



CANADIAN OILSEED PROCESSORS ASSOCIATION

October 27, 2020

Canadian Transportation Agency
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MEMBERS:
ADM Agri-Industries Company
Bunge Canada
Cargill Limited
Louis Dreyfus Company Yorkton Trading LP
Richardson Oilseed Limited
Viterra Oilseed Processing

Re: Consultation - Regulated Interswitching Rates

Dear Sir/Madam,

The Canadian Oilseed Processors Association (COPA) is pleased to respond to the Canadian Transportation Agency's consultation with respect to *Railway Interswitching Regulations*.

COPA is a federally incorporated non-profit industry association that works in partnership with the Canola Council of Canada to represent the interests of oilseed processors in Canada. COPA currently represents six companies that own and operate 14 processing facilities in Canada. These facilities process canola and soybeans grown by Canadian farmers into vegetable oil and protein meal used in food, biofuel and animal feed applications.

An estimated 9 million tonnes of oil and meal is shipped by rail each year to North American market destinations or to port locations for international export. This represents approximately 90 % of our total production, underscoring the importance of railway transportation to our industry.

Regulated interswitching can be a valuable tool to help provide a competitive alternative for shippers that are captive to a single rail carrier. Unfortunately, the existing 30 km limit for regulated interswitching does not provide access to competitive alternatives from most oilseed processing facility locations.

Despite this practical challenge, regulated interswitching and how rates are established remain important to COPA, especially if the principle of extended interswitching were to be revisited by the government. Oilseed processors made extensive use of regulated (extended) interswitching when this provision was in force between 2014-2017.

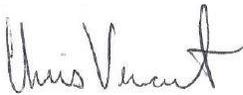
While the consultation paper appears well intended to make the rates simpler, fairer, more accurate, and more transparent, COPA is concerned that the CTA has not provided an estimated impact on rates under the “one-zone – one-rate” and “new block category” proposals. In the absence of this analysis, we cannot make an informed decision on the merits / pitfalls of the Agency’s proposed changes and therefore recommend maintaining the status quo.

COPA would also like to take this opportunity to point out that the Agency has consulted several times now on interswitching rates, but it has not asked stakeholders to comment on the overall efficacy of regulated interswitching. As mentioned above, it can be an important tool for shippers if designed in a manner that is practical and transparent.

For example, we encourage the CTA to undertake a consultation on the performance of the Long Haul Interswitching provision. Has it demonstrated an ability to provide competitive alternatives, or guard against abuse of monopoly powers? How has its uptake compared with the extended interswitching provision that it replaced? We believe Transport Canada, shippers and the entire supply chain would benefit from an analysis by the Agency in this regard.

Thank you in advance for considering our views on this consultation and regulated interswitching generally. If you have any questions with respect to the above, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Chris Vervaet".

Chris Vervaet
Executive Director
COPA