



FERTILIZER CANADA

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November 15, 2022

Via email: TCSummit-SommetTC@tc.gc.ca

Re: Final Report of The National Supply Chain Task Force 2022

On behalf of our member companies, thank you for this opportunity to provide feedback on the Final Report of the National Supply Chain Task Force 2022. Fertilizer Canada represents the manufacturers, wholesale, and retail distributors of nitrogen, phosphate, potash, and sulphur fertilizers – the cornerstone of Canada’s agri-food economy. Our industry contributes approximately \$24 billion annually to Canada’s economic activity and supports the employment of over 76,000 individuals throughout the supply chain.

The Canadian fertilizer industry is highly export-driven, serving more than 70 international markets each year. Indeed, 95 per cent of Canadian potash is exported internationally, and 45 per cent of Canadian nitrogen products are exported to the US. One of the highest volume commodities shipped by rail in Canada, the vast majority of fertilizer products are transported via rail to ports for export or to terminals where it is carried via truck to distribution centres. A reliable and efficient supply chain is essential to our ability to move fertilizer products to the farmers in Canada and to countries around the world that depend on Canadian fertilizers.

We were pleased to participate in the National Supply Chain Task Force’s consultations with industry groups earlier this year, and we commend the Task Force for their work on developing the final report and its recommendations. While most fertilizer in the Canadian supply chain is moved via rail, our industry is also reliant on trucking and marine shipping to transport fertilizer to the farmers that need it, and the final report’s immediate and long-term action items provide a strong framework to address the wide range of challenges present in Canada’s supply chain.

We support the implementation of both the immediate and long-term action items as recommended by the Task Force; however, we also note that the recommended implementation timelines are ambitious. To achieve the outcomes identified in the final report, implementation of nearly all action items, including long-term actions, must begin in the coming weeks and months. The urgency of addressing Canada’s numerous supply chain challenges is clear, yet we recognize that the federal government’s capacity to act on all of the report’s recommendations in the same timeframe may be limited. **To underpin the efforts of the National Supply Chain Task Force, we ask that the federal government prioritize providing the resources necessary to accomplish the recommended action items. As a first step, we recommend that the Government of Canada include the establishment of a Supply Chain Office in the 2023 Budget and that the Supply Chain Office be provided with the necessary mandate, authority, and resources to oversee the implementation of meaningful supply chain improvements.**



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Considering the challenge of achieving all of the report's action items within the recommended timelines, we have identified below key priority areas for the Canadian fertilizer industry and the related action items recommended in the final report. We suggest that these action items be prioritized as the federal government determines capacity and resource availability for implementing the report's recommendations.

Priority Areas for the Canadian Fertilizer Industry

1. Ensuring supply chains remain unimpeded by disruptions, including labour-dispute delays, blockades, and climate-related issues or disasters.

Frequent supply chain disruptions in recent years have greatly impacted the fertilizer industry in Canada, including work stoppages at ports and Class 1 railways, blockades at critical infrastructure points, extreme weather in Western Canada, and ongoing supply chain impacts due to the COVID pandemic. The impacts of these disruptions reached far into the Canadian supply chain and damaged Canada's reliability as a trading partner. Unreliability is a problem both for industry within Canada as we work to deliver products across the country and into international markets, and because these disruptions damage Canada's international reputation as a reliable source of goods.

Relevant action items:

- Long-Term Strategic Action #7

2. Addressing labour shortages in the supply chain.

Labour shortages in the rail and trucking sectors are particularly impactful to the fertilizer industry, and while these shortages have been exacerbated by the COVID pandemic, there are many factors contributing to the challenge of hiring and retaining employees in these sectors. Canada's supply chain is essential to maintaining the health and wellbeing of Canadians and the Canadian economy, and supply chain jobs must be able to attract and retain capable employees to ensure stability and resiliency in the supply chain. Addressing labour shortages in the supply chain is an urgent priority.

Relevant action items:

- Immediate Response Actions #3, #4, #13
- Long-Term Strategic Action #4

3. Providing the Canadian Transportation Agency with the authorities and tools to take a more proactive role in rail service issues.

Within Canada's transportation system, the CTA has an important role in ensuring accountability for players in the supply chain. Given this role, the CTA should be provided with the tools and authorities required to take a more proactive role in managing rail service issues and other supply chain challenges. This could include the collection of additional data on rail performance and / or the setting of reasonable targets for rail service with enforced penalties for failure to meet targets. More could



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also be done to prevent the circumstances in which shippers have limited or no recourse for service failures due to contractual terms with railways.

Relevant action items:

- Long-Term Strategic Action #5

4. Enhancing policy and regulatory alignment wherever possible between provincial and territorial jurisdictions as well as with the U.S., the largest export market for Canadian fertilizers.

Due to the closely integrated nature of the Canadian and American supply chains, it is key that policy and regulation be aligned wherever possible between Canada and the U.S., as well as within Canada and between provincial and territorial governments. Closer alignment provides greater efficiency and helps maintain competitiveness for Canadian shippers. As a major market for Canadian fertilizers, coordination with the U.S. on supply chain issues is a key priority.

Relevant action items:

- Long-Term Strategic Action #8

Concluding Remarks

Thank you again for providing this opportunity to share input on the Final Report of the National Supply Chain Task Force 2022 and its recommendations. While this report is only a first step toward addressing the major challenges in Canada's supply chain, we are encouraged by the report's recommendations and ask that the Government of Canada act urgently to begin implementation of the action items identified above. Please contact us should there be any questions related to this submission.

Sincerely,

Katherine Kennedy
Acting Manager, Policy & Regulatory Affairs