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Report Highlights:

Implementing regulations for the *Fair Rail for Grain Farmers Act*, released on August 1, 2014, extend the interswitching distances for shippers in western provinces from 30 to 160 km, set new reporting requirements by railway companies on movement of grains, clarify parameters for level of service arbitration, and provide for penalties for grain buyers for failure to take delivery of grain for which they have contracted. A new Order in Council sets minimum weekly grain shipments for Canada's two rail companies from August 3 through November 29, 2014, at 536,250 MT.

General Information:

On May 29, 2014, the Canadian government effected legislative changes (the Fair Rail for Grain Farmers Act) aimed at improving rail transportation for grains and intended to address the significant delays witnessed in marketing year 2013/14 shipments. The legislation amends both the Canada Transportation Act, with respect to service level agreements and the obligation of railways to move-subject to penalty - minimum volumes of grain, and the Canada Grains Act, with respect to contract enforcement. The Act also extended the government's March 7, 2014, Order in Council [1] (and the Fair Rail Act) requiring Canada's two rail companies, Canadian Pacific Railway Company (CP) and Canadian National Railway Company (CN), to move a minimum of 500,000 MT of western grain per week from through August 3, 2104.

The new [Order in Council](#) sets minimum grain movements for each railway through November 29, 2104, at 536,250 MMT per week. The maximum penalty for failure to comply with these weekly shipment volumes is C\$100,000.

An [amendment to the Railway Interswitching Regulations](#) extends the interswitching zone for Alberta, Manitoba and Saskatchewan, from 30 km to 160 km. This would reduce the number of shippers who are currently restricted to service by only one railway.

An [amendment to the Transportation Information Regulations](#) will require monthly reporting on weekly rail car cycles, and on the status of railway cars used for grain transport (e.g. empty, loaded, en route, etc.) as well as on orders (e.g. number of cars orders, number of cars committed, etc.) According to government press releases, required reporting will include:

- Railway car cycle data covering all grain movements.
- Weekly grain traffic by tonnage, carloads, railway car type and corridor travelled.
- Railway car fleet information for all railway cars used for grain transportation, including the number of cars that are empty, loaded, in storage, enroute or in bad order.
- Railway car order fulfilment information, including dates orders were placed, name of shipper, origin and destination of the grain, the total number of railway cars ordered and cancelled by the shipper, and number of railway cars the rail carriers have committed, placed and/or cancelled

[Regulations on Operational Terms for Rail Level of Services Arbitration](#) further defines operational terms which may be subject to arbitration. With respect to railway companies' obligations to shippers, aspects subject to arbitration cover any action relating to receiving, carrying, unloading and delivery, such as the quantity of cars and the schedule for pickup and delivery.

An [amendment to the Canada Grain Regulations](#) provides for penalties to be paid by buyers to grain producers in the event that grain contracted for is not accepted by the buyer during the delivery period.

^[1] An Order in Council is made by the Governor General, and is issued under authority of or with the same effect as legislation.