

## Grain-shipping delays giving Canada black eye

Asian clients perturbed by supply problems, business delegation told

Bill Mah, Edmonton Journal  
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A grain-shipping backlog has blackened Canada's reputation as a reliable food exporter in key Asian markets, says Alberta's agriculture minister, who just returned from a trade mission.

"It was a bit of an elephant in the room in some of our meetings with people in Japan and also in Singapore," Verlyn Olson, Minister of Agriculture and Rural Development, said in a teleconference call Monday.

"The recent troubles we've been having with our record harvest last year and moving the crop to market by rail has resulted in a fair bit of angst in international circles."

Olson and a delegation of business leaders travelled to Japan, China and Singapore on a trade mission May 18 to 30, where much of their time was spent performing damage control on Canada's reputation.

In Japan, which is Asia's second-largest wheat buyer, Olson heard from companies unhappy with Canada's shipping problems.

"They frankly told us that they are turning to other suppliers like the U.S. to meet their needs. While we were there, we fielded a number of pointed questions from companies and potential investors about what we're doing to ensure the long-term dependability of our rail service and our transportation infrastructure.

"For Alberta and Canada to avoid permanent damage to our reputation, this is something we cannot ignore. We have to take it very seriously."

This year's 76-million-tonne western Canadian crop is 50-per-cent higher than the 10-year average. It strained the grain handling and transportation system so much that the federal government estimates farmers have taken a \$7.2-billion to \$8.3-billion income hit from the grain transportation backlog.

The federal Fair Rail for Grain Farmers Act, which provides clear targets and tougher penalties for railways, officially passed last month.

That legislation is helping, but governments still need to pursue new markets and ensure adequate rail infrastructure, Olson said.

The industry representatives who accompanied Olson on the trip also worry about Canada's black eye.

"Western Canada damaged its reputation in terms of being a reliable supplier, with the rail issues this year," said Milt Miller, president of grain company Providence Grain Solutions.

Face-to-face meetings helped smooth relations, he said. "There was a genuine appreciation that government and industry were working hard to increase the service level."

But Miller warned a repeat of the bottlenecks would be disastrous. "There will be long-term damage if we fail again. ... If this is a one-off we will survive it as an industry, but I shudder to think what will happen if we repeat ourselves."

Ward Toma, general manager of the Alberta Canola Producers Commission, said one Japanese trader told him that his company abandoned Vancouver and began sourcing commodities from the United States.

"They're willing to pay a higher price to get the product," Toma said.

Japan is one of the canola industry's longest and most consistent customers with roughly half of every Alberta farmer's field going to Japan, he said.

Future grain-shipping delays could do lasting and serious harm to Canada's farm exports, he said.

"One trader told us, 'You do not want the reputation Brazil has.' They can't get product out of the country," Toma said.