

# Canadian railroads start scaling back business ahead of potential work stoppage



*With CPKC and CN shutting down operations ahead of a potential work stoppage on Thursday, shippers must use backup options to get their cargo to its destination. Photo credit: Shawn.cff/Shutterstock.com*

**Ari Ashe, Senior Editor | Aug 19, 2024, 3:03 PM EDT**

Canada's two freight railroads have begun shutting down operations ahead of a possible work stoppage on Thursday, with little progress made in negotiations with the union on a new collective bargaining agreement covering more than 9,000 conductors and engineers.

Canadian National Railway (CN) is no longer accepting intermodal shipments and Canadian Pacific Kansas City (CPKC) will cease accepting intermodal business on Tuesday. US Class I railroads are also closing their gates to any cargo destined for Canada until further notice.

“Despite negotiations over the weekend, no meaningful progress has occurred, and the parties remain very far apart,” CN wrote in an advisory Sunday. “Unless there is an immediate and definite resolution to the labor conflict, CN will have no choice but to continue the phased and progressive shutdown of its network which would culminate in a lockout.”

A work stoppage, depending on its length, would have far-reaching impacts. More than 250,000 ocean and domestic containers move between Vancouver and Toronto annually, with another 125,000 containers moving between Montreal and Toronto each year. But a stoppage would also affect the US — some 50,000 loads move from Vancouver to Chicago annually, according to a *Journal of Commerce* analysis of data from the US Surface Transportation Board (STB) and Intermodal Association of North America (IANA).

Both CN and CPKC have issued lockout notices to the Teamsters Canada Rail Conference (TCRC), which means the railroads would no longer need to abide by the previously negotiated collective bargaining agreement. The TCRC responded with a 72-hour notice on Sunday of its intention to strike on Thursday morning.

Paul Boucher, president of the TCRC, criticized both railroads in a pair of statements on Sunday.

“By unilaterally locking out our members and changing the terms of the collective agreements, they are stripping our members of essential protections. We’re serving strike notice to defend the rights and safety of our members,” Boucher said. “We are ready to bargain, but CPKC needs to stop playing games and get serious.”

In a statement directed at CN, Boucher said that “the biggest sticking points are company demands, not union proposals ... if a work stoppage occurs, blame will rest squarely on CN.”

Canadian Labour Minister Steven MacKinnon declined last week to exercise his authority to order binding arbitration, which would have temporarily delayed a shutdown. The Canadian Parliament is on summer recess until mid-September, so lawmakers would have to be called back to Ottawa for a special session to pass back-to-work legislation.

MacKinnon wrote on X, formerly known as Twitter, that the two sides continue to negotiate in Calgary and Montreal with federal mediators.

“I urge the parties to fulfill their responsibility to Canadians and reach agreements at the bargaining table,” he wrote. “Workers, farmers, businesses and all Canadians are

counting on them.”

The major sticking points are wages, rest rules and labor availability.

The railroads would like to shift salaries from a per-mile model to a per-hour wage. The railroads have said this would result in higher pay for employees, but the unions contend it would result in lower wages.

Perhaps the biggest stalemate, however, is on the work rest rules and labor availability.

The Canadian government enacted new work rules covering railroads in 2023, which among other things reduced the maximum on-duty period for rail workers from 16 hours to 12 hours and capped the total hours in a seven-day period at 60.

CN and CPKC believe the new rules are sufficient to cover the issues of rest periods and labor availability, while the TCRC believes the rules should supplement, not replace, previously negotiated protections.

## Potential impacts

Meanwhile, ocean carrier Maersk said Monday it would stop accepting some Canadian-bound shipments until further notice.

For cargo already en route to Vancouver and Prince Rupert, there are options to get the cargo to its destination. For importers in Canada or the US, shipments can be drayed from the receiving port to a cross-dock where the cargo can be transloaded into a truck trailer and taken on the highway. Shipments into Vancouver could also be drayed to Seattle, where they can be placed on BNSF Railway or Union Pacific Railroad to Chicago, although the nearby Tacoma market is already experiencing rail congestion related to rerouted cargo.

Shippers who use CN and CPKC outside Canada will not see any disruption in service. The Mexico Midwest Express, a CPKC train between Mexico and Chicago, will run normally as there are no Canadian crews operating the train. The CN-partnered Falcon Premium service between Mexico and Detroit and all CN routes within the US will also operate normally.

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