

CP boss defends actions in grain backlog

Adding more rail cars now 'wrong' plan

BY LAUREN KRUGEL, THE CANADIAN PRESS MARCH 7, 2014 THE STAR PHOENIX

The head of Canadian Pacific Railway is taking on critics who say his company hasn't done enough to move a record western Canadian grain crop to market.

In full-page ads in the Globe and Mail and National Post newspapers on Thursday, CEO Hunter Harrison said he wants to "set the record straight" on how the railway has managed shipments during a particularly nasty winter.

Canada's two major railways - and Montreal-based Canadian National Railway - have been accused of making oil and other products a higher priority than grain.

"I'll be the first to admit that our usual service levels aren't being met during this period when all commodities in the entire supply chain are impacted by this brutal weather," Harrison wrote.

"Moving grain from the farm to the port is a complex pipeline involving many parties. Canada's largest ever grain crop and this winter's weather created the 'perfect storm.' " He said employees have been working around the clock to keep traffic moving.

Some have suggested adding more railcars and locomotives will help, but Harrison said that isn't the answer.

"Adding more cars to the system when it is congested and being negatively impacted by weather is exactly the wrong thing to do.

"It's like adding more cars to a highway at rush hour - everything moves that much slower," he wrote.

Federal and provincial governments have pushed for better rail service.

"We are having productive discussions with governments," Harrison said. "With their help, I am confident that we will tone down the rhetoric and move forward with a co-ordinated transportation system for the betterment of all Canadian shippers, including grain producers."

On Wednesday, Saskatchewan Agriculture Minister Lyle Stewart wrote to the province's banks urging them to be flexible with farmers hurt by the backlog.

On Thursday, the Bank of Montreal announced financial relief, including deferred loan payments, waiving certain fees and offering flexible terms on lines of credit for affected growers.

"We want to provide immediate support to any grain producers and other related businesses that may be experiencing cash flow disruptions as a result of the backlog, which can hamper their ability to finance crop expenses for the upcoming season," said the bank's senior vice-president of commercial banking, Steve Murphy.