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**SUBMISSION**

**TO THE**

**RAIL FREIGHT SERVICE REVIEW PANEL**

**BY**

**CANADIAN NATIONAL RAILWAY COMPANY**

**ON**

**CONCERNS RAISED IN RESPECT OF**  
**CN'S INTERMODAL OPERATIONS**

**APRIL 30, 2010**

On March 15, 2010, the Canadian International Freight Forwarder Association (CIFFA) filed a submission with the Rail Freight Service Review (the Review) in which it makes a number of statements and allegations in respect of CN's Intermodal service without supplying any supporting data. CN wishes to address the following incorrect assertions made by CIFFA:

- Dwell time at ports has been increasing;
- Transit times have been increasing and are inconsistent;
- A dysfunctional reservation system causes long wait times for trucks at rail terminals;
- CN does not collaborate or supply information.

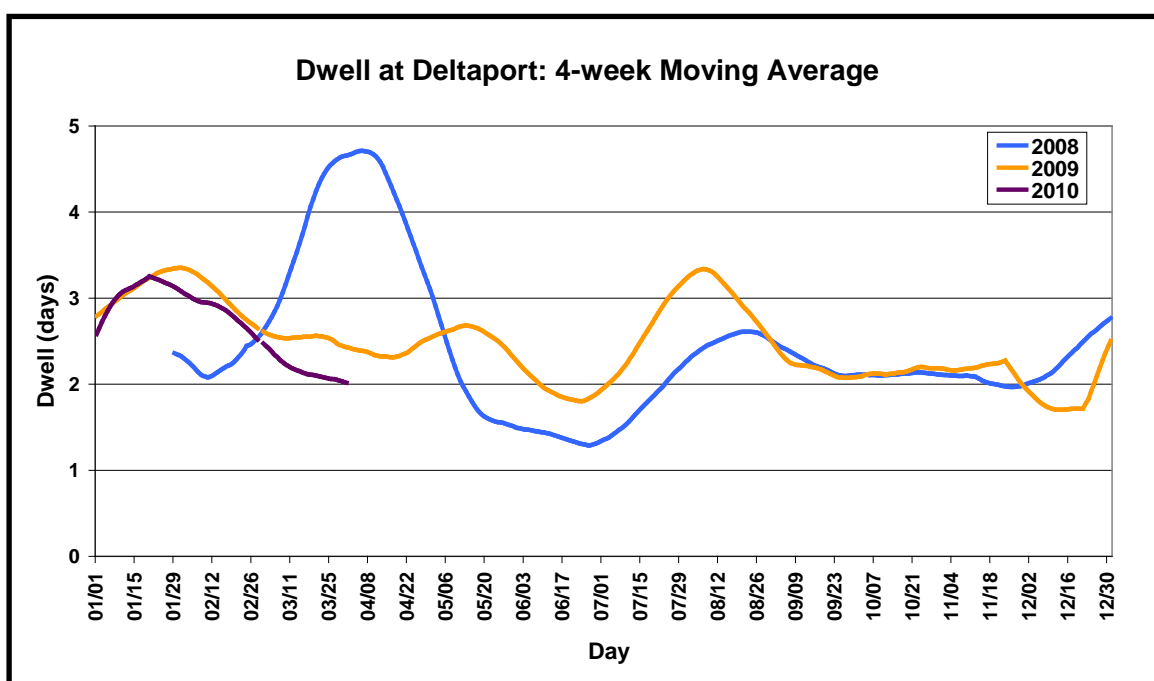
CIFFA is an association of freight forwarders who are customers of the steamship lines. The steamship lines, in turn, are CN's customers – the organizations with whom CN negotiates the performance parameters that we are in a position to deliver in servicing their business. The freight forwarders act as agents for importers or exporters with a goal to facilitate the logistics of the move. CIFFA, as an association and freight forwarder representative, has no assets involved in the movement of freight and provides no physical handling of goods.

CN has decided to make this separate submission to redress the facts and set the record straight on the changes and the improvements taking place in its intermodal business.

## 1. DWELL AT THE PORTS HAS NOT BEEN INCREASING

CIFFA claims that cargo is being delayed in Vancouver by as much as a week and that a two to three week delay is not unusual. They attribute these delays to CN not providing enough equipment to move the traffic. CN does not know where CIFFA is getting the data to support these assertions.

In reality, the facts supplied by the ports and presented in the following chart totally refute their allegation, as the dwell time at Deltaport was consistently below three days throughout 2009 and has been trending down towards two days recently.



Source: Port Metro Vancouver

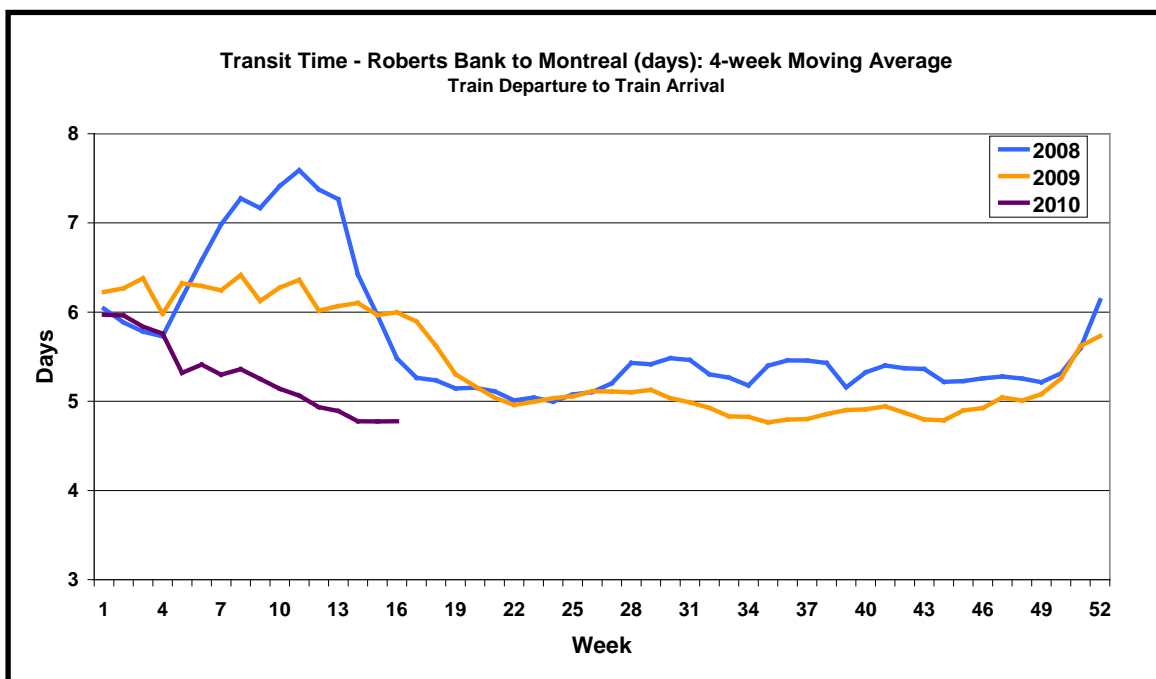
Furthermore, the dwell times compare favourably to competing ports in the US, where, according to CN information, the dwell time is also in the two to three day range.

Of course there are delays that occur from time to time which are outside railway control, such as vessel bunching, custom inspection processes, peaks in traffic volumes and terminals not loading to rail. Therefore, in considering delays or dwell time, it is important to look at the overall performance of all supply chain participants rather than point to a single participant, the railways.

## 2. CN TRANSIT TIME IS CONSISTENT AND HAS BEEN IMPROVING

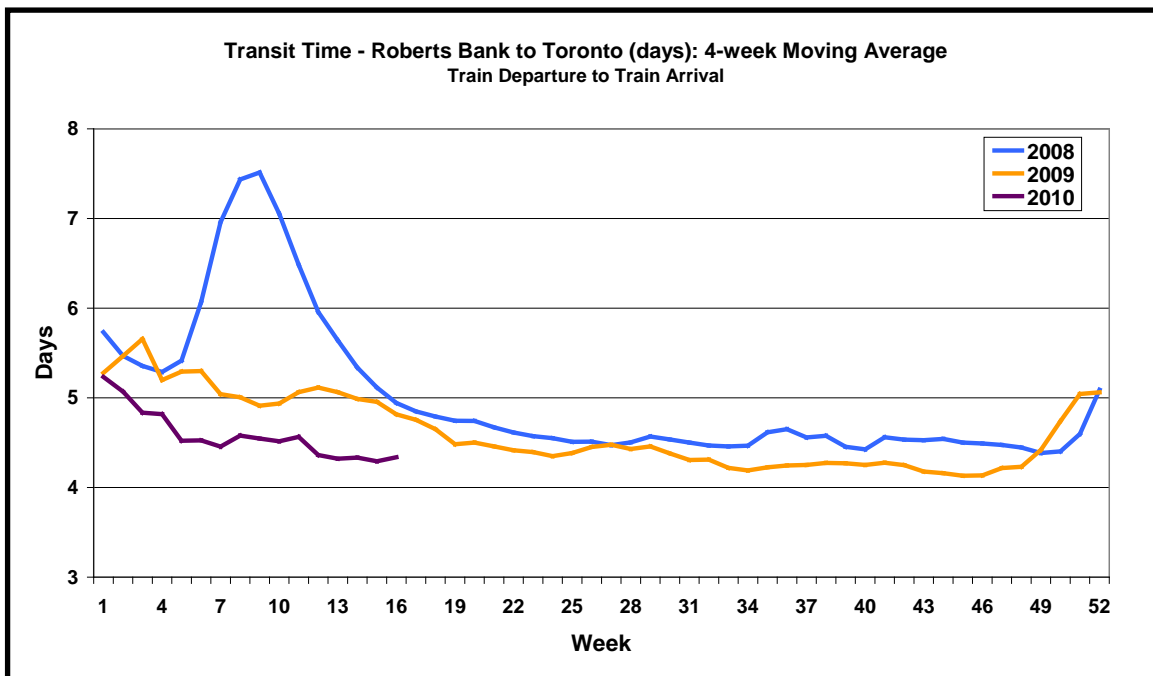
CIFFA claims that transit times have been increasing and are currently 100% higher than a decade ago. As an example, they quote that transit time from Vancouver to Montreal used to be five days and is now 10 days. Again, CN is at a loss to understand where CIFFA obtained their transit time data, as this is totally inaccurate.

The following graph shows that CN's transit time from Roberts Bank to Montreal consistently ranged from five to six days in 2009 and has been trending to drop towards five days lately. This is significantly lower than what CIFFA is suggesting.



Source: CN

As another example, CN's transit time from Roberts Bank to Toronto has consistently ranged from four to five days in 2009 and has been trending to four days recently.



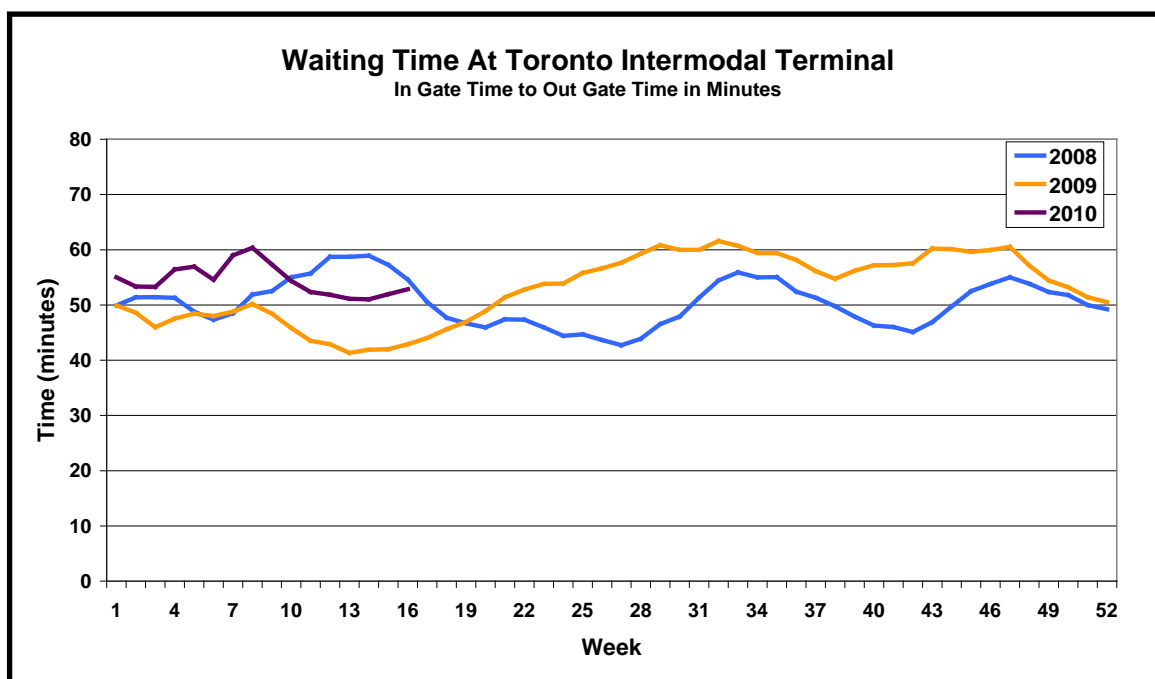
Source: CN

### 3. CN'S GATE RESERVATION SYSTEM IS FUNCTIONING WELL

For container pick-up and delivery, CIFFA claims that railways have a non-functioning reservation system that limits access to terminals and forces storage fees. CN can state categorically that this is not accurate. Actually, CN's system is fair and equitable to all CN users. Truck companies, hired by CIFFA members (freight forwarders and others), are the ones who make the reservations and are the ones physically interacting at the terminals. The gate appointment system to pick up an import container or deliver an export container is only applicable at the Montreal and Toronto terminals. The appointment system was implemented at these two terminals in 2003 and 2005 respectively, specifically to address congestion and waiting time issues for truckers and to improve service to our customers.

The system is open to all users for reservations at a set time (three week days in advance). To book an appointment, the user provides the preferred time to pick up the import. The system confirms that the unit is scheduled to have arrived by the time of the requested appointment and that the terminal has the capacity to handle the request based on other reservations already confirmed. If the user's requested appointment time is not available, alternative available windows are then offered. A similar process is in place for delivering exports to the terminal.

The following chart shows that the time spent in the Toronto intermodal terminal by truckers has varied between 40 and 60 minutes in the last two years. In fact, it takes 52 minutes, on average, from the moment a trucker gets into the terminal, has either its container dropped off or has a container picked up, or both, and then gets out of the terminal. In Montreal, the average time spent in the terminal by truckers is also 52 minutes for the same period. This is clear evidence that CN's reservation system is working and meeting its goal. There is no foundation to support CIFFA's assertion that truck wait times have been unacceptably high as the goal of having a reservation system in place is to prevent excessive line-ups outside the gate and expedite traffic through the terminal.



Source: CN

#### 4. CN IS COLLABORATING AND SHARING INFORMATION WITH PORTS AND TERMINALS

CIFFA contends that the railways operate as silos, uncoordinated and disconnected from the larger whole. This contention is without foundation.

In fact, as one of several supply chain initiatives, CN has just entered into a partnership agreement with the Port of Halifax and its two terminal operators. The agreement provides for the establishment of performance standards and reporting on service standards by the stakeholders. It also formalizes regular meetings with the key players to review the performance of the overall logistic chain on an ongoing basis. The agreement includes an escalation process to resolve issues if and when they arise. This agreement sets the stage for the development of similar arrangements with other ports.

CN suggests that CIFFA's views are out of line with those of many customers, such as Wal-Mart Canada. The latter recently recognized CN as their *Innovator of the Year* for its "truck-like service" in the Canadian intermodal world. We believe that the service improvements being achieved by CN are being increasingly recognized in the market place.

The Panel's mandate is to develop recommendations for the Minister in respect of service issues identified during the Review. Such recommendations have to be based on accurate information and reliable facts. The statements and allegations made by CIFFA are not based on facts and can only serve to undermine the Panel's work if they were to be relied upon.