warrant reinstating Corner Brook on its regular schedule, according to Oceanex's executive chairman.

Capt Sid Hynes told "The Western Star" Thursday afternoon that export freight from Corner Brook has dropped by around 70 per cent and imported cargo has declined by about 30 per cent in the last five years.

Corner Brook had been the beneficiary of a weekly service by the Oceanex Sanderling, which is the company's ship that runs between Halifax and St John's. Hynes said much of the cargo that had been coming to Corner Brook actually originated in Montreal, which is
serviced by the *Avalon*, and transferred to the *Sanderling* from the *Avalon* via St. Johns.

He said it just makes more sense these days to truck the freight destined for western Newfoundland from St. Johns over the highway, as opposed to shipping it here. Plus, the need for more cargo traffic through eastern Newfoundland is on the rise.

We have a much bigger demand for cargo between St John's and Halifax and we need the additional capacity for the summer months, so the *Sanderling* is going to do two trips a week between Halifax and St John's, said Hynes.

With the *Avalon* and *Sanderling* making a combined four trips to St John's every week, Hynes said the bottom line will actually mean Oceanex customers in western Newfoundland will be served more frequently.

The *Avalon* may still make the occasional visit to Corner Brook, when the volumes of cargo warrant. Hynes said a regular service would return if the freight traffic increases. Obviously, if the need arises in Corner Brook, we would be only too happy to put it there, he said. The business is not going in the right direction at the moment, though.

The decision to cease using Corner Brook as a regular port of call has not yet had an affect on the workforce at the Oceanex terminal in Corner Brook. We haven't crossed that bridge, said Hynes. I can't really speak to that at this immediate moment. This is more of a short-term thing. We will decide later in the year where we will go with (Corner Brook employees).

Hynes said Oceanex, which signed a 35-year lease with the Corner Brook Port Corporation in 2008 as the waterfront's major tenant, will maintain its presence in Corner Brook and there are no plans to change that long-term lease.

The tough news was not a surprise to those closely acquainted with the shipping industry at the local level...

Ways Transport is an acting agent for Oceanex. Marvin Way, manager of the family-owned business, said many of his staff have been asking about the future of Oceanex service in light of the slow times the company's drivers have been experiencing on the waterfront in recent times. In a region well aware of the impact the recent downturn in the global economy has had on locally important industries such as newsprint and the fishery, Way thinks most people can understand why Oceanex has chosen to go this route... Hopefully, this is more of a short-term thing and the economy can turn around so Oceanex will begin using Corner Brook regularly again, said Way.
Capt Hynes said Oceanex would maintain a presence in Corner Brook but where the port had at one time been able to support a regular service, the recession that started in 2008 had much to do with Oceanex's new plans. But at the same time in St John's, the headlines were "Oceanex Doubles Service From Halifax."

For a while, Oceanex continued to spend about $1 million a year paying four Corner Brook employees and four security people, while maintaining the crane that it had contracted for. But the Port aux Basques ferry continued to bring in trucks while other trucks brought in cars and containers from Oceanex ships at St John's.

The end finally came on March 19, 2014, when Oceanex announced that it was closing its Corner Brook office. But not before chairman Sid Hynes had a chance to note that subsidies paid to Marine Atlantic had risen to 70%, compared to a level of 25% when he had been there. Its hard to compete against our own tax dollars, Hynes told the "Western Star," adding that "it's not something we took lightly ... it's not something we want to do. But obviously we need to reduce costs where our volume is not sufficient to warrant these costs."

Finally, ninety years after the first Corner Brook calls by the Gaspesia and the Nayarit, there was no prospect of enough volume being available for a private company to be able to service the area.

**Cruising Expands in the St Lawrence**

Starting with a major press mission in 1997 that saw foreign reporters visiting Montreal, Quebec, Murray Bay, Tadoussac and Gaspé, cruising has been developing its place in the St Lawrence once more.

In a report on Canada and New England, the June 2012 issue of "Seatrade Cruise Review" reported on some of this progress: -

"It's going to be our best season ever," says René Trépanier of Cruise the St Lawrence. For the first time, all nine of his region's ports have cruise calls, and 250,000 passengers are expected, up from 150,000 in 2011. Crystal Symphony will sail round-trip Montreal and Brilliance of the Seas round-trip Quebec City, both stopping at the French overseas collectivity of St Pierre and Miquelon to comply with Canadian cabotage.

The region has spent more than $100m of its $156m in cruise development funding in a program that began in 2008 and goes to March 2013. New infrastructure in the emerging ports and shoreside attractions such as Saguenay's tourism village are among the results.
Trépanier says the next phase of development will focus on the turnaround ports of Quebec City and Montreal. Montreal has been planning a new cruise terminal for some time, and Quebec is studying a possible third terminal or alternate infrastructure such as a tent. Trois Rivières is looking at transforming a shed into a cruise pavilion.

A pilot project by the Canada Border Services Agency should help ease costs for customs inspections. Also, Cruise the St Lawrence is working to improve quality and consistency across its member destinations. This includes creating operations manuals for ports and audio guides for passengers, the latter with a $100,000 grant from Quebec’s Ministry of Tourism.

Trépanier seeks closer ties with St Pierre and Miquelon to encourage more round-trip business from Quebec's homeports and with the province of Newfoundland and Labrador to develop fresh adventure-oriented itineraries.

Cruise Newfoundland and Labrador expects a busy season with 92 port calls, up from 72 last year. 2012 will see a record 15 calls at Corner Brook.

Crystal Cruises' 51,044-ton Crystal Symphony and Royal Caribbean's 90,090-ton Brilliance of the Seas, accommodating 960 and 2,112 passengers respectively in lower berths, were the first ships in some time to have offered round trip cruises from Montreal and Quebec. While Montreal has far superior air connections to Quebec, the Brilliance of the Seas had to sail from Quebec as she was too tall to get under the Quebec Bridge and upstream to Montreal.

The fact that cruise ships were getting bigger was a boon to Quebec as it had not been seen as a natural origin port for cruises since the great White Empresses in the 1930s and the days when North Shore sailings had traditionally departed from Quebec in the 19th Century.

The "Oceanex Connaigra"

The Oceanex Avalon had been successful enough in helping build the trade between Montreal and Newfoundland that another new ship was planned. the first details of this vessel were carried in the St John's newspaper "The Telegram" on October 19, 2012: -

St. Johns-based shipping giant Oceanex announced Thursday it is adding a new $108-million container ship to its fleet.

Company representatives were in Germany last week for the cutting of first steel for what will be the largest flag container/roll-on roll-off ship
in Canada, the *Oceanex Connaigra*, due to join the company's m.v. *Cabot, Oceanex Sanderling* and *Oceanex Avalon* next fall.

"We want to grow our business and be ready for the future," Sid Hynes, executive chairman of Oceanex, told The Telegram on Thursday afternoon. "A vessel's not something you buy every day. It's a long-term investment. The life of this is probably 35, 40 years, so it's planning to facilitate the growth we see over the long haul, not just next year or the following year" ...

The company is still determining whether the *Connaigra* will replace one of its current ships or if it will open up service to another area. The company provides transportation services between Mexico, the United States and mainland Canada to St. Johns, as well as shipment over land across Newfoundland. Asked where the company might expand to, Hynes stayed mum. "We live in a very competitive world," he said.

The ship's price tag dwarfs the $10 million to $15 million each that Oceanex's current vessels cost a few decades ago, said Hynes. The ship, being built by Flensburger Schiffbau-Gesellschaft of Germany, will be 210 metres long with a carrying capacity of 19,500 metric tonnes. The ship will also feature a dry-scrubber exhaust gas-cleaning system to exceed air-emission regulations, earning a "clean" designation by DNV, a Norway-based classification and evaluation organization.

The ship is named after the Connaigre Peninsula, suggested during a company-wide contest to name the new vessel. "Connaigre gets its name from the French, back in I think 1750, thereabouts," said Hynes.

"Back in those days, the ice used to come out of the Gulf and flow all the way down the south coast and it would come down the Labrador Sea and flow out west. And Connaigre Harbour, or Great Harbour, as it was called by the French, was one of the few harbours that was safe and ice-free year-round." Last but not least, said Hynes, is the fact his hometown of Harbour Breton is on the Connaigre Peninsula.

Blocks will be laid in Flensburg's docks for assembly of the ship Feb. 12. The Connaigre is expected to be launched May 31, with sea trials scheduled for September before it's delivered to Newfoundland Oct 1.

"It's been a lot of fun to participate with the whole team. It's a custom-designed ship for our service, our business. To go through all that and hopefully see it work and figure out how we're going to pay for it after we get it, I suppose," he said.

As it happened, the name chosen for the new ship even followed the theme of beginning with the letter "C" and followed on from two *Cabots*, the
Chimo, the Catalina and the Cicero.

Newfoundland & Labrador's 2013 Cruise Season

In 2013, according to the Cruise Association of Newfoundland & Labrador, twenty cruise ships from sixteen cruise lines brought 376,376 passengers to the province, making sixty-four calls at twenty-three ports.

That year's six-month cruise season began in St John's on May 8, with the arrival of Silversea Cruises' 28,258-ton Silver Whisper, and ended in Corner Brook on October 29, with the departure of Princess Cruises' 113,561-ton Emerald Princess. The Corner Brook season had started on June 3 with Oceania Cruises' 66,048-ton Marina, while the same line's 30,277-ton Regatta was that port's most frequent visitor, with three calls in September and October of a total of thirteen cruise ship calls in Corner Brook that season.

In recognition of Newfoundland's increasing role as a cruise destination, the Atlantic Canada Cruise Association hosted the 2014 Canada/New England Cruise Symposium in Corner Brook on June 11-13.

Clarke Inc Sells Clarke Transport Inc and Clarke Road Transport

After so many years of being an integral part of the Halifax-based Clarke Inc, the time finally arrived to sell of Clarke's remaining logistics and transport operations, which had now been part of the company's activities for half a century. The "Halifax Chronicle-Herald" carried the story on January 6, 2014, under the heading "Montreal Company Buys Halifax Investors Freight Transportation Business:

Halifax investment firm Clarke Inc has sold its freight transportation business to TransForce Inc of Montreal for more than $100 million.

The sale of Clarke Transport Inc and Clarke Road Transport Inc was finalized Monday.

Clarke will record a gain of $63 million to $68 million on the sale, which will be reflected in the company's financial statements for the first quarter ending March 31 of this year.

The sale boosted Clarke's book value more than $3.55 a share.
TransForce said the two transport companies, which employ 600 staff and independent contractors, will generate annual revenues of $190 million.

George Armoyan, Clarke's chief executive, said the sale shows the company is committed to unlocking the value of its assets, which aren't currently reflected in Clarke's book value or share price.

In the last few months, we have exited several investments generating significant cash proceeds and realized gains. These transactions will also make our financial statements less complex and easier for investors to understand.

Within its freight transportation segment, Clarke will continue operating its ferry and container shipping units. The firm also operates commercial tanks and home heating segments, as well as an investment arm.

Clarke has roughly $65 million in cash on hand and about $130 million of marketable securities. The company also has $40 million available through its existing credit facilities.

The interesting point about this announcement was that Clarke Inc had held on to its shipping activities, the two one-ship operations of the Trans-St-Laurent on the St Lawrence and the Shamrock in the Caribbean. Meanwhile, this was the second time that Clarke road transport operations had ended up with TransForce.

In fact, after a decade of trading from Florida to areas such as Grand Cayman, the Bahamas, Antigua, St Lucia, Dominica and Jamaica, the Shamrock had been placed on charter to French container line CMA CGM in April 2013 for their weekly Caribbean Inter-Island Feeder Service and was now trading from Point-a-Pitre, Guadeloupe, to Dominica, Trinidad & Tobago, Grenada, St Vincent & the Grenadines and St Lucia.

**The Successors**

No longer under Clarke ownership, Oceanex carried on the long-distance services that had been started by the Clarke Steamship Co soon after its formation back in 1921, first to the Gulf of St Lawrence but soon to Newfoundland and Labrador.

From Florida to the West Indies and now around the West Indies, Clarke Shipping's Shamrock carried on a tradition that dated back to the introduction of the New Northland in 1927 and the North Star in 1938.

And in the local St Lawrence trades the Trans-St-Laurent survives as
the sole representative of an earlier generation, a ship that, in her fifth
decade, has seen more years of service than any other vessel ever owned by
Clarke.

While other ships have served other routes, some of which have
survived and some not, these operations today constitute the direct
succession from the ships of the old Clarke Steamship Co.

* * * * * * * *

The End