

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

Date: 11/18/2016

GAIN Report Number: CA16050

Canada

Post: Ottawa

Transportation 2030 Strategy to Address Fair Rail for Grain Farmers

Report Categories:

Policy and Program Announcements

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Report Highlights:

On November 3, 2016, the federal government announced the “Transportation 2030” strategy, which includes a plan to introduce legislation to advance a long-term agenda for a more transparent, balanced and efficient rail system that reliably moves Canada’s goods to global markets. The 2013 grains and oilseeds harvest, characterized by unprecedented production levels, exposed weaknesses in the rail shipping system that have yet to be addressed.

Executive Summary

On November 3, 2016, the Transport Minister of Canada announced the “Transportation 2030” strategy, which proposed legislation be introduced to ensure efficient rail movements of goods, including agriculture, to global markets. Legislation to modernize the [Canada Transportation Act](#) is expected in Spring of 2017. Efficient movement of Canada’s grain to export markets will be one focus of the modernization effort with legislative changes based in part on the [Fair Rail for Grain Farmers Act](#). The Act was passed as a result of the inadequacies exposed in Canada’s rail system handling of the record 2013 crop. Proposed changes may not address concerns of the reliability of Canada’s rail system to service grain customers in the United States. The United States is Canada’s largest importer of wheat, oats and corn, among other grains and oilseeds.

Transportation 2030 Strategy – Modernization approach to the Canada Transportation Act

On Nov 3, 2016 Transport Minister, Marc Garneau addressed the Chamber of Commerce of Metropolitan Montreal with his “Transportation 2030” strategy in which he outlined a plan to introduce formal legislation in the spring of 2017. The proposed legislation will be discussed and voted upon in the 2017 Parliamentary session. The Minister says the plan will:

- establish the ability to apply reciprocal penalties between railway companies and their customers in their service level agreements,
- better define "adequate and suitable service",
- improve access and timelines for Canadian Transportation Agency decisions; and
- address the future of the Maximum Revenue Entitlement and extended interswitching

The plan elements appear to be aligned with recommendations of Canadian industry stakeholders along the supply chain including, the Grain Growers of Canada and the Western Grain Elevator Association. Industry consultations began shortly after during which the House of Commons Transport Committee heard from witnesses beginning in March, 2016, and holding its last meeting on September 29, 2016.

On February 25, 2016, the Minister of Transport tabled in Parliament the [Canada Transportation Act Review Report](#).

Fair Rail for Grain Farmers Act Extended

Canada is a significant producer and exporter of grains, much of which takes place in the land-locked western provinces and must therefore rely on rail infrastructure for delivery to export markets. The United States is Canada's largest importer of wheat, oats, corn and other grains and oilseeds.

The *Fair Rail for Grain Farmers Act*, Bill C-30, was passed in the spring of 2014 to address the rail capacity challenges following the record 2013 crop. The act included the following amendments to the legislation, some of which are anticipated to be made permanent in the future revision of the *Canada Transportation Act*:

- Authorized the Governor in Council to set grain transport volume requirements, in extraordinary circumstances, at the joint recommendation of the Minister of Transport and the Minister of Agriculture and Agri-Food. The consequence for failure to comply with these volume requirements could result in penalties of up to \$100,000 per day upon conviction.
- Created regulatory authority to allow the Canadian Transportation Agency to extend the interswitching distances in Saskatchewan, Alberta and Manitoba to 160km, for all commodities, to increase competition among railways and give shippers' access to alternative rail services.
- Create the regulatory authorities to add greater specificity to operational requirements in Service Level Agreements.
- Establish regulatory authorities in the *Canada Grain Act* to address non-performance by grain companies in their contracts with producers.

Although the Act was set to expire in August of 2016, the [House of Commons voted](#) unanimously on June 8, 2016 to extend the *Fair Rail for Grain Farmers Act* emergency legislation for one year.