

## Rail backlogs causing grain boom to go bust

60,000 loads of grain sit idle as prices drop, transport costs rise

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Canada's grain-supply boom is turning into a bust for farmers as record harvests and railway logjams make sales almost impossible.

Consider Dennis Gallant, 76. He has yet to collect one cent on the wheat, canola, barley and oats harvested last year on the 1,000-acre farm in Warren, Man., he has run since 1960. He has called the local grain elevator every 10 days since October. The answer since is always the same. No thanks. We're full.

"This is crazy," said Gallant, who normally has unloaded half his crop by March. The delays mean \$200,000 in lost revenue as prices slumped, and Gallant says he needs a \$100,000 loan to cover expenses. "We're bloody strapped."

Four months after the harvest, the crush of new supply is overwhelming a rail system needed to get grain to export depots across Canada, the world's top canola and oat supplier and No. 2 shipper of wheat. A backlog of railcar orders tops 60,000, eight times more than a year ago, boosting transport costs as most crop prices drop. The

National Farmers Union estimates lost sales at \$3.5 billion Cdn, and Agriculture Minister Gerry Ritz threatened mandates if railways don't fix the problem.

Constraints in moving crops for Canadian Pacific and Canadian National railways have been exacerbated by an unusually frigid winter across the Prairie provinces and a surge in shipments of crude by rail. Grain companies halted purchases of some crops and pulled back on sales, prompting the biggest crisis for the industry since the government dismantled the grain-marketing monopoly of the Canadian Wheat Board in 2012.

Farmers had record harvests of wheat, canola and corn in 2013, and surges from multiple crops in the same season placed unprecedented pressure on rail lines. "It's ironic after such a big crop being grown, Canadian farmers are victims of our logistics and transportation," said Doug Chorney, president of Winnipeg-based Keystone Agricultural Producers. "This is really unprecedented."

More than 60,000 railcar orders wait to be filled by railways, compared with a backlog last year of 7,300, said Mark Hemmes, president of Edmonton-based Quorum Corp., which was appointed by the federal government to monitor Canada's grain transportation system.

"This is the highest backlog ever," said Wade Sobkowich, executive director of the Winnipeg-based Western Grain Elevator Association.