

Voluntary Report – Voluntary - Public Distribution

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Report Name: Canada's Rail Stoppage Begins

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Report Category: Biofuels, Grain and Feed, Oilseeds and Products, Vegetables, Agricultural Situation

Prepared By: Erin Danielson

Approved By: Mary Ellen Smith

Report Highlights:

The Teamsters Canada Rail Conference (TCRC), representing 9,000 unionized workers at Canadian National (CN) and Canadian Pacific Kansas City Ltd (CPKC), officially walked off the job at midnight Eastern time on Thursday, August 22, reportedly marking the first time that simultaneous stoppages have occurred for Canada's two major rail lines.

The Teamsters Canada Rail Conference (TCRC), representing 9,000 unionized workers at Canadian National (CN) and Canadian Pacific Kansas City Ltd (CPKC), officially walked off the job at midnight Eastern time on Thursday, August 22, reportedly marking the first time that simultaneous stoppages have occurred for Canada’s two major rail lines. In preparation for an expected stoppage, beginning August 12 CN and CPKC began embargoing the movement of fertilizer products such as ammonia. On August 15, embargo action halted temperature-controlled intermodal traffic.

Transportation and labor analysts have speculated that the strike could last a couple of days or even a couple of weeks. Four of the past seven rail labor stoppages have ended due to Conservative Party-imposed back-to-work legislation, or the threat of it. The Liberal government has used legally binding tactics sparingly in labor disputes, imposing back-to-work legislation to end strikes only twice since PM Trudeau took office in 2015 (with respect to all industries, including those other than rail-related disputes).

Table 1: History of Teamsters Canada Rail Conference Strikes and Rail Company Lockouts

Beg. of strike/ lockout	Rail line	No. days	No. of employees	Reason for resolution
Feb 10, 2007	CN Rail	15	2,800	Conservative gov't passed, but did not implement, a back-to-work bill, leading the two sides to sign a tentative agreement the following day
Nov 28 2009	CN Rail	5	1,700	Conservative gov't threatened back-to-work bill, leading to the two sides agreeing to binding arbitration
May 23 2012	CP Rail	9	4,800	Conservative gov't ordered return-to-work via legislation
Feb 15, 2015	CP Rail	2	3,000	Conservative gov't threatened back-to-work bill, leading to the two sides agreeing to binding arbitration
May 29, 2018	CP Rail	16 hrs	3,000	Parties settled on a tentative four-year deal
Nov 19, 2019	CN Rail	8	3,200	Collective agreement reached
March 20, 2022	CP Rail	2	3,000	Parties settled on a tentative deal
Aug 22, 2024	CN and CPKC*	tbd	9,300	tbd

Note: Canadian Pacific Kansas City Limited, doing business as CPKC, is a Canadian railway holding company that resulted from the merger of Canadian Pacific Railway (CP) and Kansas City Southern (KCS) on April 14, 2023.

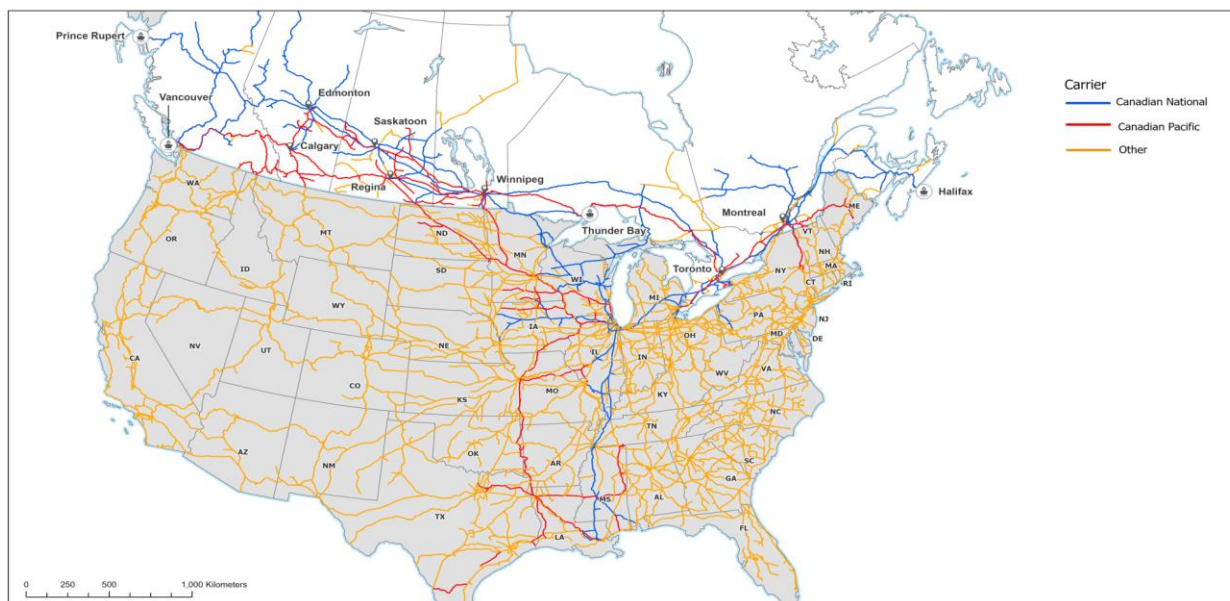
Source: FAS/Ottawa with input from various news sources

The Teamsters Canada Rail Conference (TCRC) has been in talks with both Canadian National Railway (CN) and Canadian Pacific Kansas City (CPKC) since November and September 2023, respectively.

Impact on the agricultural sector

The labor stoppage is expected to directly impact rail movement within Canada only but will also have a significant impact on bilateral trade and knock-on effects within the United States as congestion builds.

Figure 1: CN and CPKC Track in North America



Source: Transport Canada

From an agricultural lens, U.S. exports of biofuels, corn, soybeans, and soybean products to Canada may be the hardest hit of U.S. agricultural products/commodities. However, cross-border trade in bulk commodities, consumer products, biofuel, and feedstocks will all be affected.

In terms of rail movement of Canada's principal field crops, the labor stoppage will have the most detrimental impact on western Canada. Eastern Canadian grain and oilseed handlers are mostly un-reliant on rail. Without rail access to the Port of Vancouver, and the Port of Prince Rupert, grain handlers in Manitoba and Saskatchewan may look to truck some agricultural commodities and products to the Port of Thunder Bay to move through the Saint Lawrence Seaway to ocean vessels. However, trucking lines will face heightened demand, reduced availability, and potentially increased costs.

The new wheat crop is mid-harvest in the prairie provinces and many grain handlers would typically begin moving marketed grain to inland terminals or port positions this time of year. In Saskatchewan, the largest wheat-growing province of Canada, fifty-five percent of wheat has been harvested. Winter wheat in Eastern Canada was harvested earlier in August but moves primarily via truck, laker, and ocean vessel.

Ammonia, used for fertilization, is one of several products embargoed by the rail lines as of August 12 because it was flagged as a product of concern due to inhalation risk. It is needed for spring and fall fertilization, although spring is generally the most important time for fertilization. Again, Western provinces will be most affected. Eastern provinces bring in product from overseas and generally have it in place.

Business leaders have expressed concern regarding Canada's reputation as a reliable trading partner because of the multitude of potential strikes, while union leaders frame labor negotiations as a battle that they must win for the economic well-being of their members.

In the early afternoon of August 22, Canadian press reported that federal government will soon take steps to resolve the railway stoppages. On the same day, it was also reported that contract talks assisted by federal mediators resumed.

Table 2: U.S. Agricultural commodity and product exports to Canada via rail, USD, '000

	2021	2022	2023
Total Ag Bulk, Products, and Ag-related Products	2,326,772	3,891,665	3,337,262
Biofuel	1,253,496	2,066,686	2,241,927
Bulk Ag Total	607,848	1,273,433	622,294
Consumer Orientated Ag Total	465,429	551,546	473,042

Source: FAS/Ottawa, with data from Statistics Canada

Table 3: Selected Products - U.S. exports to Canada via rail, USD, '000

	2021	2022	2023
Corn ethanol	865,690	1,321,964	1,459,676
Biodiesel and biodiesel blends >30%	387,097	744,524	782,080
Corn	427,058	1,096,623	457,340
Soybeans and soybean products	395,943	531,075	446,611
DDGS	86,562	161,736	106,451
Wheat and wheat products	23,732	22,534	16,582
Canola and canola products	8,575	10,615	9,969
Barley	5,279	1,205	1,103

Source: FAS/Ottawa, with data from Statistics Canada

Table 4: U.S. exports to Canada transported via rail as percent of total value imported per category

	2021	2022	2023
Total Ag Bulk, Products, and Ag-related Products	11%	16%	14%
Biofuel	78%	75%	73%
Bulk Ag Total	38%	56%	38%
Consumer Orientated Ag Total	3%	3%	2%

Source: FAS/Ottawa, with data from Statistics Canada

Table 5: U.S. exports to Canada transported via rail as percent of total value imported per category – selected commodities/products

	2021	2022	2023
Corn ethanol	89%	91%	88%
Biodiesel and biodiesel blends >30%	62%	57%	55%
Corn	53%	75%	52%
Soybeans and soybean products	50%	54%	51%
DDGS	29%	55%	36%
Wheat and wheat products	14%	9%	9%
Canola and canola products	38%	34%	35%
Barley	9%	19%	9%

Source: FAS/Ottawa, with data from Statistics Canada

Attachments:

No Attachments.