



CANADIAN OILSEED PROCESSORS ASSOCIATION

Oilseed Processors Applaud Government's Proposed Changes to Improve Rail Service

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The Canadian Oilseed Processors Association (COOPA) applauds Minister Garneau's announcement to introduce changes in Canada's rail transportation rules to create a more competitive environment.

"This is a big win for Canadian value-added processors and farmers" said COPA Executive Director Chris Vervet. "The Government of Canada is proving that it stands behind its promise to support and create the kind of environment where value-added processing can thrive."

Minister Garneau announced today that the Government is proposing legislative reforms to be introduced in spring 2017 that will give shippers the ability to negotiate penalties into Service Level Agreements which are a normal element of commercial contracts in competitive freight markets.

"The ability to apply a penalty when a service commitment is not met is crucial to any commercial environment," said Vervet. "On the one hand it could help to influence behaviour as we would hope the carriers seek to avoid the penalty in the first place, and on the other, it would compensate shippers for when confirmed orders for rail service don't show up on time and shippers have to pay penalties to their customers for expenses like contract extension or demurrage."

Canadian oilseed processors also applaud the Federal Government's plans to add further clarity in the Canada Transportation Act to remove ambiguity over the rail companies' obligations to meet shipper customers' demands.

"The Act requires the railways to provide adequate and suitable accommodation to its customers, but without a clear definition of what this means and no threat of competing forces the railways have come to interpret this to mean whatever best suits their own business requirements," said Vervet, "Better defining these terms will clarify that the obligation rests with the railways to meet their customer demands and will bring real balance into the system."

Canadian oilseed processors are also pleased that the government has committed to look at ways to address the future of other key items. Chief among them for oilseed processors is the proposal to make the extended interswitching limits permanent.

“Oilseed processors have already benefited from the element of competition that the extended interswitching limit provides,” explained Vervaeet, “The option of a competing rail carrier has given our companies the ability to negotiate rates and service in a way we never have been able to before. We are pleased that the Federal Government understands this and is looking to address it.”

COPA would also like to thank Ministers Garneau and MacAulay for committing to find ways to improve access and timelines for Canada Transportation Agency decisions. “Any tools we can give the CTA to improve its oversight of the system will be of tremendous benefit to all players,” concluded Vervaeet.

Given the critical importance of rail logistics to the success of Canada’s oilseed value-added processing industry, COPA looks forward to continuing to collaborate with the government and other stakeholders on the detailed elements of today’s announcement to ensure these reforms meet their goals.

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The Canadian Oilseed Processors Association (COPA) is a federally incorporated non-profit industry association that works in partnership with the Canola Council of Canada to represent the interests of the major oilseed processors in Canada.

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