

Consultation

CN will file its grain plan for crop year 2018–19 with Transport Canada by August 1, 2018, and we would like interested stakeholders to provide their views on opportunities for the movement of grain.

We believe a collaborative approach to the transportation of grain will improve results for the supply chain, which is why we are asking for your opinion. We thank you for your input in preparing our grain plan for crop year 2018–19.



1. Estimating the grain supply for 2018–19

In transportation, determining the volume of traffic to be moved is the first step toward adequate planning. However, crop production and carry-in supply represent just one piece of the puzzle. CN moves a portion of the overall grain crop, and designing grain service comes down to the origin and destination level that in turn drives resource planning. We would appreciate your input.

Your Feedback:

Tell us how you see the next crop:

- *What will be the size of the crop and overall supply availability this year?*
- *What impact has weather had on the crop so far this year?*
- *What will demand look like on the CN network down to the origin – destination level?*
- *What will be the carry-out for 2018–19?*

2. Establishing the capacity of Canada's grain handling system

The capacity of Canada's grain handling system varies throughout the crop year. CN delivers grain in three corridors (Vancouver, Prince Rupert and Thunder Bay). The closure of Thunder Bay during winter (which removes the equivalent of roughly 1,000 CN unloads per week at peak fall demand) significantly affects the overall capacity of the system. We would like to hear your opinion on the capacity of the grain supply chain and would appreciate any comments that could assist us in planning our service.

Your Feedback:

- *How do you see the capacity of the supply chain, taking into account the constraints of Thunder Bay and winter?*

3. Establishing CN's capacity

The 2017–18 crop year presented challenges for CN. We have publicly apologized for those shortcomings and we have committed significant resources as part of our record \$3.4-billion capital program in 2018 to prevent the situation from happening again. Our investments include \$340 million in B.C., \$320 million in Alberta, \$210 million in Saskatchewan and \$130 million in Manitoba.

1. On May 24, 2018, CN announced the acquisition of 1,000 new-generation high-cube grain hopper cars over the next two years to rejuvenate the aging equipment needed to serve increasing annual crop yields.
2. On December 22, 2017, CN announced the acquisition of 200 new locomotives from GE Transportation over the next three years to accommodate future growth opportunities and drive operational efficiency across its system. These new locomotives will increase CN's capacity to move grain starting in 2018–19, and the first of those 200 locomotives was recently delivered to CN.
3. After adding hundreds of conductors to the field so far this year, CN continues to hire. Approximately 1,250 new qualified conductors will be in the field network-wide before next winter, compared to heading into the 2017–18 winter.
4. We are investing \$400 million in new capacity across Western Canada.

CN is committed to completing those improvements prior to next winter.

Your Feedback:

- *Have you seen an improvement?*
- *What are your views respecting CN's investments?*

4. CN's grain marketing programs

In recent years, CN has moved from a general car allocation program to various commercial programs tailored to the specific needs of its customers. After consulting with its customers, CN developed programs that enable customers to secure capacity. For example, CN has fleet programs allowing customers to integrate private cars into its fleet in return for priority car supply. Reciprocal penalties are also provided in case either party fails to honour its commitments. CN anticipates that, for crop year 2018–19, 95% of its fleet capacity will be subscribed under its commercial programs. This success confirms that CN has been able to design commercial programs that meet the needs of its customers while also being balanced through the application of reciprocal penalties.

CN invites you to comment on its marketing programs with a view to improving its offering in a manner consistent with the needs of its customers.

Your Feedback:

- *What would you like to see in our grain marketing programs?*
- *Is there anything else you would like to see in our grain plan?*

Tell us what you think:

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www.cn.ca/grain2018