

Shippers' coalition wants feds to curb "railway market power"

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The Coalition of Rail Shippers (CRS) is calling on the federal government to enact legislation that would check the power of Canada's two national rail freight carriers.

The coalition also wants CN and CP to be subject to independent dispute resolution and performance measures.

"Canada's shippers need regulations at an early stage to rebalance the bargaining power between railways and their customers," said coalition chairman Bob Ballantyne. "Rail service is too inconsistent to provide the reliable and predictable service that Canadian industry needs to remain competitive. We would like a regulatory backstop to be brought in now, not years from now."

Ballantyne was responding to a recently released interim report by the Rail Freight Service Review Panel; the three-member panel plans to release its final report by the end of the year.

During a press conference in Ottawa on November 16, the CRS—an affiliation of 18 shipping industry associations—said the panel's recommendations did not go far enough in addressing lack of competition and service gaps.

Quoting the panel's interim report, Ballantyne noted the major cause of rail service failures as "railway market power, which leads to an imbalance in the commercial relationships between the railways and other stakeholders. This in turn reduces the railways' accountability for performance."

The panel's interim report also recommends the railways get three years to voluntarily deal with service problems. At the same time, the panel said the government should impose regulatory measures if the railways fail to voluntarily make any changes by 2013.

CN's director of communications and public affairs, Mark Hallman, said in a statement that the coalition was off base in calling for greater rail regulation based on "flawed" conclusions from the panel's research. The panel's research actually concluded solid railway transit times and order fulfillment, as well as "world class speed of rail delivery," he said.

"The panel did not undertake any research on the issue of competition in the rail-based logistics chain," Hallman said. "So CN cannot understand why the panel could reach a conclusion that CN and CP possess market power."