



FREIGHT MANAGEMENT
ASSOCIATION OF CANADA

ASSOCIATION CANADIENNE
DE GESTION DU FRET

April 24, 2020

The Honourable Marc Garneau, P.C., M.P.
Minister of Transport
Place de ville
330 Sparks Street
Ottawa, ON K1A 0N5

Dear Minister Garneau:

Retail, chemical and other member companies of the Freight Management Association of Canada (FMA), have noted media reports that Oceanex, Inc., which provides the main freight link from mainland-Canada to Newfoundland, has reduced its service due to the decline in demand resulting from the shutdown of much of the Canadian economy due to the COVID-19 pandemic. Oceanex has issued a news release confirming this decision.

Normally, Oceanex provides three sailings per week to St. John's, two from Montreal and one from Halifax. This is the primary freight service to the island of Newfoundland.

We understand that Oceanex has requested funding of \$2 million per week to continue its normal three weekly sailings and that the Canadian government has rejected this request. As a result, Oceanex has announced that it is dropping one of its two weekly sailings from Montreal.

FMA has no opinion on whether or not the Oceanex request for government financial support should have been granted. However, FMA members are concerned that, if Oceanex should reduce service any further that food and other retail goods, along with vital chemicals such as water purification and aircraft de-icing chemicals could be in short-supply.

We are aware that Marine Atlantic has year-round daily service from North Sydney to Port-aux-Basques and also summer service from North Sydney to Argentia on the Avalon Peninsula, near St. John's. This service would not be a viable alternative should the Oceanex service be reduced any further for the following reasons.

1. Halifax and Montreal are major freight hubs where Canadian suppliers have significant operations. Marine Atlantic operates only from North Sydney, Nova Scotia
2. The Marine Atlantic ferry service is a roll-on-roll-off serviced operated on ships that are essentially passenger ferry vessels. Passenger service has historically taken precedence over freight, thus limiting freight capacity.
3. The road distance from Port -aux-Basques to St. John's is nearly 1,000 km. This distance adds a significant additional cost burden to shippers supplying St. John's and surrounding area.
4. It is uncertain that the Newfoundland trucking industry could meet the increased demand to move traffic arriving at Port-aux-Basques to the major destinations on the Avalon Peninsula.

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5. There would be significant addition costs related to trucking goods from Montreal and Halifax to North Sydney, and from Port-aux-Basques to St. John's, which would eventually be reflected in retail pricing to Newfoundland consumers.

For these reasons, FMA is requesting that you and your officials at Transport Canada closely monitor the situation during this major disruption to the Canadian economy, and ensure that the government takes appropriate action in a timely manor to maintain the vital Oceanex service to Newfoundland.

The FMA has been representing the freight transportation interests of Canadian industry since 1916. Our 70+ members include companies, both large and small, from most industrial sectors and from all across the country. The FMA member companies contribute approximately \$90 billion annually to the Canadian economy and purchase approximately \$3 billion in freight services by truck, rail, marine, courier and airfreight. Many of our member companies are household names and the list of member companies can be found on the FMA website at <http://www.fma-agf.ca/membership/member-companies>

Should you or your officials have any questions, please contact me at 613-294-4569 at any time.

Sincerely



R.H. Ballantyne, P. Eng.
President



Gary Fast
Chairman &
Vice-President, Transportation
Canadian Tire Corporation

Cc: The Honourable Navdeep Bains, Minister of Innovation Science and Industry
The Honourable Seamus O'Regan, Minister of Natural Resources

Michael Keenan, Deputy Minister of Transport
Lawrence Hanson, ADM, Policy
Marc-Yves Bertin, Director General, Marine Policy
Emilie Gelinat, Director, Domestic Marine Policy

FMA Membership