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Canada's ports, railways straining under trade growth

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MONTREAL - An explosion in worldwide trade is putting such a strain on Canadian ports and railways that shippers claim it is creating supply problems for retail and manufacturing customers.

George Kuhn, executive director of the Canadian International Freight Forwarders Association, said container congestion is a worldwide phenomenon, with ships waiting off Los Angeles as many as 10 days to unload.

But in Canada, he blames the two main railways -- CN Rail and Canadian Pacific -- for not foreseeing immense traffic buildups from the Pacific and Europe.

"The key is the railroads in this country, and the railroads are still operating in the 19th and 20th century," said Kuhn, whose association has 160 members. "Their available rolling stock and inland facilities are all taxed to the maximum and then some."

Anne McMullin, spokeswoman for the Vancouver Port Authority, said in an interview Monday that there's a worldwide boom in container traffic, and that the Port of Vancouver is extremely busy.

"I can't comment on CN or CP, but certainly we're seeing incredible volumes," said McMullin, adding that container traffic was up seven per cent over the record levels of 2003. "Our containers are getting off the dock, but certainly the port and the rail companies are having to work incredibly hard. Things are getting out efficiently and quickly.

"But have we seen slowdowns? Absolutely. From the port's point of view, we need to see an increase in rail and road capacity, without a doubt."

CN spokesman Mark Hallman said the company has spent \$280 million on terminals and extended rail sidings since 1999 to improve traffic flows.

"It's more than just railways [involved]," said Mark Hallman. "You've got steamship companies, forwarders, ports, terminals, drayage; too often the finger gets pointed at the railways."

CN Rail spokesman Jim Feeny said Monday that Kuhn's allegations are off the mark.

"We don't have a a congestion problem with CN and we do not have a backlog," Feeny said. "And I'm talking about the entire network, not just the Port of Vancouver. And any allegation we're in the 19th century is totally groundless. We've invested hugely in our network."

CN Rail believes the Port of Vancouver could handle 15 to 20 per cent more traffic -- without more equipment -- simply by spreading out the flow of containers.

The CPR's Len Cocolicchio said the Calgary-based railway imposed allocations on shipping lines at Vancouver to limit container volumes "to bring some predictability to growth in that area."

CP intermodal carloads grew by 12 per cent in the first half this year.

"In Canada the situation is far superior to other parts of the world, and one of the reasons for that is the railroads," Cocolicchio said.

The Port of Montreal reported container traffic increased more than 10 per cent to the end of August compared with the same period last year, for a total of 7.1 million tonnes.

The Montreal longshoremen's union reported last month that delays averaged three weeks, extending up to seven weeks, and said one steamship line had to find an alternative port.

The North American backlogs extend back to Asia, where ships are limiting payloads because of bottlenecks in Canada, Kuhn said.

"So you can imagine that is very often creating havoc, especially in today's environment where manufacturing is working with JIT [just-in-time] systems," as well as with big department stores like The Bay, Kuhn said.

Kuhn said plans by CN Rail to develop the Port of Prince Rupert into a container port will help ease the pressure, but that is five to eight years away.

In the short term, Kuhn said the system would work better if the different transportation modes worked cooperatively, and if the railways would do more track sharing, as they do now, and equipment sharing.

"Each mode is still thinking in solitude; we have to become more altruistic in our thinking, to share information."

In the longer term there will have to be major investments for larger ports, inland terminals and double-track railway lines through public and private financing, he added. "We're talking billions of dollars."