

Friday, August 23, 2024

Canadian Railway Strike - Impact on Global Supply Chains

Dear valued Customer,

We would like to update you on the recent developments regarding the Canadian railway strike and its potential implications for global supply chains, particularly for businesses relying on ocean freight and intermodal transportation in North America.

The Canada's national rail strike has officially begun on August 22, 2024 at 12:01 am EST, after negotiations with the TCRC union failed to reach an agreement. 18 hours later Canada's Minister of Labour Steve MacKinnon has intervened to end the rail lockout, bringing a resolution to the labor dispute that had halted operations across major railways. This government intervention has mandated the resumption of rail services, restoring the movement of goods across critical corridors in Canada.

Although rail operations have officially resumed, the strike and lockout have caused significant disruption, creating backlogs and congestion that will take time to resolve. The affected rail networks, operated by Canadian National (CN) and Canadian Pacific (CP), are crucial for transporting goods from key Canadian ports such as Vancouver, Prince Rupert, and Montreal to inland locations in Canada and the U.S.

Impacts on Ocean Freight

- **Port Congestion:** Despite rail services resuming, terminals at major ports still face congestion due to the backlog of containers that accumulated during the strike. This may continue to delay vessel schedules and inland transportation.
- **Extended Transit Times:** Shipments destined for inland locations may still experience delays as rail operations gradually return to full capacity and the backlog is cleared.
- **Container Availability:** While rail services are back online, there may still be localized shortages of empty containers due to the temporary halt in rail movements.

While the situation is improving, it is essential to keep monitoring lead times and inventory levels until the rail network is fully stabilized.

For urgent shipments, we recommend to proactively consult with your known contact person at Leschaco about alternative transport options in the form of air freight, sea / air freight and overland transportation and to book the freight immediately in advance to ensure that solutions can be created for your individual needs.

Further developments and effects remain to be seen. We will monitor the situation closely and keep you informed.

We will make every commercially reasonable effort to fulfil the agreements concluded with you on time and under the agreed conditions. However, we cannot exclude the possibility that these developments and events may prevent us from doing so or may cause additional costs.

Kind regards

Leschaco (Lexzau, Scharbau GmbH & Co. KG)

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Disclaimer

Please note that all information reported in the Customer Advisory is to the best of our knowledge at the time of writing, but we cannot guarantee its correctness or accuracy.