

COALITION OF RAIL SHIPPERS

August 11, 2020

The Honourable Marc Garneau
Minister of Transport
House of Commons
Ottawa, ON

Dear Minister Garneau:

Many of the companies represented by the 17 industry associations that are members of the Coalition of Rail Shippers (CRS), and which use CN rail service, are currently experiencing significant service problems, and these problems have existed over the past few months

The Coalition of Rail Shippers (CRS) is a group of industry associations whose member companies contribute to at least 75% of the Canadian revenues of CN and CP. The member companies are from all major industrial sectors in Canada and include agriculture and agri-business, forest products, mining, fertilizer, chemical, manufacturing and retailing. The list of CRS supporting associations is attached. Canadian industries represented by the CRS all depend on well-functioning Canadian – and global- supply chains.

The service problems with CN are being experienced across the country by shippers in many industries. During a recent CRS conference call, as examples, we learned of serious delays to animal feed deliveries in Atlantic Canada, delays leading to rail car shortages at large industrial companies and food processors in central Canada, declines in meeting the weekly demand for covered hopper cars for grain shippers in the prairie provinces (down to 60% in the most recent week and below the 90% target for the past eight weeks), to the equipment shortages and delays to export shipments of forest products on the west coast. In addition, there is a report of some decline in intermodal service quality.

As the shutdown of the economy progressed in the second quarter, CN announced significant service reductions leading to staff layoffs, reported to be approximately 4,000 people, and removal of both locomotives and freight cars from service. The media reports 14,500 freight cars were removed from service. As the economy and industrial production began to recover, CN has not been able to call staff back in time to meet the growth in demand. There are also examples of companies that experienced no reduction in their production levels that had to cope with service reductions by CN.

It should be noted that the broad shipper community has not reported similar problems with CP service during the same period.

As the shipper community has continued to emphasize to you and your predecessors, Canadian geography, and an economy that has a large segment of high-volume bulk commodity industries producing products for export, requires an efficient, consistent and dependable rail service. CN is responsible for more than 50% of Canadian rail service and when CN service quality declines as it has in recent months, the entire economy suffers and Canada's export industries become particularly vulnerable to foreign competition.

While it is preferable for buyers and sellers in any industry to solve their problems by direct negotiation, when that becomes impossible because of the imbalance in bargaining power, the only other recourse is to request government assistance in resolving the issues.

Complaints to the Canadian Transportation Agency are an option, and may be taken by some individual shippers. However forward planning by all stakeholders, including the government, to avoid service disruptions as now being experienced, is vital to the Canadian economy and members of the CRS would be pleased to meet with you or your officials to discuss the issues. We will follow up with members of your political staff to arrange a discussion.

Sincerely,

A handwritten signature in black ink, appearing to read "R.H. Ballantyne". The signature is written in a cursive style with a large initial "R" and "B".

R.H. Ballantyne. P. Eng.
Chairman
Coalition of Rail Shippers
& President
Freight Management Association of Canada

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

Michael Keenan, Deputy Minister, Transport Canada
Lawrence Hanson, Assistant Deputy Minister, Policy, Transport Canada
David McNabb, Director General, Surface Transportation Policy

Cc: Coalition Members

Coalition of Rail Shippers

Supporting Associations

- Animal Nutrition Association of Canada (ANAC)
- Canadian Association of Recycling Industries (CARI)
- Canadian Canola Growers Association (CCGA)
- Canadian Oilseed Processors Association (COPA)
- Chemistry Industry Association of Canada (CIAC)
- Fertilizer Canada (FC)
- Forest Products Association of Canada (FPAC)
- Freight Management Association of Canada (FMA)
- Grain Growers of Canada (GGC)
- Industrial Minerals Association – North America (IMA-NA)
- Inland Terminal Association of Canada (ITAC)
- Mining Association of Canada (MAC)
- Pulse Canada
- Responsible Distribution Canada (RDC)
- Western Canadian Wheat Growers Association (WCWGA)
- Western Canadian Shippers Coalition (WCSC)
- Western Grain Elevator Association (WGEA)

Freight Management Association of Canada
Ottawa, ON