



## THE INTERNATIONAL GROUP, INC.

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Rail Freight Service Review Secretariat  
Suite 808 – 180 Elgin Street  
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April 30, 2010

### **Submission to the Rail Freight Service Review Panel**

The International Group, Inc. is a privately-owned manufacturer of waxes and related products. We have been in business for over 60 years. We are proud to be one of the few remaining Canadian-owned petrochemical firms. We operate refineries in Toronto, ON and Farmer's Valley, PA. We also have blending and packaging facilities in Oshkosh, WI, Titusville, PA and Baytown, TX. We also operate a bulk terminal network covering both ocean and barge water systems.

We are heavily dependant upon railway service and our Toronto refinery is switched by C.P. Rail. Our fleet of tank cars is approximately 550 in number. In 2009, we shipped approximately 500 cars out and received approximately 1,200 cars into our Toronto refinery.

Our facility in Toronto is a 24/7 continuous flow refinery. We purchase feed stocks from companies such as Petro Canada, Imperial Oil, Shell Canada and others.

Over the past several years, we suffered from poor and inconsistent service levels from C.P. Rail. We have been close on numerous occasions to shutting down our refinery due to railway service failures. Some examples of service failures and related changes include:

- Failure to provide daily switches without notice
- Elimination of Saturday switch service without consultation
- "Losing" cars for extended periods of time
- Delivering incorrect cars to our plant
- Removing incorrect cars from our plant
- Providing switches at inconsistent times
- Proving conflicting information from different points of contact
- Refusal to perform additional plant switches, even when we were willing to pay for the additional service.
- During holiday periods, service is sporadic and inconsistent.

**THE CUSTOMER DRIVEN CORPORATION**

- Reduced slot allocations to store empty cars

Furthermore, demurrage charges are not consistently reduced in cases of these service failures.

On non service based issues, railway pricing is also a concern. Rates have increased over the past several years at rates higher than the rate of inflation. Rate justifications are poor and there is limited recourse.

The net impact has been to shift more business to truck and to make The International Group less competitive in our market. As a Canadian manufacturer competing in a global marketplace, railway pricing and service is a significant deterrent to our ongoing competitiveness.

In terms of solutions that can be implemented, I can offer the following suggestions.

**Performance Based Rates:** Based on agreed upon service metrics, rate levels should rise or fall based upon the railway meeting these standards. Rate increases should be strongly linked to service levels in order to incent the railways to provide better service levels.

**Service Guarantees:** Service guarantees are the most powerful service statement a company can make. If services are not performed as described, some form of compensation should be made to the shipper.

**Customer Consultation:** Customers need to be consulted in advance before significant service changes are made. As an example, our Saturday switch service was removed with minimal notice. Consultation needs to be genuine with the real opportunity for the customer to have input into the decision-making process.

**Improved Interline Agreements:** On many occasions, our cars are held due to interchange disputes between C.N. Rail and C.P. Rail in the Greater Toronto Area. On these occasions, no railway personnel accept responsibility while our cars are held. The ultimate cost is borne by The International Group and its customers. Operating agreements between railways should be clear, concise and not impede customer service.

**Clear Lines of Responsibility:** My observation is there is limited accountability for service with the C. P. Rail organization. We deal with Toronto Yard, Winnipeg Car Control and Calgary Customer Service employees. At times, we get conflicting information from these three groups. There needs to be one person or group ultimately accountable to the customer.

**Rate Notice Periods:** Customers need to be given at least 90 days notice of intentions to adjust rates. This year, The International Group was given one week by C.P. Rail to review and analyze a rate proposal which if accepted would cost the company hundred of thousands of dollars in rate increases.

Thank you for the opportunity to make a submission to the Panel.

Yours very truly,

A handwritten signature in black ink, appearing to read 'D. Faoro', written in a cursive style.

David Faoro  
Director Supply Chain  
The International Group, Inc.