

Euro Asia Transload Inc.

Rick Cowan

VP

Rail Freight Service Review

These comments are intended to express some of Euro Asias concerns and logistical relationships with the CNR. The other stakeholders will often have different concerns and points of view which are no less important. I am not including those views as it would only be redundant information to you.

Euro Asia Transload Inc. is an off dock warehousing and Transload facility that comprises of three warehouses {consisting of 523,000 square feet}. We are rail serviced by the CNR with the majority of our rail cars bringing in Export commodities from all across Canada. These export commodities are then loaded into ocean going containers and delivered to the local Ports for loading on to ships.

We have the capability to offload **18 rail cars** per day {one rail switch per day} at our Burnaby location and **35 rail cars** per day at our Richmond facilities {one rail switch per day}. It can also be noted that CNR also brings us CPR and BNR rail traffic into our facilities. The total number of rail cars handled in 2009 was **8,636**.

Rail car transit and regular car delivery to various warehouses

CNR in the past has been less than consistent with rail deliveries to our various warehouses. The adverse impacts were increased labor, overtime, rail congestion, missed bookings for vessels, excessive demurrage, etc. The solution to these difficulties was a mutual review of logistics initiated by CN and us, to move from a less than consistent to an exemplary service with much greater consistency.

Communications, and an understanding of each others logistics, has become the major factor in establishing consistent, reliable service and thereby helping to alleviate the logistical dilemma that we were in. The final resolution to these problems required both participants to work together and to understand the nature of each others restraints and difficulties and to resolve from there.

Rail Bunching and Congestion

Rail congestion {an example} occurs when rail cars would be held up in transit to make up a larger train. The result of this congestion {to Euro Asia} is that a greater number of rail cars arriving at Vancouver at the same time. Our warehouse facility could not handle the increased rail volume beyond our ability to receive the equivalent rail cars to the maximum amount of rail spots, thus creating a problem for ourselves and CNR in trying to unload as quickly as we can to avoid demurrage becoming a factor as well as not being able to turn the rail cars around in a timely fashion. This was a detriment to us, CNR and our customers as our customers would have

a delay in receiving empty rail cars. Through dialog with CNR and their respective initiatives we were able to initiate changes that would benefit all parties. We extended our work week to seven days thus giving us the ability to receive more products and turn the rail cars very quickly. CN has offered secondary switching {when required} to help alleviate any congestion. The resolution of these problems was achieved again by mutual communication.

It must be clear that some items were not attainable due to restrictions on our part as well as the CN ,however, the alternative was not acceptable to both parties and the end result was increased turnaround and quicker un-loading of rail traffic as well as decreased bunching of rail cars.

Rail Car turnaround

Utilizing the same logic as Rail Bunching and Congestion it can be noted that the core problem is road blocks to achieving a desired turn time for rail cars. Positive or shorter turn times allow the warehouse to handle more commodities while giving the rail an opportunity to meet their commitments to provide empty rail cars to the Export community. Rail cars that are not turned at the warehouses initiate a delay down the logistic chain. The largest asset to achieving sustainable turn time is the requirement of warehouse facilities to stay open seven days a week. It can be noted that CN does work seven days a week. This turn time capability is not at present {industry wide} attainable as the empty container storage facilities and the docks are closed on weekends.

As a terminal operator I can not pick up empties to load product to decrease inventory and to create more storage capacity to receive rail cargo, nor can I deliver Export containers to the docks as they are also closed. The review of this logistical scenario {container yard facilities and ports} would be most beneficial.

In Transit Information

CNR provides to us relatively real time information on rail car transit {12 hours}.On occasion there are computer clichés and or data entry errors, however, the reports are generally correct and there is a quick recovery response from CN customer service. These reports are very important as they provide a window of opportunity {often in excess of five days} to access transit time and the consequences of on time delivery, delayed service, or general rail activity.

With increased technology combining with logistical data entry systems, information systems could be enhanced to provide even more advanced information. These systems could then be put into place to minimize the impact of underutilizing or over committing resources.

Communication and dialogue with the CN are key to initiate these advanced systems to further streamline transit. With advanced information we will be able to arrange more efficient unloading at point of rail destination.

Principal Factors

- Communications & Collaboration
- Demurrage
- Turn Time
- Extended work week for warehouses, docks, container storage facilities.

- Real time information
- Enhanced information systems
- Expanding Infrastructure