



CHEMISTRY INDUSTRY
ASSOCIATION OF CANADA

ASSOCIATION CANADIENNE DE
L'INDUSTRIE DE LA CHIMIE

April 20, 2018

The Honourable Patty Hajdu, P.C., M.P.
Minister of Employment, Workforce Development and Labour
Employment and Social Development Canada
140 Promenade du Portage, Phase IV, 12 Floor
Gatineau, Quebec K1A 0J9
By email: patty.hajdu@hrsdc-rhdcc.gc.ca

Dear Minister Hajdu:

I am writing to you on behalf of the member-companies of the Chemistry Industry Association of Canada (CIAC) who remain deeply concerned about the nearing strike activity and work stoppage at the Canadian Pacific Railway (CP) beginning as early as tomorrow - April 21, 2018.

A work stoppage would be extremely detrimental to the Canadian economy and to our member-companies who rely exclusively on rail to ship roughly 80 per cent of their production. In anticipation of the strike, members have already started to see reduced service and financial impacts. It should be noted that \$20 million worth of industrial chemical products rely on CP's network to get to their destinations **every single day** and that the economic impact of the work stoppage is \$1 million per day **per facility that is shutdown**.

In many cases, chemical plants are continuous operations that require reliable, uninterrupted rail service to produce and deliver essential products to customers. A typical large chemistry company can ship and receive around 80 cars per day. In the event of an interruption, they quickly run out of storage capacity and incur shortages for incoming raw materials.

The impacts of a CP strike will be immediate, severe, and long-lasting as there are no viable alternatives for shipments. Critical rail service issues over the winter on Canadian National Railway (CN) and CP's networks have been highly publicized in recent weeks. These service failures have already left customers running at reduced capacity and lacking storage capacity for product. Many CIAC members are captive to CP's network. Even for those that are dual served by CN and CP have been told clearly that CN's network is not in a position to take on extra capacity. The driver shortage in the road industry is also extremely limiting for any shift to road transport. Furthermore, given the volumes our members are shipping and the demand from all sectors, these are not feasible alternatives.



Chemistry in Canada is a \$53 billion industry as measured by annual sales, and provides vital inputs to other key sectors including energy, housing, automobiles, pulp and paper and consumer products. When our plants cannot deliver product and are forced to reduce output, these areas of the economy are also impacted. There are health and safety implications as well, given that many municipalities rely on our member-companies to supply chemicals for essential services such as water treatment.

CIAC believes that a negotiated solution is always the preferred outcome, but if this fails, we request that you and your Cabinet colleagues consider the broad implications of a potential work stoppage and take early action to prevent serious damage to the Canadian economy.

CIAC has worked closely with government in previous strikes and provided information on the critical impacts to the economy, community and supply chain. Once again, we are ready to assist you and your Ministry at the earliest possible opportunity if negotiations fail. Please do not hesitate to contact me if you require further information or support.

Yours sincerely,



Bob Masterson
President and CEO

Cc: Rt. Hon. Justin Trudeau, Prime Minister
Hon. Marc Garneau, Minister of Transport
Hon. Navdeep Bains, Minister of Innovation, Science and Economic Development
Hon. James Carr, Minister of Natural Resources
Hon. François-Philippe Champagne, Minister of International Trade
Michael Keenan, Deputy Minister, Transport Canada
Lori Sterling, Deputy Minister of Labour, Employment and Social Development Canada
Hon. Judy A. Sgro, Chair, Standing Committee on Transport, Infrastructure and Communities
Hon. Andrew Scheer, Leader of the Opposition
Hon. Jagmeet Singh, Leader of the New Democratic Party
Keith Creel, President and CEO, Canadian Pacific Railway
Don Ashley, National Legislative Director, Teamsters Canada Rail Conference