



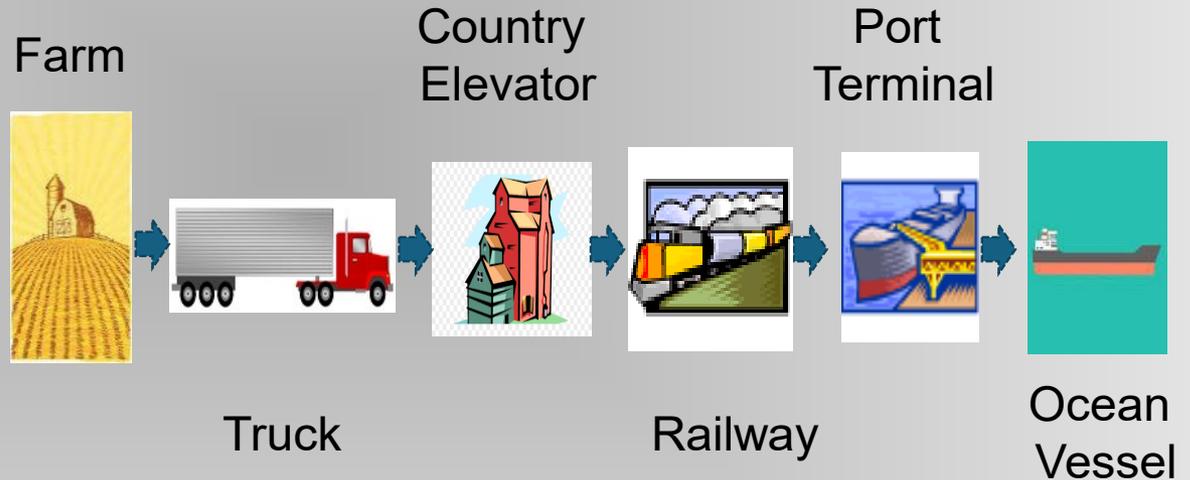
Western Canadian Grain Handling and Transportation System

**DURUM SUMMIT 2025
SWIFT CURRENT, SK
JANUARY 30, 2025**



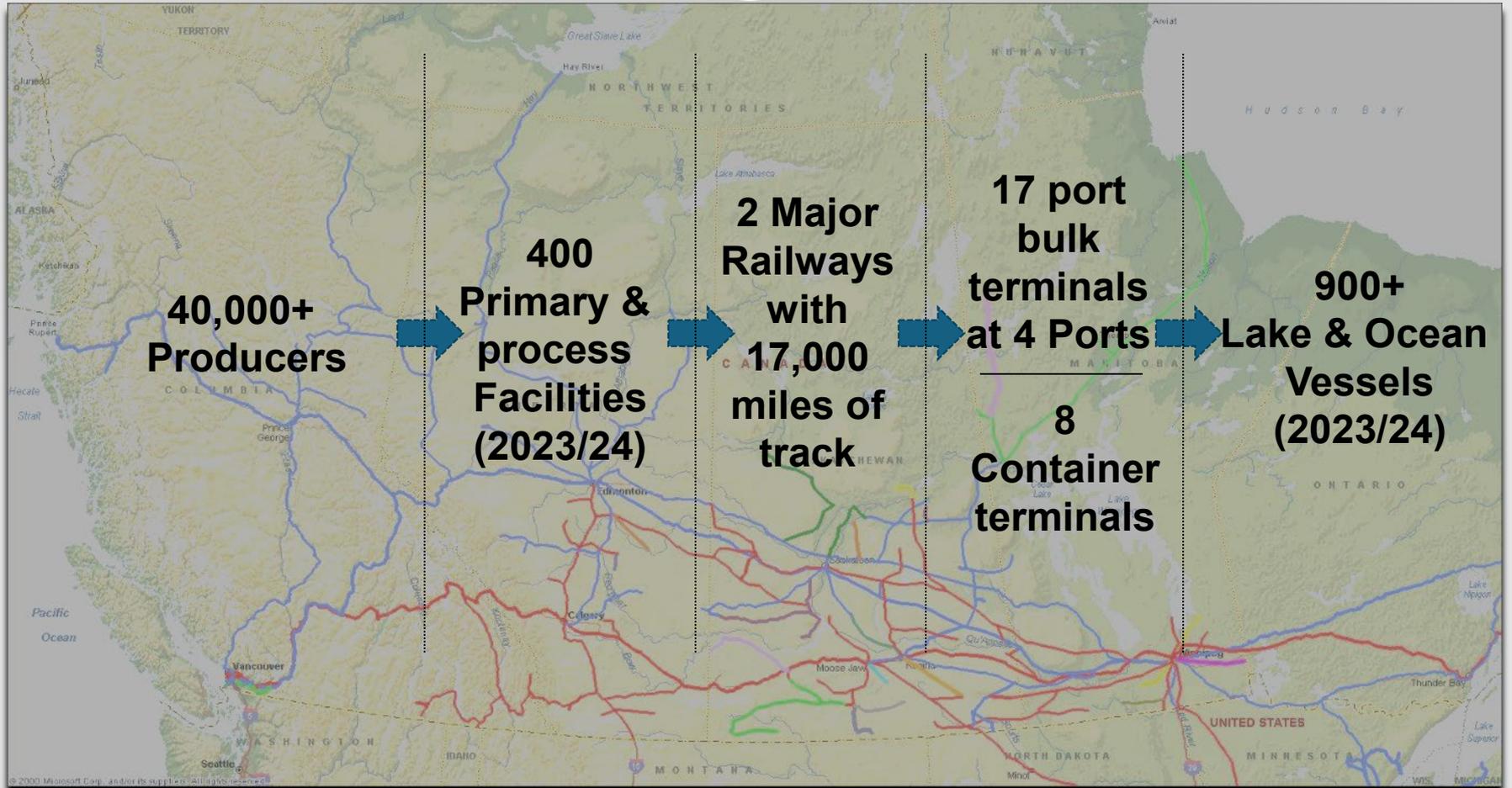
GHTS Overview

- Canada in Global Market
- Western Canadian Grain Supply
- Grain Movement
- Durum Exports
- Rail Capacity
- Current Supply Chain Issues



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The Canadian “Playing Field”



Canadian Grain Logistics in the Global Market



Determining Factors

- Geography
- Infrastructure
- Demographics
- Climate

Length of Haul to Export

- Brazil: 100-1250 miles (580 miles average) (Truck 90%)
- Argentina: 100–500 miles (Truck 90%)
- Australia: 50–150 miles (Truck 50%, Rail 50%)
- United States: 350-600 miles (Truck 20%, Rail 40%, Barge 40%)
- **Western Canada: 800–1,150 miles (Rail 95%, Truck 5%)**

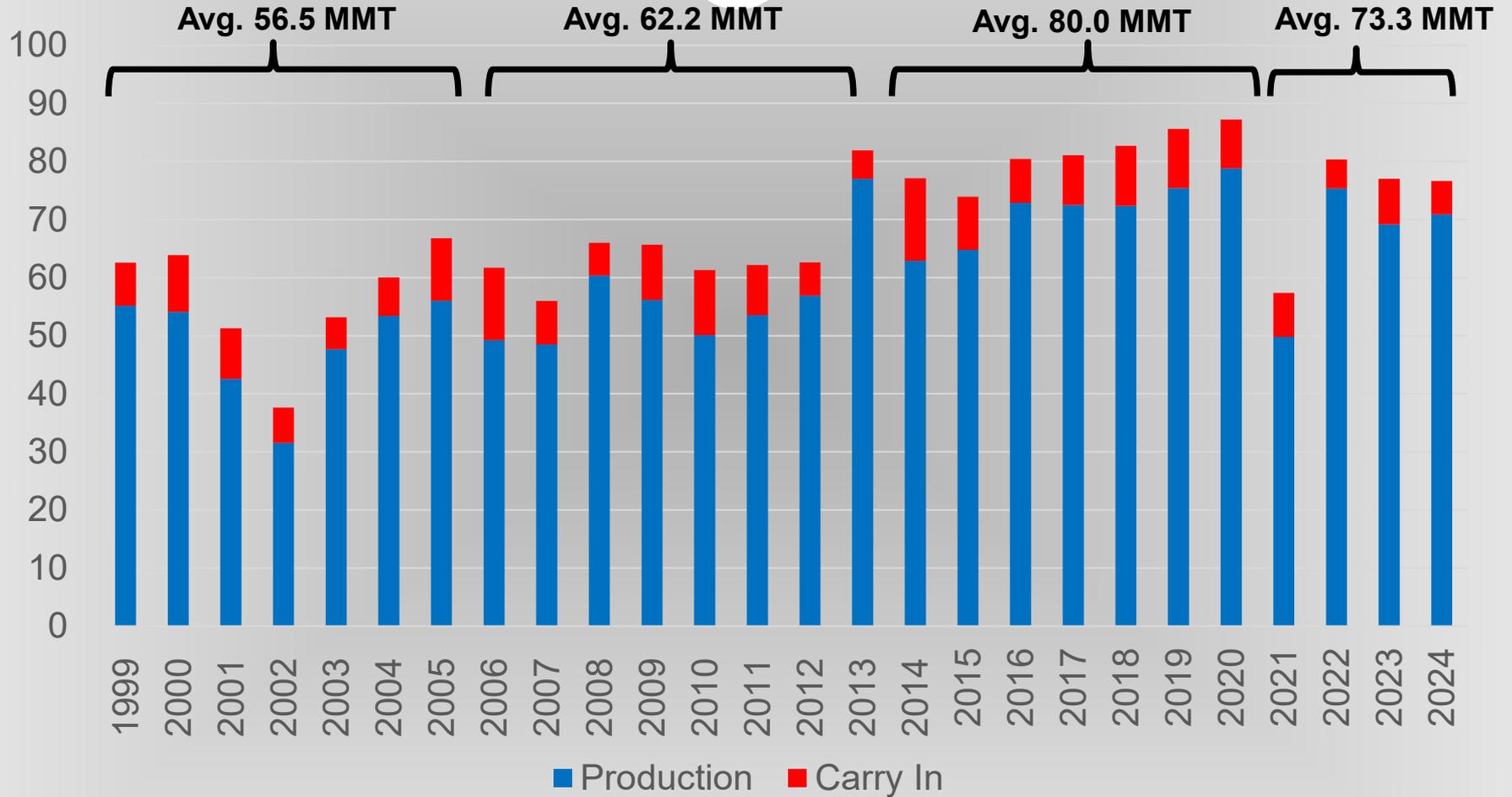
Dependency on Exports (% of Crop Exported)

- Brazil: 50% (150 MMT of 300 MMT)
- Argentina: 50% (50 MMT of 100 MMT)
- Australia: 45% (27 MMT of 60 MMT)
- United States: 30% (160 MMT of 550 MMT)
- **Western Canada: 66% (50 MMT of 75 MMT)**
 - *Grains, oilseeds & processed products exported versus total production*



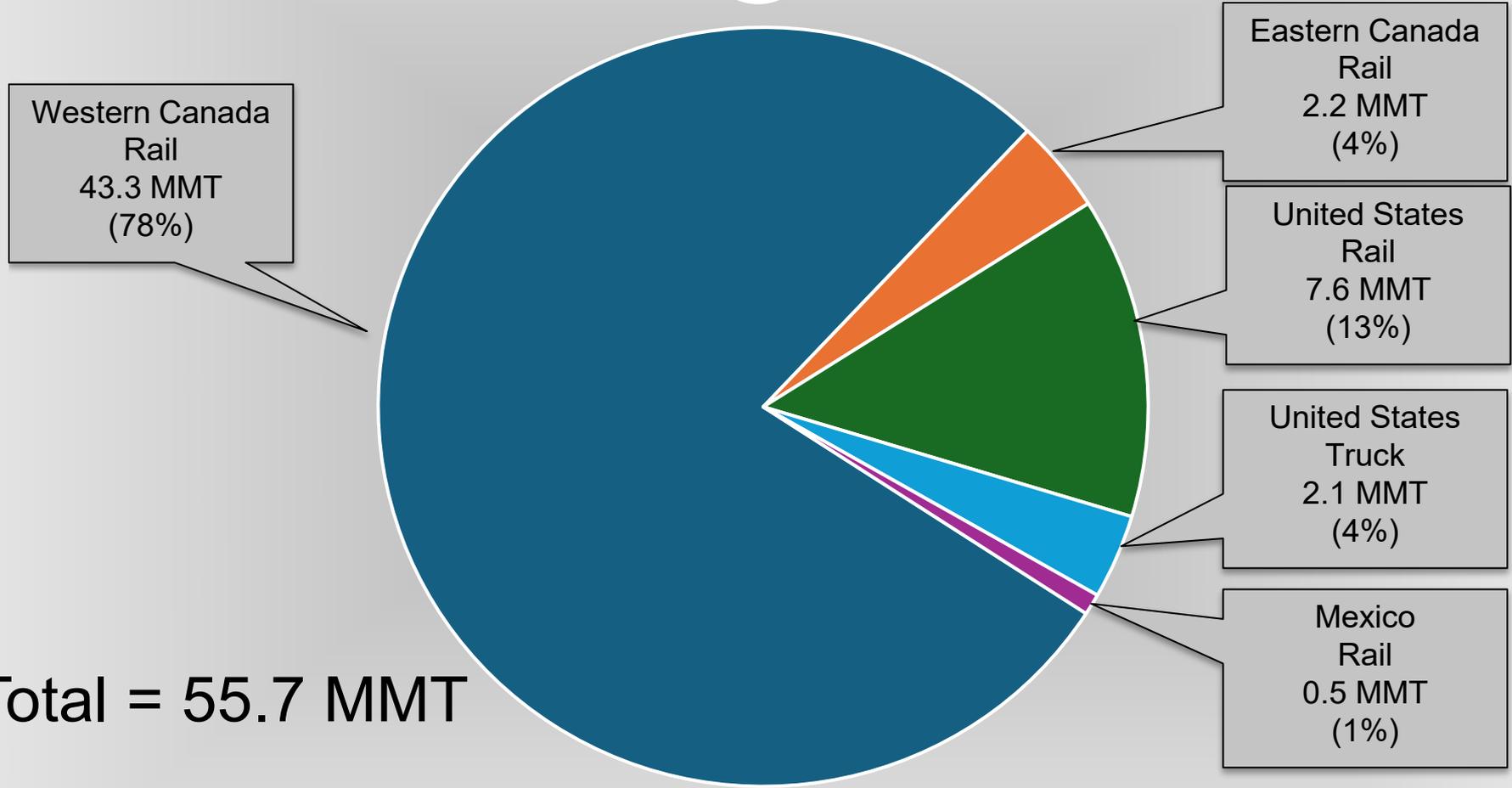
Total Grain Supply

(Western Canada Production and Carry-In Stock MMT)



Where Does Western Canadian Grain Go?

2023-24 Crop Year

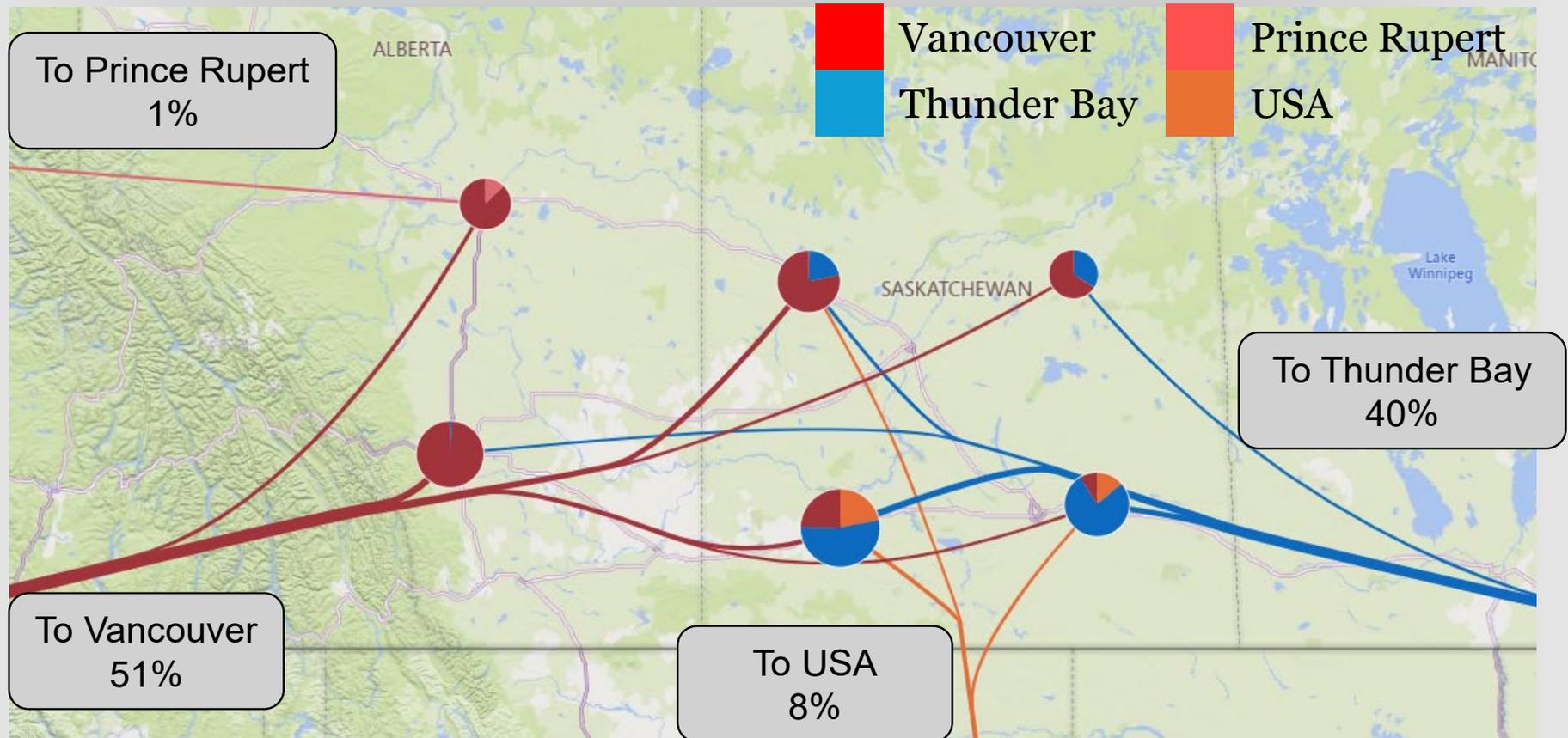


Total = 55.7 MMT



Durum Export Rail Movement By Origin

2023-24 Crop Year

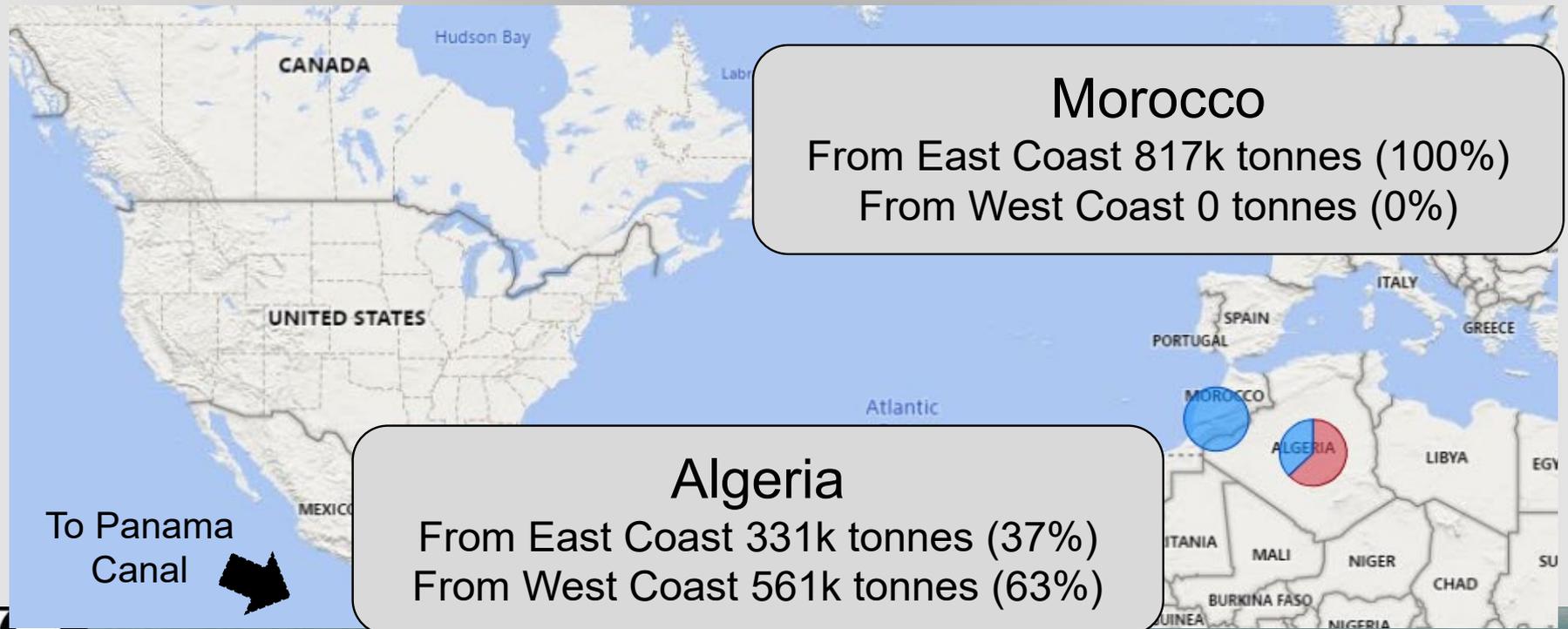


Durum Export to North Africa

2023-24 Crop Year



- Algeria and Morocco were the two largest customers for durum, but had different transportation routing despite being neighbours



Flow of Grain within Canada



- Logistics cost structure has three major components
 - Rail Transportation to port (plus St. Lawrence Seaway for Eastern)
 - Port handling fees
 - Marine transportation to destination
- Canada is BIG – rail transportation can be 2-3x ocean costs, per tonne
- Transportation costs vary by distance
 - Rail \$25 to \$80 per tonne of wheat (Aug 2023)
 - Marine \$25 to \$40 per tonne of wheat (Aug 2023)
- Most grain moves by rail to their closest port of export, with a “break-even” point in central/east SK
 - Higher marine rates would push transportation toward closest port to customer.





GHTS Overview

- Canada in Global Market
- Western Canadian Grain Supply
- Country Elevator Network
- Grain Movement
- Rail Capacity
- Port of Vancouver
- Current Supply Chain Issues

Grain Carrying Capacity

- Simplified explanation is the combination of:
 - How fast the railcars move
 - ✦ Car cycle times
 - How many railcars are available
 - ✦ Hopper cars in service of moving grain
 - ✦ Crews & locomotives to move them
 - How much volume per train
 - ✦ Newer high-capacity hopper cars vs standard
 - ✦ Train lengths

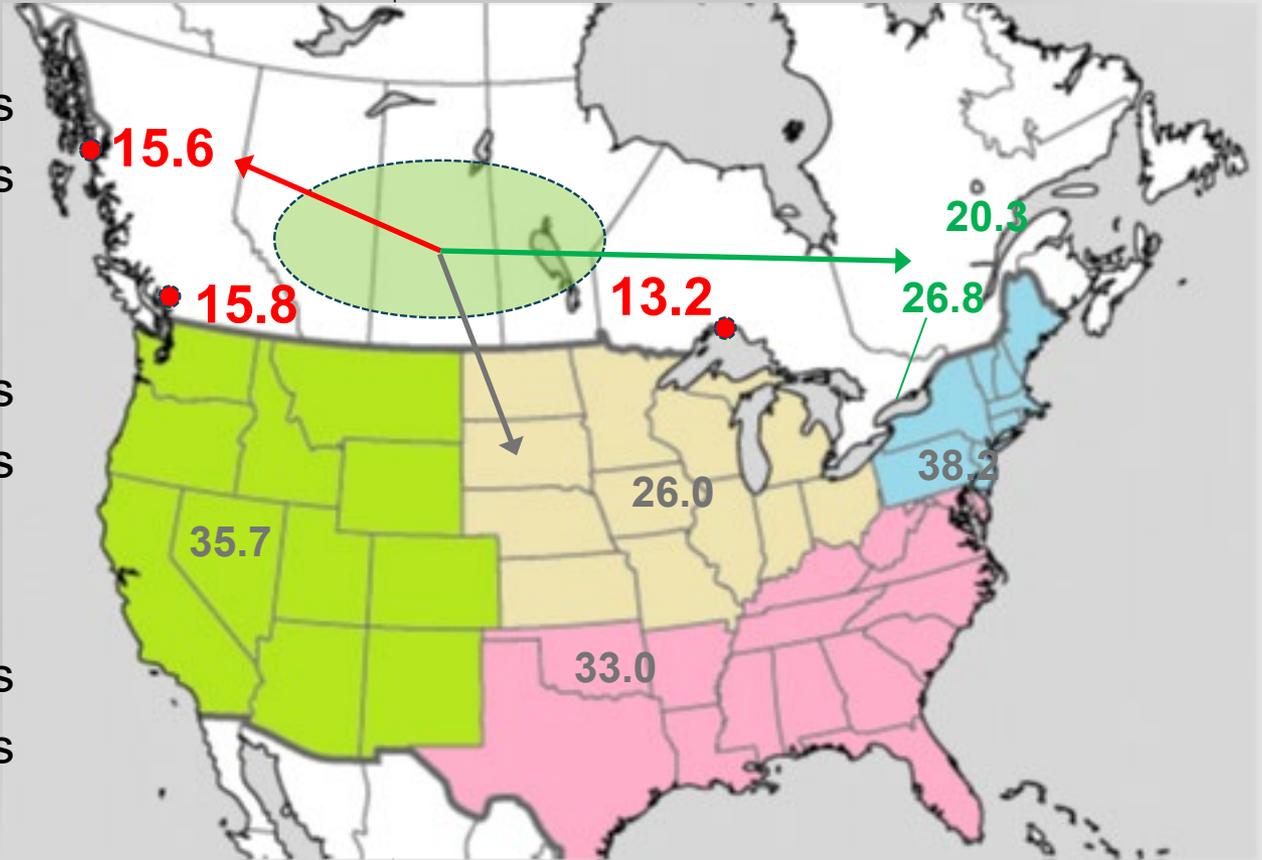


Western Canadian Car Cycles

2023-24 Crop Year (GMP Monthly Tables 5B Series)



- Western Canada
 - 2023-24 = 15.3 days
 - 2022-23 = 14.0 days
- Eastern Canada
 - 2023-24 = 25.8 days
 - 2022-23 = 24.3 days
- United States
 - 2023-24 = 26.8 days
 - 2022-23 = 26.1 days



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Loop Track Elevators

- First one in 2012, Paterson Grain at Long Plain, AB
- Now at 51 as of November 2024
- Only 1 loop track terminal elevator- G3 Vancouver
- Quantifiable benefits to car cycle times

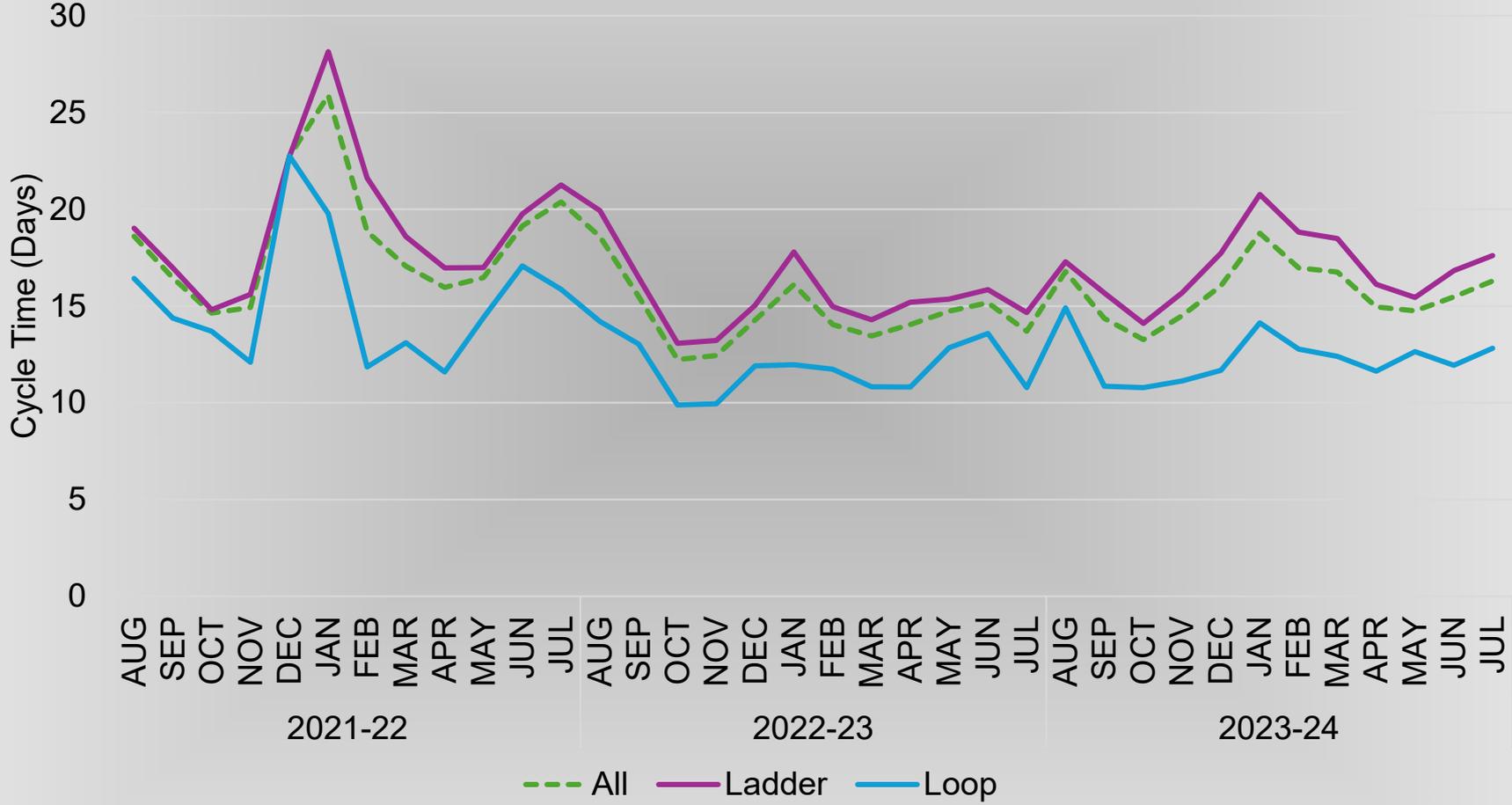


Photo: Paterson Grain, Bowden AB

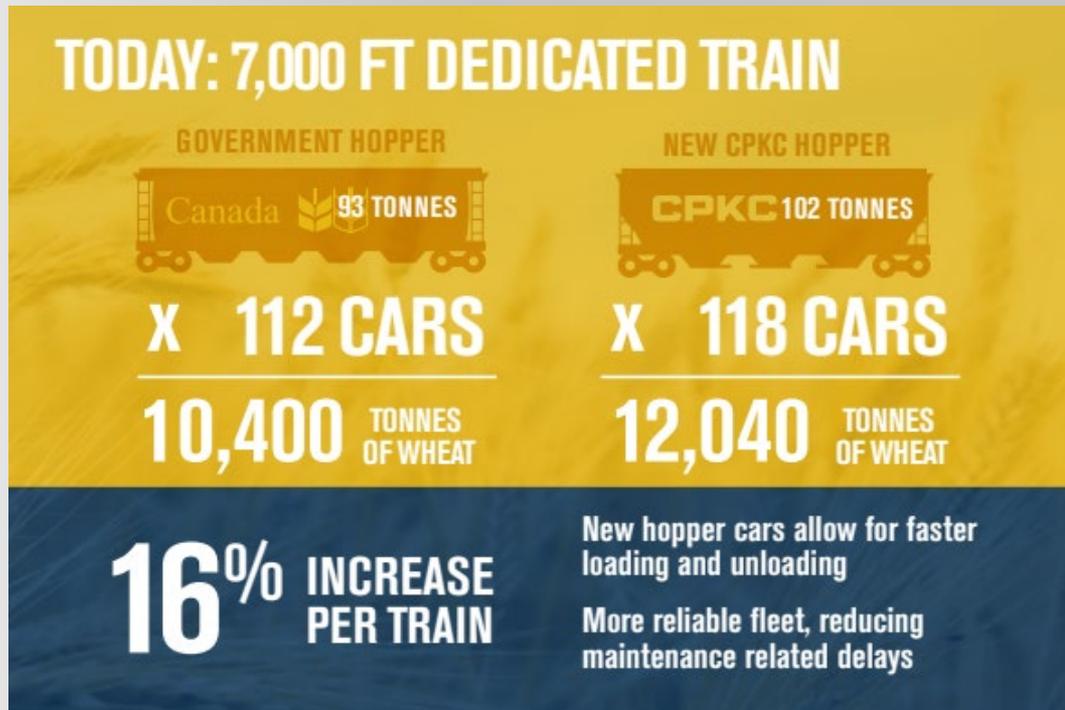


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Car Cycles – Ladder vs Loop Origins



Volume per Train - New Hopper Cars



Source: CPKC 2024-25 Grain Plan

- CN, CPKC and grain companies have invested in new hopper cars
- The cars are shorter and have higher capacity
- CPKC Example: 16% more grain moved with the same crews & locomotives



In Country:

- **Bunge-Viterra Merger**

On Rail:

- **Extended Interswitching**
- Duty/Rest Rules
- Labour negotiations

At Port:

- **Active Vessel Traffic Management (AVTM)**
- Loading in the Rain
- **Vancouver North Shore Access**
- Labour negotiations

External:

- Black & Red sea conflicts
- Potential USA Tariffs
- China Canola
- USA Biofuel regulations



Grain Supply Chain Issues



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In Country – Bunge / Viterra Merger



- Approved with conditions on January 14, 2025
 - Viterra must sell 6 country elevators
 - Includes legal controls on Bunge's minority interest in G3.
- Transportation Impact
 - Likely minimal. The flow of goods through the supply chain should remain similar.
 - Bunge will have a stake in 3 of 7 major grain terminals at Vancouver
- Producer Impact
 - Remains to be seen. Certain regions may see changes to pricing offered.



Rail - Extended Interswitching

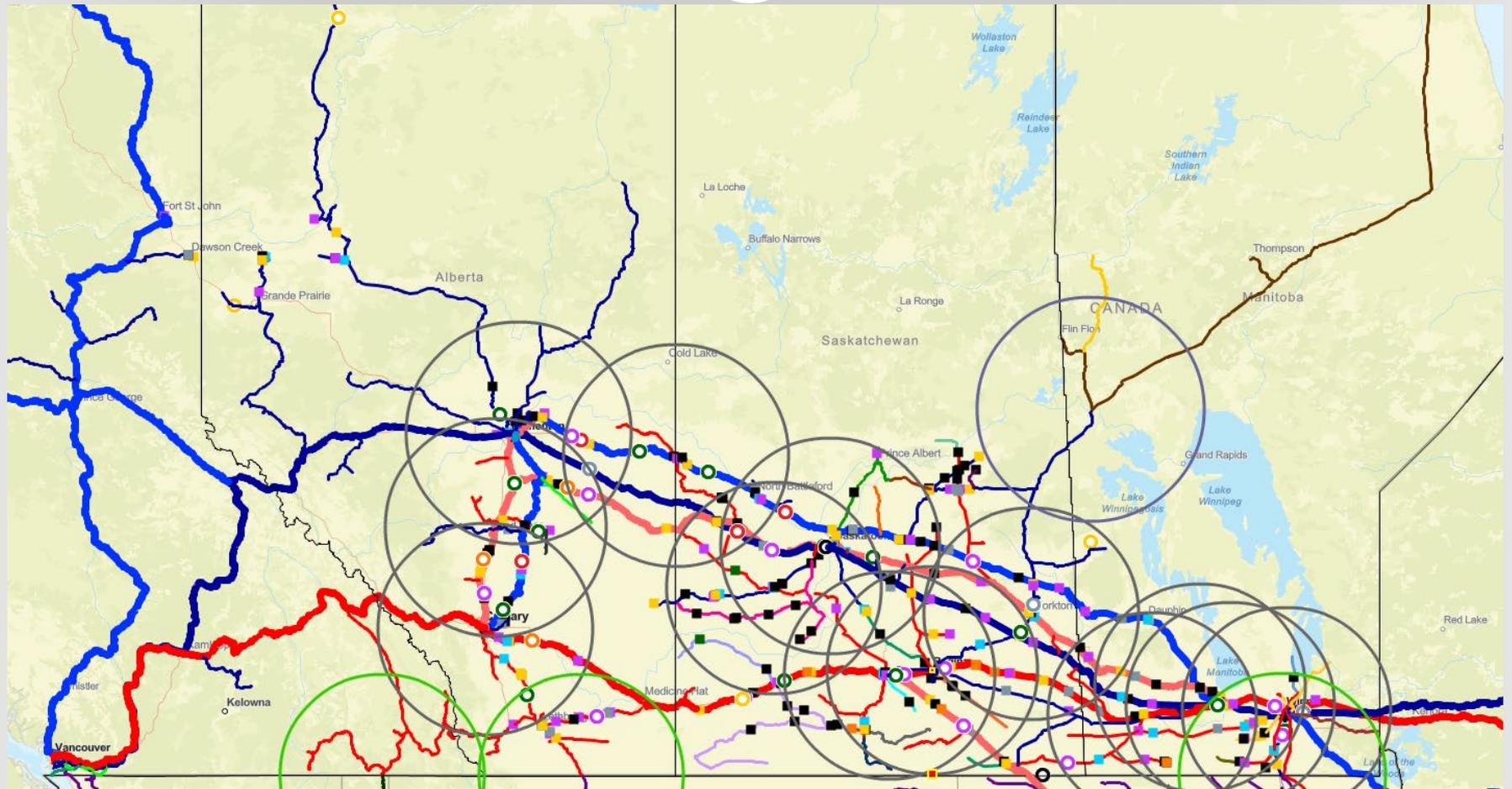


- Tool used to encourage market forces in the rail industry
- 18-month trial period set to end in March 2025
- Provides access to competing railways for elevators within 160km of an interchange
 - 7% of elevators are within 30km of an interchange, the previous limit
 - 88% of elevators are within 160km of an interchange, the extended limit
- Even if extended interswitching is not directly used it still benefits shippers when it exists
 - Improved positions during negotiations for car supply and freight rates



Rail - Extended Interswitching

Elevators covered by 160km



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Port of Vancouver – New Westminster Bridge

- Issue

- The bridge is old, last updated in 1937
- Downtime would affect approx. 35% of all Vancouver rail traffic

- Status

- A review is underway within Transport Canada, in cooperation with the railways

- Solution

- Likely eventual replacement



Port of Vancouver – Second Narrows Bridge



- Issue

- Competing access from rail and marine transportation
- Only rail access for North Shore terminals, including 3/7 major grain terminals

- Status

- Port and CN working on scheduled transits

- Solution

- Cooperation to improve capacity without infrastructure spending



External Risks



- Black & Red sea conflicts
 - Impact to markets, global shipping rates, routes, and time to customer
- China anti-dumping investigation on canola
- USA
 - Tariffs
 - Clean fuel and feedstock regulations



Thank You

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