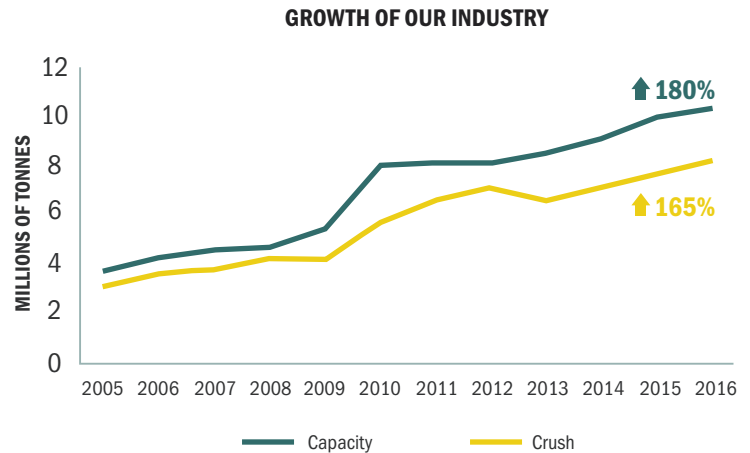
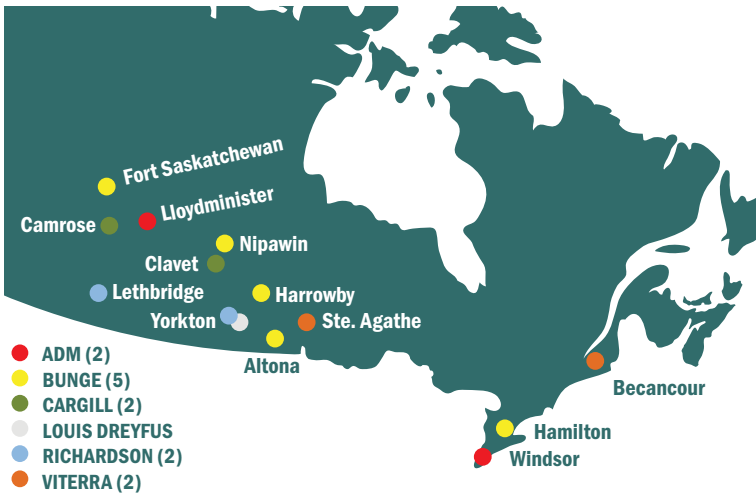


OILSEED PROCESSORS CONNECT FARMERS TO NORTH AMERICAN FOOD AND FEED CUSTOMERS



PROCESSORS NEED CONSISTENCY IN RAIL SERVICE

Processors have highly predictable rail use requirements throughout the year and therefore timely and consistent rail service is essential to the economic success of the industry. Canadian processors lease their own fleets of tank cars (4,100) and 60 % of hopper cars (3,500). About 1,600 cars are moved each week by processors. To maximize efficiencies and maintain quality, processing plants run on a continuous 24/7 schedule, have little storage and require just-in-time delivery of in-bound seed and shipment of out-bound oil and meal. Three quarters of oil and meal produced in Canada is transported by rail, with 85% being shipped to North American destinations (including all 48 continental US states) and 15% being shipped offshore. Our food manufacture and feed mill customers depend on just-in-time delivery to keep their plants operating.

**STRONG NORTH AMERICAN DEMAND.
DEPENDENT ON RAIL.**



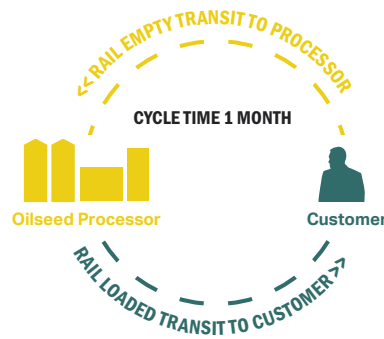
“In 2013/14 Canadian processors lost an estimated 358,000 tonnes of crush due to rail related issues for a loss of sales of about \$250 million.”

RAIL PERFORMANCE - TIMING MATTERS

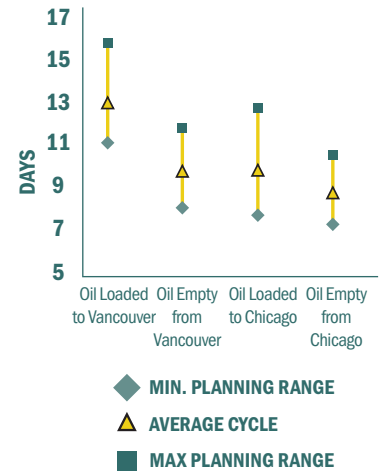
Getting rail cars to a customer and back in a reliable and timely fashion is critical for oilseed processors. Continuous schedules underpin profitability in successful operation of these businesses.

Both the length and consistency of cycle times are important metrics for assessing rail performance. The solutions discussed below are aimed at improving the railways' performance for both these metrics.

As an example, with leasing costs of \$70-90 million a year to support 40 plus day transit times, a 5 day reduction in transit times would improve the competitiveness of Canadian oilseed processors and save the industry \$9-11 million annually.



SIGNIFICANT VARIATION IN RAIL TRANSIT TIMES



PAYING FOR POOR PERFORMANCE

Sound commercial relationships are built on trust. When that trust is broken, companies fall back on contractual arrangements to solve performance problems. In the oilseed industry (and every other sector of the economy) contracts carry monetary consequences when one business partner fails to meet its obligations. This is true for all segments of the oilseed supply chain, except for railways. When a railway fails to deliver empty cars to a processor or full cars to a port, feed mill or food manufacturer, there is no way for oilseed processors to apply a monetary penalty. Railways, however, apply penalties when others do not load or unload cars on time.

WHO PAYS PENALTIES IF THEY DON'T PERFORM?



WE NEED A PERMANENT SOLUTION

- Provide the ability to arbitrate financial penalties and dispute resolution into Service Level Agreements to hold railways financially accountable for poor rail service
- Improve the general obligation for the railways to meet the demands of its shipper customers to guide rail capacity decisions rather than on what they are willing to supply by clarifying the definition of 'adequate and suitable' service in the Act
- The extended interswitching limit has become a valuable and often used tool for processors, it should be made permanent and transparent

For More information visit: copacanada.com