



2025–2026

CN Grain Plan



About This Report

CN's 2025–2026 *Grain Plan* has been prepared in accordance with Canada's *Transportation Modernization Act* and has two main objectives:

1 Assess how much grain and processed grain products we expect to move during the 2025–2026 crop year (August 1, 2025 to July 31, 2026) based on the expected size of the crop and other supply- and demand-related estimates.

2 Identify the steps we are taking to move this anticipated volume of grain over the course of the crop year based on demand forecasts and the resources we expect to be available.

CN consulted with our grain customers and other stakeholders concerning the draft *2025–2026 Grain Plan* during the spring and early summer of 2025. CN also engaged with our Agricultural Advisory Council, which is comprised of a cross-section of industry leaders, to provide ongoing advice and feedback on grain transportation and CN's interaction with producers. We would like to thank all stakeholders who provided their input and engagement for this year's *Grain Plan*.

Comprehensive monthly updates to the current and prior years' Grain Plans are available on CN's website [here](#).



PHOTO ABOVE:
Lorette, MB

COVER PHOTO:
North Battleford, SK

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Message from Tracy Robinson

As President and CEO of CN, it is my privilege to share our 2025–2026 Grain Plan.

CN's role in Canada's agricultural economy is one we take seriously. Each crop year presents a new set of challenges ranging from unpredictable weather and global market fluctuations to regulatory changes and labour market pressures. Yet, our focus remains unwavering: to deliver safe, reliable, and efficient grain transportation that enables Canadian farmers and exporters to compete globally.



This year's plan reflects the strength of our scheduled railroading model, our long-term capital investments, and the commitment of our CN team. We continue to invest in the resilience and capacity of our network through double tracking, yard expansions, modernized locomotive and hopper car fleets to ensure we can meet the evolving demands of grain movement across all seasons.

Over the past crop year, CN moved more Canadian grain than ever before. Current projections suggest a final total of 31 million metric tonnes — roughly one million metric tonnes higher than the previous all-time record. This achievement, which included robust movement of canola and wheat, was delivered despite significant headwinds including prolonged port labour disruptions and early-onset extreme cold weather. Our success is a testament to the resilience of our team and the strong partnerships we have built across the supply chain.

This year's plan reflects the strength of our scheduled railroading model, our long-term capital investments, and the commitment of our CN team.

We have also made important strides in insourcing core engineering work, and improving operational flexibility. However, we continue to face structural headwinds. Federal labour regulations enacted in 2023 have led to a measurable reduction in productivity, requiring more people to move the same volume of freight. Extended interswitching, if reintroduced, would further reduce network capacity and disincentivize investment.

The supply chain operates most effectively when customers fully utilize all available rail corridors. Traffic that moves through our network to eastern markets, via Thunder Bay, Montreal, Quebec City or Halifax, helps relieve pressure on Western corridors and improve the overall flow of goods. This corridor balance is essential to unlocking capacity and delivering for farmers.

Government policy plays a critical role in this ecosystem. The Government of Canada can enable economic growth by encouraging investment through competitive tax measures and avoiding disincentives that hinder progress. A shared vision for a resilient, efficient, and competitive grain supply chain will benefit all Canadians.

I want to extend my thanks to our employees, customers, supply chain partners, and the members of CN's Agricultural Advisory Council for their continued trust and collaboration. Together, we support the success of Canadian agriculture and ensure the grain supply chain remains strong today and for years ahead.



Tracy Robinson
President and CEO

Executive Summary

CN enters the 2025–2026 crop year focused on delivering reliable, efficient grain transportation. We will achieve this through disciplined planning, targeted investment, and supply chain coordination. CN is confident in its ability to meet the forecast demand and support the performance of Canada's grain supply chain. In the 2024–25 crop year, CN set a new all-time record for grain movement and is on track (at the time of this report's writing) to exceed the previous record by more than one million metric tonnes. We continue to be concerned by on-going trade disputes. Trade uncertainty for all segments of the Canadian economy makes it more difficult for CN and its customers to plan.

Grain Volume Expectations and Readiness

The volume of grain and processed grain products CN expects to move by rail is expected to be in line with recent years (27–29.5 million metric tonnes (MMT)), appreciating that grain production estimates can change a lot during the growing season and through harvest. Based on these anticipated volumes, CN has the resources in place to move the Prairie grain harvest over the course of the crop year. Assuming all the conditions are in place for a given week to achieve maximum sustainable supply chain capacity levels (normal rail operating conditions, no major mainline disruptions or labour disruptions, end-to-end grain supply chain fluidity, etc.), CN can move:

- **Up to 7,800 cars/week** (744,000 MT) outside winter.
- **Up to 6,250 cars/week** (595,000 MT) during winter.

CN has positioned itself to succeed through targeted investments. Examples include:

- **Infrastructure Development:** CN's approximately \$3.4 billion capital program for 2025 is focusing on enhancing network capacity, safety, and sustainability. It includes over 225 miles of new rail installation and approximately eight Western Canadian capacity building projects scheduled to come online by the end of 2025.
- **Fleet Enhancements:** CN continues to invest in locomotive modernization and upgrading its hopper car fleet. CN has purchased 4,250 new hopper cars since 2018.



Vegreville, AB

Operational Efficiency and Supply Chain Collaboration

New infrastructure projects this year such as doubletracking on the Edson Subdivision west of Edmonton and upgrades to CN Thornton Yard in Vancouver help improve train flow to key ports.

Continued success depends on proactive coordination between CN, its customers, port operators, and government partners. The combined efforts of CN and the Vancouver Fraser Port Authority to optimize the flow of freight to the North Shore of Vancouver via the CN Second Narrows Rail Bridge have increased the average weekly train count moving to/from North Vancouver by 10% (see page 18).

Policy and Regulatory Concerns

While CN has the capacity to meet forecast volumes, regulatory developments pose significant risks to overall supply chain productivity:

- **Labour Regulations:** Changes to federal labour regulations in May 2023 mean CN needs ~15% more people to move the same amount of freight. Besides increasing costs to customers, increased variability in crew availability makes it harder to plan rail traffic movement and reduces supply chain efficiency. CN is also concerned about the effect of proposed training requirements on crew availability.
- **Extended Interswitching:** CN strongly opposes reinstating extended interswitching. These movements use up resources to move freight between railways instead of moving freight to markets, extend cycle times, and reduce supply chain capacity.
- **Data and Visibility:** CN encourages the Government of Canada to broaden the scope of supply chain reporting and transparency to provide better visibility on end-to-end grain supply chain performance.



CN advocates for policy changes that promote investment and network resilience, including accelerated capital depreciation measures and regulatory stability to unlock private infrastructure funding.

CN's 2025–2026 Grain Plan reflects an integrated, end-to-end approach to supply chain planning that supports sustainable agricultural growth, efficient transportation, and long-term economic development.

Based on the information and assumptions outlined in this document, CN is confident the resources are in place to move the 2025–2026 Prairie grain crop, which is currently forecasted to be less than the record shipments executed during the 2024–2025 crop year.

New Actions and Initiatives

- Continuous improvement is integral to CN's planning process.
- CN continues to advance its multi-year fleet renewal and modernization programs.
- CN will make significant investments between Edmonton and West Coast ports to support growth in grain shipments.
- CN collaborates with customers, supply chain partners and government to identify potential performance efficiencies and set the stage for a successful crop year.

1 Review and assessment – Planning to move a grain crop is not a once-a-year process. CN railroaders plan and prepare all year long. We review and assess our actions from the last crop year and implement new strategies and tactics for the coming crop year. Continuous improvement is an integral part of our operating model.

2 Strengthening our labour force – Over the past two years, CN has increased the operating crew base to meet regulatory and market requirements. We are also insourcing more of our core engineering work to achieve greater productivity, quality, and cost control. This initiative has already translated into a 12% reduction in train delays caused by engineering work.

3 Hopper cars and locomotives – We continue to advance our multi-year fleet renewal program. To date, we have converted 153 older direct current (DC) locomotives to modern alternating current (AC) propulsion, with 47 more expected in the second half of 2025. This will push the proportion of our high-horsepower locomotive fleet using AC traction motors to about 60%. CN took delivery of **750 new high-efficiency grain hopper cars in 2024**, bringing our investment in hopper car fleet renewal to **4,250 new cars delivered since 2018**. We also

purchased more than **300 new high-horsepower locomotives** over a similar timeframe.

4 Infrastructure investment – We plan to invest approximately **\$1.6B** in Western Canada infrastructure this year, with a focus on our corridors between Edmonton and West Coast ports. These investments include the construction of new and extended sidings as well as doubletracking sections of our main lines. **Two new sections of double track on CN's Edson Subdivision** west of Edmonton, for example, will increase capacity in that part of CN's network by 25%. This investment is especially important considering all rail traffic going to or coming from Prince Rupert and Vancouver must travel over this stretch of rail line.

5 Collaboration – We collaborate with customers, supply chain partners and government to identify potential performance efficiencies and set the stage for a successful crop year. For example, CN is engaged with the Fraser Port Authority to improve the predictability of operations on the CN Second Narrows lift bridge over Burrard Inlet, which provides rail access to the bulk export terminals on Vancouver's North Shore. As a result, **we have increased the average weekly train count moving to/from North Vancouver by 10%**. Close customer collaboration also helped CN set new monthly records for grain movement this past fall and again this spring.

6 Operational Planning Adjustments – CN is changing the way it distributes empty hopper cars originating from West Coast ports to improve visibility and planning with customers. Instead of distributing cars from major rail hubs in the Prairies, CN will distribute cars as they depart Vancouver. Customers will also have enhanced visibility on tracking their rail shipments through CN's rail shipment tracking tool. These changes have been well-received by many customers.

Factors Affecting Overall Grain Supply Chain and Rail Capacity

- Close supply chain communication and accurate demand forecasts determine short- and long-term resource planning.
- Resource planning includes crews, locomotives, rolling stock and infrastructure.
- Weather events can impact planning and trade flows.
- Higher tariffs increase trade barriers and uncertainty.
- Better collaboration through improved supply chain planning increases efficiency.

Strong forecasts and planning drive reliable supply chains

Timely and reliable demand forecasts across all segments of CN's rail traffic are critical to resource and operational planning. In the absence of accurate customer forecasts, CN is required to make assumptions, often relying upon historical data. Significant changes in demand levels or traffic flows that we are not made aware of hinder our ability to respond quickly to new circumstances. The result is potential gaps in resource levels that could have been avoided with better forecasting and communication. Improved short- and long-term customer demand forecasts support the supply chain's ability to plan for growth.

Improved quality and timeliness of hopper car demand forecasts remains a real opportunity to support operational planning. While some customers provide detailed and reliable eight-week forecasts, others may offer projections that are less consistent, less detailed or, occasionally, customers do not provide them at all. CN is better positioned to plan proactively and reduce the reliance on economic indicators and historical trends when accurate forecasts are available.

Adding to the challenges of planning and forecasting this year is the ongoing global trade friction. This heightened uncertainty makes it increasingly difficult to plan forward.

INCREASING RAIL CAPACITY TAKES TIME

Long lead times are needed to recruit and train crews (~9 months), acquire hopper cars and locomotives (12+ months), and build track and other rail-related infrastructure (18+ months). From initial planning to completion, certain infrastructure investments can take even longer, depending on the project's scale, complexity and permitting processes. We welcome higher demand for rail service, and capacity may be added, but it will only become available after additional resources have been acquired.

CN converts short-term demand forecasts into train counts, which in turn are converted into crew and locomotive counts. CN monitors traffic levels on individual rail corridors to help assess the need for additional track infrastructure. When all of us work together, we can achieve our collective objective—a supply chain that operates safely and at peak efficiency.



Impacts of weather and other factors

External factors beyond anyone's control, particularly weather-related factors, can also have a real impact on supply chain capacity. Eliminating the Port of Thunder Bay as an outlet for grain shipments for three months of the year, for example, is the single biggest factor that reduces CN's maximum sustainable supply chain capacity guidance for the winter months. While winter comes every year, the frequency, severity, and exact locations where operational challenges occur vary significantly from one winter to the next.

Extreme cold affects rail infrastructure, rolling stock, locomotive power, and people operating the railroad. It also affects operations at grain handling facilities, export terminals, and grain movement into the primary elevator system.

CN activates specific winter operating protocols designed to ensure the safety of our crews, communities, and the goods that we move when extreme cold weather sets in. One of the key measures involves reducing train lengths when temperatures dip below minus 25 degrees Celsius. Additionally, trains carrying certain hazardous commodities, such as liquid fuel, are subject to speed restrictions based on temperature and geographic location. While these speed restrictions are necessary for safe operation in severe cold, they can also slow following trains and can reduce overall network capacity. Both these protocols are described in detail in CN's annual Winter Plan.¹



Extreme cold is not the only challenge during winter. Persistent heavy rainfall is also a recurring issue at Canada's West Coast ports. Each year, rain slows grain operations at port terminals — a fact that is unacceptable in modern times.

Transport Canada convened a working group in 2022 to better understand the challenges and identify, explore, and implement short- and long-term solutions. In 2024, several promising concepts and prototypes underwent testing at terminals and other key locations. These included process adjustments, innovations involving new technology and equipment, custom fabrication, and repurposing of existing technology. Transport Canada's objective is to recapture operational time across multiple terminals during some or all the roughly 30 to 60 days of rainfall per year in Vancouver, while also improving safety by eliminating the need for people to work at a height.

CN strongly encourages all stakeholders to move forward with solutions as soon as possible to protect and enhance supply chain capacity.

Although rail system capacity is reduced by extreme weather and other challenges, customer demand across many commodity sectors (e.g., grain, forest products, propane) is often at or near its annual peak during fall and winter. The result is greater pressure on the rail network and ports. The longer and more frequently conditions such as extreme cold or persistent rainfall occur, the more they erode the supply chain's ability to recover efficiently.

¹Available at <https://www.cn.ca/en/your-industry/customer-reports/winter-plan>

The interconnected supply chain

Rail is just one link in the end-to-end grain supply chain, which includes trucks moving from farms to country elevators and processing facilities at one end and port terminal operations at the other. If an export terminal is congested and lacks space to unload railcars, trains directed to that terminal must be held back to avoid creating more congestion.

Delays at any point in the supply chain create ripple effects that impact the entire system. Since most customers use shared grain hopper cars, any inefficiency in fleet utilization is felt broadly. For example, delays unloading cars at one port terminal slow down the return of empty cars to country elevators on the Prairies, causing further delays in the shipping plans of other customers. To maintain fluidity and maximize efficiency, CN, our supply chain partners, and our customers must work collaboratively across all segments of the supply chain.

The key to success is for supply chain partners to avoid working in isolation and collaborate across sectors to support long-term demand.



Locomotives, crews, and infrastructure are resources shared by all rail traffic moving on CN's network — not just grain. For this reason, demand for the movement of grain and processed grain products cannot be considered in isolation.

Accurate demand forecasting across all business segments is essential for effective long-term resource planning. Given the finite nature of rail capacity, sudden surges in demand from any one sector can be difficult to accommodate without disrupting the broader network. Therefore, proactive planning and reliable forecasts are critical to maintaining balance and responsiveness across the entire supply chain.

Another important consideration: while assets such as locomotives can be readily re-deployed to other areas of the network when demand shifts, other resources such as crews cannot. Just like any other employee in Canada's economy, railroaders typically work and live in a specific region. Even when employees volunteer for short-term assignments to support high-demand areas, as allowed within their collective agreement, there is still a learning curve as they adjust to the new region and its operational nuances.

The key to success is for supply chain partners to avoid working in isolation and collaborate across sectors to support long-term demand.

Estimating 2025–2026 Western Canadian Grain Supplies

- CN relies on feedback from external sources, including grain companies, private market analysts, and government agencies to project yearly grain volumes.
- Yield forecasts can change dramatically due to weather and other factors over the course of the growing season.

Forecasting the volume of grain and processed grain products to be moved during the crop year requires the consideration of three key factors:

- 1 Grain production**, the largest factor affecting the overall volumes to be moved.
- 2 Carry-in** from the previous crop year, which, combined with grain production, represents **total available supplies**.
- 3 Domestic use and exports**, leaving the balance as **carry-out**.



Trochu, AB

To project crop production volumes, CN relies on timely feedback from grain companies, private market analysts, government agencies such as Agriculture and Agri-Food Canada (AAFC), and other grain industry participants. The grain industry uses yield analyses and estimates of seeded and harvested areas to forecast crop production. The first survey-based crop production estimates are released by Statistics Canada at the end of August.

At the time of this document's writing, considerable uncertainty remained about export prospects for peas, canola, canola meal and canola oil given ongoing trade- and tariff-related issues, creating significant uncertainty about the extent to which anticipated grain volumes will move into the grain supply chain.

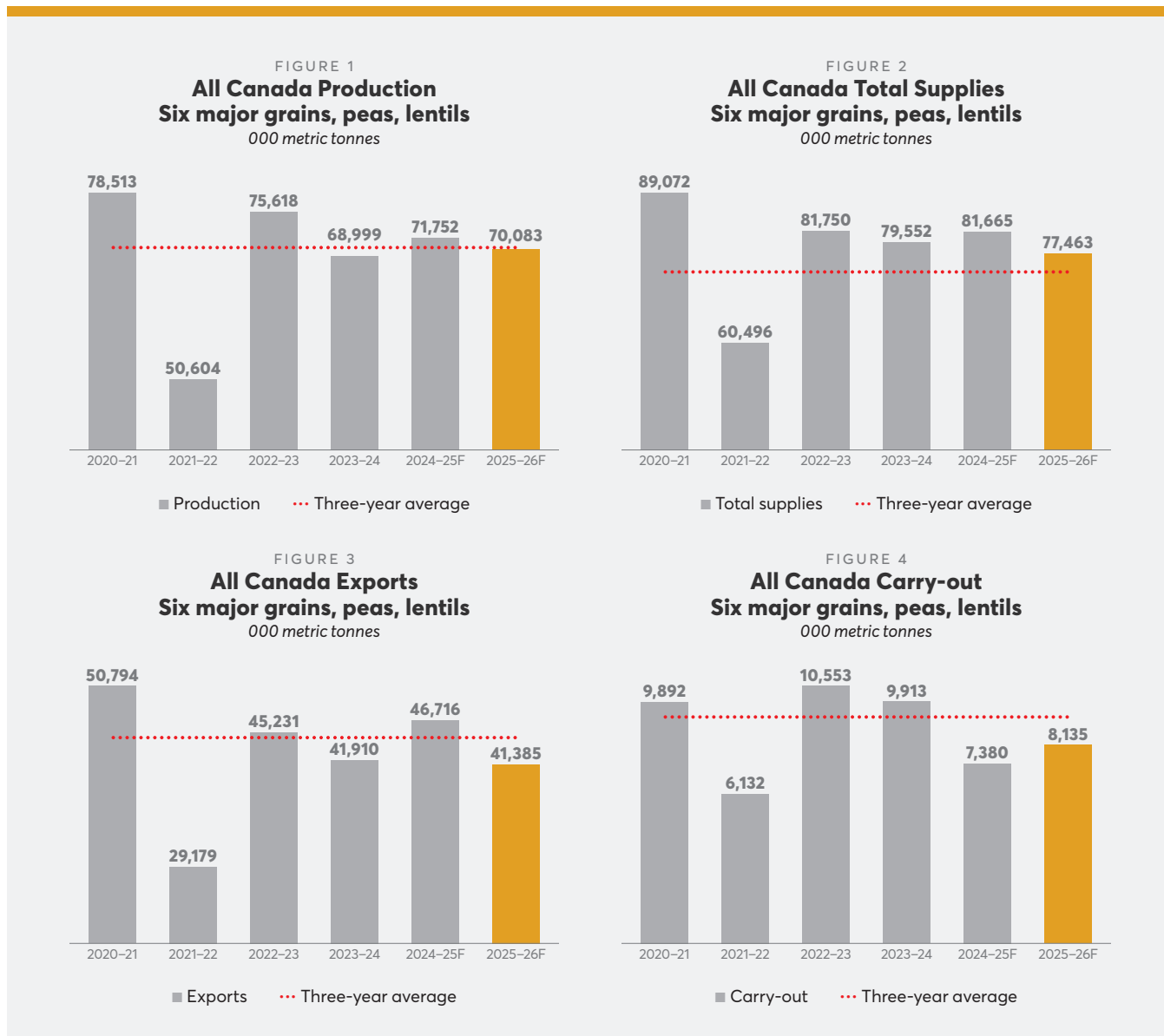
Crop production forecasts are subject to significant variability during the growing season given the impact of weather on crop development and yield potential. Long-term soil moisture deficits in the Prairies remain the most crucial factor to watch with respect to overall Prairie crop prospects for 2025. While soil moisture conditions to start the growing season were generally adequate across the Prairies, the weather turned drier than normal in large areas of the Prairies through mid-June. As of the end of May, the Peace River region of Alberta and British Columbia and most of the grain-growing region of Manitoba were characterized as abnormally dry by the Canadian Drought Monitor while northern Saskatchewan was experiencing moderate drought.² Timely precipitation in large areas of the Prairies in June and July stabilized and/or improved crop prospects while parts of Northern Alberta, Southern Alberta, Southwestern Saskatchewan and parts of Southern Manitoba remained drier than normal.

² <https://agriculture.canada.ca/en/agricultural-production/weather/canadian-drought-monitor/current-drought-conditions>

AAFC projects the following for the 2025–2026 crop year³:

- **Carry-in** supplies of the six major grains⁴, peas and lentils projected to be 7.4 million metric tonnes (MMT), 2.5 MMT below 2024–2025 levels and lowest since the 2021–22 crop year.
- **Production** of the six major grains, peas, and lentils projected to be 70.1 MMT versus 71.8 MMT in 2024–2025 and the three-year average of 72.1 MMT.

- **Total available supplies** projected to be 77.4 MMT compared to 81.7 MMT in 2024–2025 and the three-year average of 81.0 MMT.
- **Exports** are projected to be 41.4 MMT compared to 46.7 MMT in 2024–2025 and the three-year average of 44.6 MMT.
- **Carry-out** for 2025–2026 projected to be in line with the three-year average.



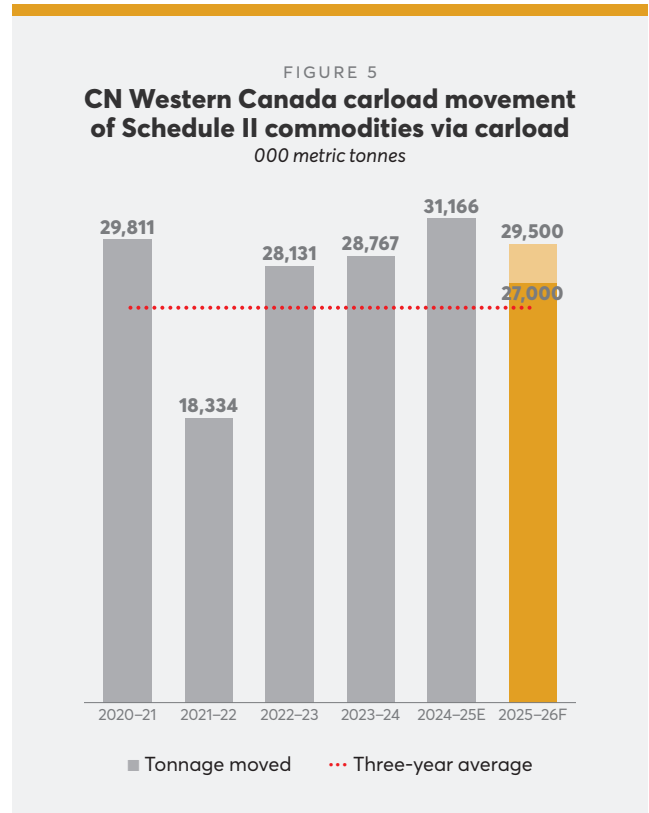
³Based on the AAFC June 2024 Outlook for Principal Field Crops: <https://agriculture.canada.ca/en/canadas-agriculture-sectors/crops/reports-and-statistics-data-canadian-principal-field-crops>

⁴Wheat, barley, oats, flax, rye, and canola

Grain shipment forecasts

Based on current estimates, projected movement of grain and processed grain products via carload on CN over the course of the 2025–2026 crop year is projected to be 27.0 to 29.5 MMT compared CN maximum sustainable supply chain capacity of 36 MMT.

In addition, CN expects the volume of containerized grain shipments direct from Western Canada to be consistent with recent years, appreciating that trade-related uncertainty will be a major factor that influences containerized grain movement. CN moved over 750,000 metric tonnes of grain from the Prairies via container during the 2024–2025 crop year. Containerized grain shipments are an important means of getting grain from the Prairies to domestic and overseas markets. Empty import/export containers moving back to port represent underutilized capacity. CN collaborates with our steamship line partners to develop a robust Prairie-direct containerized grain shipment program.



As forecasts inevitably change during the Western Canadian growing season, we will refine our assessments based on overall crop production and other market factors, based in large part on input from our grain customers and other industry stakeholders. Monthly updates to our Grain Plan are available [here](#).

CN collaborates with our steamship line partners to develop a robust Prairie direct containerized grain shipment program.

Establishing Maximum End-to-End Grain Supply Chain Capacity

- Maximum sustainable grain supply chain capacity is a function of the capacity and operational efficiency of the individual pieces of that supply chain, from origin to destination.
- Optimizing grain movement in Canada relies on maintaining proper corridor balance.
- CN has invested billions in rolling stock, locomotives, rail infrastructure and, technology to help improve overall supply chain capacity.
- Regulatory measures can directly impact supply chain capacity and throughput.

The maximum sustainable capacity of the grain supply chain is determined by the performance and efficiency of each of its parts. To reach and maintain this capacity, all parts of the supply chain — from farms and country elevator to the ports and even final destinations — (domestic or abroad) must be in sync and operate at peak efficiency.

The capacity of Canada's grain supply chain fluctuates throughout the crop year due to several limiting factors. Unlike most rail-served industries that experience relatively steady traffic, grain transportation faces a unique challenge. The harvest occurs over a matter of weeks, creating a surge in inventory that cannot all be moved immediately.

Canada also has limited commercial grain storage relative to total grain production. As a result, grain companies rely heavily on farmers to store grain on-farm, unlike competing countries where grain companies manage the bulk of storage. With demand peaking in the fall when grain handling

and trading margins are typically the most profitable, delivery pressure on farmers intensifies.

The core challenge is aligning this seasonal demand with end-to-end grain supply chain capacity and total rail capacity. Like other major grain-producing countries, Canada cannot move all grain into the supply chain at once, making coordination critical to success.

Corridor balance

Corridor balance is the key to fully utilizing the maximum end-to-end grain supply chain capacity. Demand disproportionately directed into a corridor under heavy pressure at the best of times creates congestion and reduces supply chain fluidity. Making better use of available capacity at ports like Thunder Bay, Montreal, and Quebec City for eastern markets frees up capacity along congested Western Canadian routes and at the Port of Vancouver.

The Port of Thunder Bay represents significant grain throughput capacity when the Great Lakes–St. Lawrence Seaway system is open and is a key opportunity to optimize corridor balance. The port has six major terminals focused on bulk grain exports plus a loop track facility that handles unit train shipments of grain and other bulk commodities. CN also accesses multiple grain handling facilities at the Port of Duluth. Further, grain can be shipped to one of six major transfer elevators along the St. Lawrence River where it is subsequently re-loaded onto ocean-going vessels. Even when Great Lakes ports like Thunder Bay and the St. Lawrence Seaway are closed during winter, grain can still be shipped by CN year-round to the ports in Montreal and Quebec City.

Massive infrastructure investment across the supply chain

Farming and railroading are both very capital-intensive businesses, and the past decade has seen investment in all aspects of the end-to-end grain supply chain. Grain producers, grain companies and railways have invested heavily in technology and infrastructure, with \$31 billion invested by CN alone since 2015. **This combined effort helped CN deliver record grain movements in the last three years**, demonstrating that strategic investment and coordination can yield positive results.

All players in the grain supply chain — including CN, grain handlers and producers — have been making significant capital investments to implement hook-and-haul processes at both ends of the route. Grain handling capacity in Western Canada is increasing rapidly to meet growth in grain production and global demand due to population growth and other factors. Our customers have invested in high-throughput grain elevators, many with loop tracks enabling faster grain loading of unit trains.

CN is investing in extending sidings and doubling mainline tracks, mainly in Western Canada. We also recently acquired over 300 high-horsepower locomotives and 4,250 high-capacity grain hopper cars as part of our multi-year fleet renewal program.

The product of all the investment that CN, its customers, and farmers have made has been a remarkable increase in the amount of grain moving through the supply chain during peak demand post-harvest and winter. Compared to the 2007–08 to 2009–10 timeframe, the average grain shipment

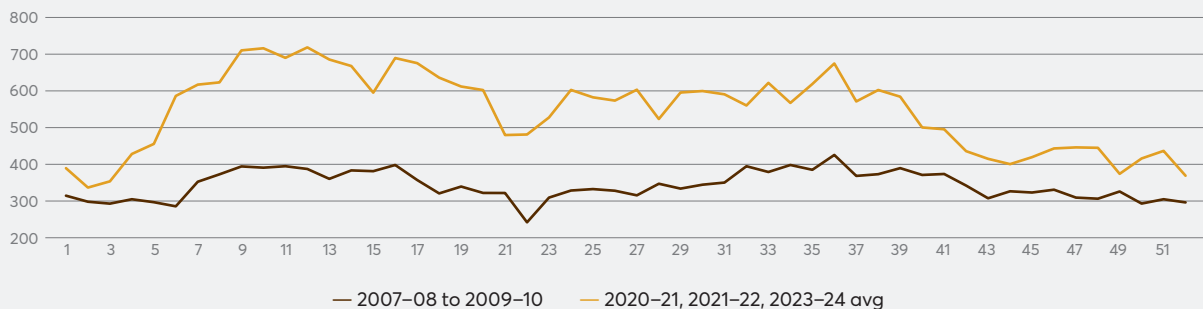
program on CN in the September–November and December–February timeframes has increased over 75% compared to an increase of 57% in March–April and just 36% in May–August. Furthermore, the compound annual growth in CN’s average weekly grain shipment program exceeds the compound annual growth in Western Canadian grain production.

Engaging with government

Our ongoing network investments and collaboration with supply chain partners supports the capacity and fluidity needed to efficiently transport future crops. In Canada, CN continues to work with the federal government to address risks to successfully moving grain, including labour regulations, port operations, and necessary infrastructure investments. These efforts are designed to:

- Support improved Canadian productivity and competitiveness by ensuring labour and regulatory stability across supply chains.
- Ensure a level playing field with the U.S. by implementing a more balanced tax regime with similar depreciation rates for investments.
- Make Canadian gateways more competitive globally by investing in necessary technology and infrastructure.
- Support Canadian economic growth by creating the right conditions for private sector investment, including faster and more predictable permitting processes.
- Promote resilient and efficient supply chains by facilitating seamless collaboration across the end-to-end supply chain.

FIGURE 6
Average weekly Western Canadian CN shipments of grain and processed grain products
000 metric tonnes





Fraser Grain terminals
Surrey, BC

LOADING GRAIN IN INCLEMENT WEATHER AT THE PORT OF VANCOUVER

CN is encouraged by Transport Canada’s leadership to help resolve long-standing challenges loading grain ships in the rain. We look forward to the swift implementation of solutions proposed by their industry working group. Collaboration between all parts of the supply chain is the best way to resolve both long-standing challenges and to capture opportunities for growth.

EXTENDED INTERSWITCHING AND ITS IMPACT ON SUPPLY CHAIN CAPACITY

The government’s experiment with extended interswitching in the Prairie provinces expired in March 2025. **It must not be reinstated. Extended interswitching reduces capacity and efficiency—the exact opposite of what Canadian supply chains need.** Expanding regulated interswitching distances to a 160 km radius around defined interswitching points creates a different pattern of regulated service because this longer distance forces railways to dedicate resources to inefficient movements. In many instances, when compared to a direct linehaul move by the rail carrier serving an origin, an extended interswitching move would frequently result in a longer route, adding to equipment cycle times. When cycle times are lengthened, fleet efficiency is reduced, which in turn effectively reduces fleet size as more cars are required to move the same amount of volume. It also creates a disincentive to invest in infrastructure.

THE NEED FOR LABOUR CERTAINTY ACROSS THE SUPPLY CHAIN

The past two years has seen repeated labour disruptions hurt the Canadian economy. Besides rail labour disruptions and multiple West Coast port strikes, the St. Lawrence Seaway workers strike in October 2023, the Vancouver grain workers strike in September 2024, the Port of Montreal labour disruption in November 2024, and the threat of a grain graders strike in November 2024 all hurt the movement of grain and processed grain products.

The federal Industrial Inquiry Commission (IIC) has released its report on longshoring labour disputes at Canada’s West Coast ports. The IIC’s findings and recommendations, which CN supports, present a roadmap for labour stability and emphasize the importance of modernizing collective bargaining practices to foster greater collaboration between labour and management.

MORE INFRASTRUCTURE INVESTMENT IS NEEDED

More investment is required from all parties in the Canadian supply chain to expand its capacity. Strategic investment will require focus and coordination between governments, railways, shippers, private equity, and more. The Government of Canada can encourage increased private investment through improved tax policies and accelerated depreciation measures. A supportive regulatory environment should allow all parties in the supply chain to benefit from projects that expand the capacity of the Canadian supply chain. This needs to occur now, to support Canada’s future economic growth.

CN continues to work with the federal government to address risks to successfully moving grain, including labour regulations, port operations, and necessary infrastructure investments.

Second Narrows Bridge
Vancouver, BC



Case study: CN Second Narrows Rail Bridge

The success of global trade relies on seamless coordination among supply chain partners. A great example can be seen in the combined efforts of CN and the Vancouver Fraser Port Authority to optimize the flow of freight to the North Shore of Vancouver via the CN Second Narrows Rail Bridge. This vertical-lift bridge must be raised several times a day to allow marine traffic to pass through Burrard Inlet. During these lift periods, CN trains cannot move over the bridge. **Almost one-third of all cargo that moves through the Port of Vancouver every year relies on this critical rail bridge.**

CN and the port authority work together to minimize bottlenecks and improve the coordination of vessels and trains crossing Burrard Inlet using advanced technology, infrastructure improvements and strategic planning.

The Port Authority recently implemented two new systems, including the Active Vessel Traffic Management (AVTM) program, to enhance the coordination, safety, and real-time tracking of marine traffic through this

shared trade corridor. Thanks to these systems, CN can better anticipate when the bridge will need to be lifted for vessels and adjust train movements accordingly. This reduces congestion, minimizes wait times and ensures a more predictable flow of freight. Since AVTM was implemented, we have increased the average weekly train count moving to/from North Vancouver by 10%.

Feeding the CN Second Narrows Rail Bridge is the Thornton Tunnel. CN completed upgrades to the ventilation system in the tunnel in 2022, cutting the time to vent exhaust between trains by more than half. Additionally, CN installed a 19,000-foot siding that positions two fully loaded trains closer to the bridge, rather than having them staged further back at Thornton Yard. This allows CN to respond more quickly when the bridge is accessible, improving capacity and reducing delays. These completed improvements, along with planned projects like the Holdom Overpass, optimize train movements and reduce bottlenecks during critical periods.

The success of global trade relies on seamless coordination among supply chain partners.

CN's grain marketing programs

EFFICIENT GRAIN HANDLING INFRASTRUCTURE

In lockstep with the evolution of grain handling infrastructure in Western Canada, CN's rail efficiency incentives have evolved to encourage more efficient grain handling. Our programs include rate incentives that encourage high-efficiency unit train facilities with a hook-and-haul model for grain trains that can be loaded in 15 hours or less. This model keeps trains from occupying the mainline while spotting empties or pulling loads, which improves mainline efficiency. Most of the new grain handling facilities built recently in Western Canada are hook-and-haul facilities, and many have loop tracks that allow more cars to be spotted in a single placement (which delivers improved capacity utilization).

For more than 10 years, CN and our customers have coordinated investments in grain facility infrastructure to allow loaded grain trains to be fully charged with air to reduce the time required for CN crews to depart from origin with a loaded train. Otherwise, in times of extreme cold, it can take 8–12 hours (sometimes even longer) for a train to be fully charged with air by locomotives. This innovation reduces train cycle times and improves car velocity. Nearly all CN-served facilities capable of loading grain unit trains participate in this program, representing a win-win for CN and our customers.

HOPPER CAR SUPPLY

CN prioritizes a large portion of its shared pool of hopper cars for customers interested in year-round priority car supply. These commercial car supply products include reciprocal penalties for both CN and customers. For the 2025–2026 crop year, we anticipate over 90% of CN-supplied grain cars will be committed to customers in advance of harvest through commercial car supply agreements and other commercial car supply products. CN makes these products available to the market to ensure their widest possible application, with car block sizes of as few as 10 cars.

CN's commercial and export fleet integration programs allow customers to integrate high-capacity hopper cars into CN's common pool, in turn receiving priority car supply based on the type of lane that the traffic is moving in (i.e., shorter distance traffic to Thunder Bay/Prince Rupert/Vancouver compared to longer distance traffic to Eastern Canada/U.S.) and the number of cars supplied by the customer. This program started in the 2014–15 crop year and has been very popular with customers of varying sizes.

CN also makes a segment of car supply available from our general pool of equipment. Customers can signal their demand in CN's grain car ordering system up to 16 weeks in advance. In reviewing car orders on a weekly basis, and once car orders without corresponding authorization from the terminal to which the cars are to be shipped terminal are removed from the car order book, CN first allocates cars against valid customer orders that are tied to commercial car supply products. The remainder of the available car supply for a given week is allocated across the remaining orders.



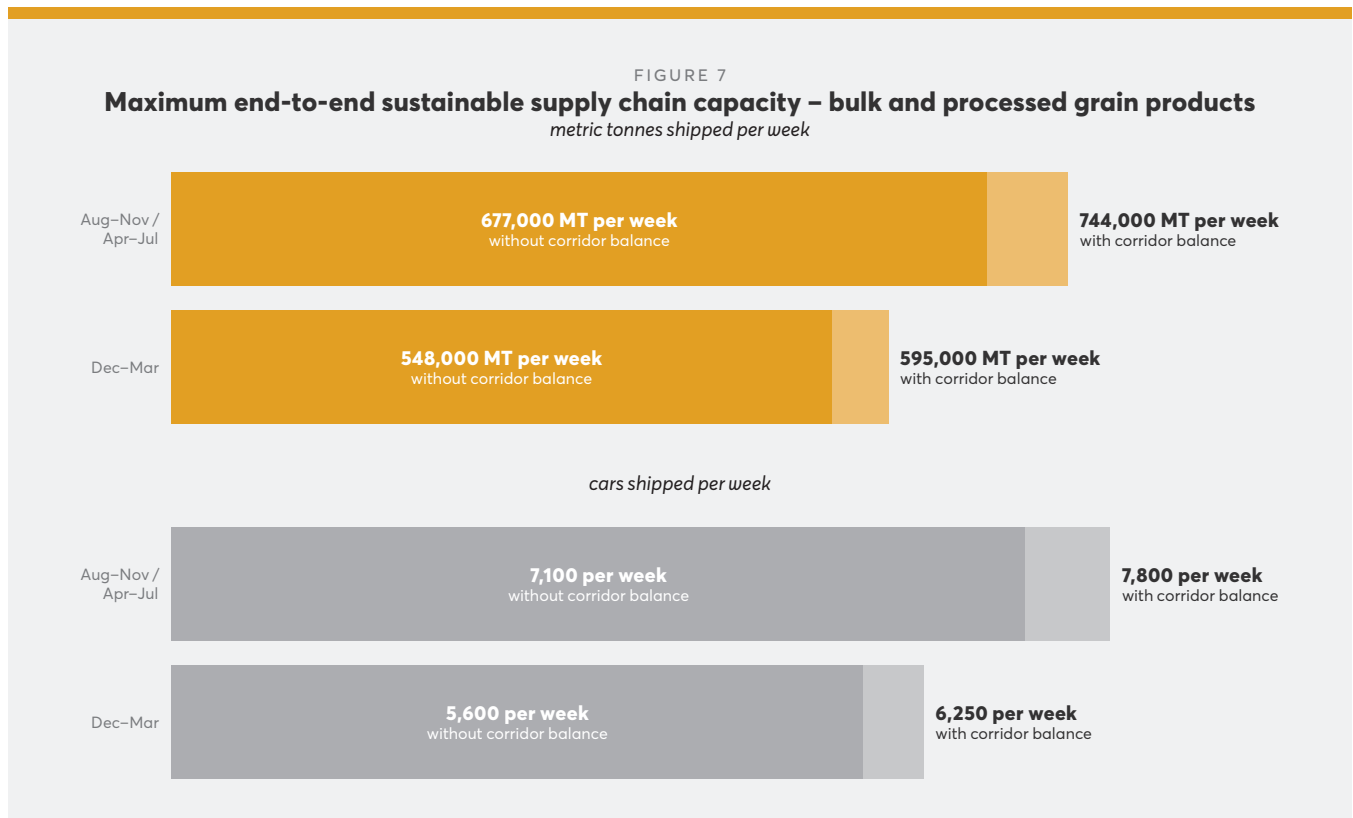
CN Capacity

Maximum grain supply chain guidance

It is CN's view that, with proper corridor balance, the end-to-end grain supply chain can accommodate on a sustained basis up to 7,800 cars per week (up to 744,000 MT per week) of bulk grain and processed grain products outside of winter; and up to 6,250 cars per week (up to 595,000 MT per week) of bulk grain and processed grain products during winter via the CN network. On an annualized basis, the end-to-end maximum sustainable supply chain capacity on CN represents a grain supply chain shipment capacity of up to 36 MMT, which is significantly higher than the anticipated grain shipment volumes on CN for the 2025–2026 crop year.

These maximum end-to-end grain supply chain capacity levels on CN assume that multiple conditions will be in place to help achieve them. These conditions include, but are not limited to:

- Grain supply chain fluidity, capacity utilization and corridor balance.
- Sufficient customer demand to meet these levels.
- Seven-day continuous operations at all major grain export facilities.
- Grain railcar unloading and vessel loading during inclement weather at all grain facilities.
- Normal winter rail operating conditions.
- Extended Interswitching not being in place
- No significant labour disruptions.
- No mainline or other major supply chain disruptions.



If all these conditions are not in place for a given timeframe, grain shipment volumes should not be expected to reach maximum sustainable levels during that time (and for a period afterward as the system recovers). In the case of underuse of corridor balance, for example, the maximum sustainable supply chain capacity levels may be reduced by as much as 8–9%. In the case of inclement weather impacts at the Port of Vancouver on supply chain productivity, it is estimated that persistent rainfall can reduce weekly port throughput by 20% or more.

CN's network capacity expectations for the 2025–2026 crop year

Based on current demand forecasts and the best economic and market information available, **CN expects total demand for rail service between Edmonton and Vancouver to be in-line with available capacity.** CN expects total demand for rail service to be at or below capacity for the same period on the BC North corridor between Jasper and Prince Rupert.

Hopper car fleet size and efficiency

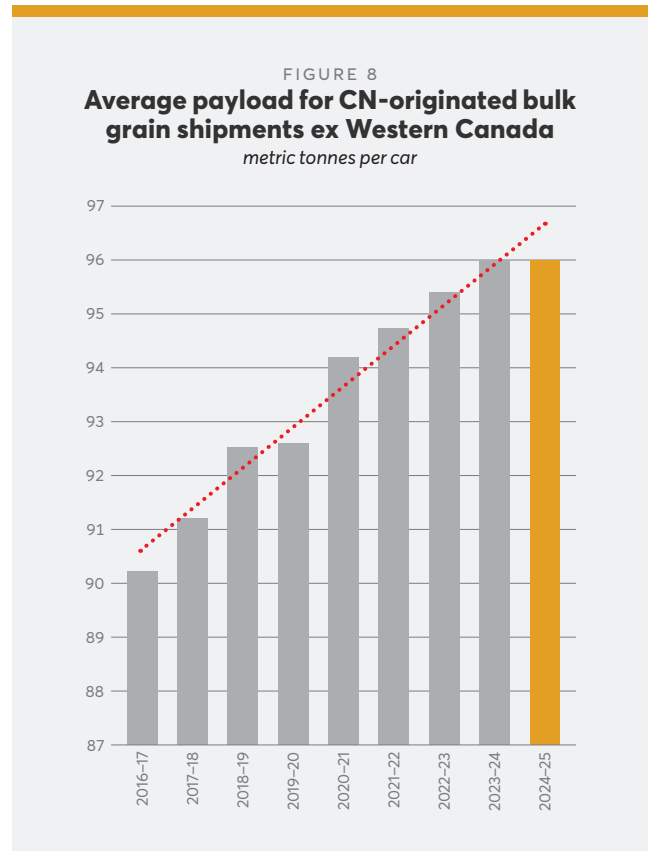
Based on current overall demand forecasts, CN's assessment is that the grain hopper car fleet will be sufficient to move the anticipated volume of grain over the course of the 2025–2026 crop year.

CN continues our multi-year grain hopper car modernization program, which has seen 4,250 new high-capacity hopper cars delivered since 2018. This includes 750 new hopper cars received in time for peak demand grain movement in the fall of 2024.

With proper corridor balance, the grain supply chain can accommodate up to 7,800 cars per week (744,000 MT per week) of bulk grain and processed grain products outside of winter.

This fall, CN expects to have an owned/operated/leased fleet of approximately 12,000 grain hopper cars focused on bulk grain service in Western Canada compared to approximately 11,700 last crop year. Including customer-supplied private hopper cars, the effective size of the hopper car fleet on the CN network is expected to total approximately 13,700 cars.

Since 2016, due to enhancements to hopper car design and the wide variety of fleet solutions customers can utilize, the average tonnage shipped per car on CN out of Western Canada has increased by almost six MT, or almost 7%. Moving more tonnage per car means moving more tonnage during peak hopper car demand — every incremental gain matters.

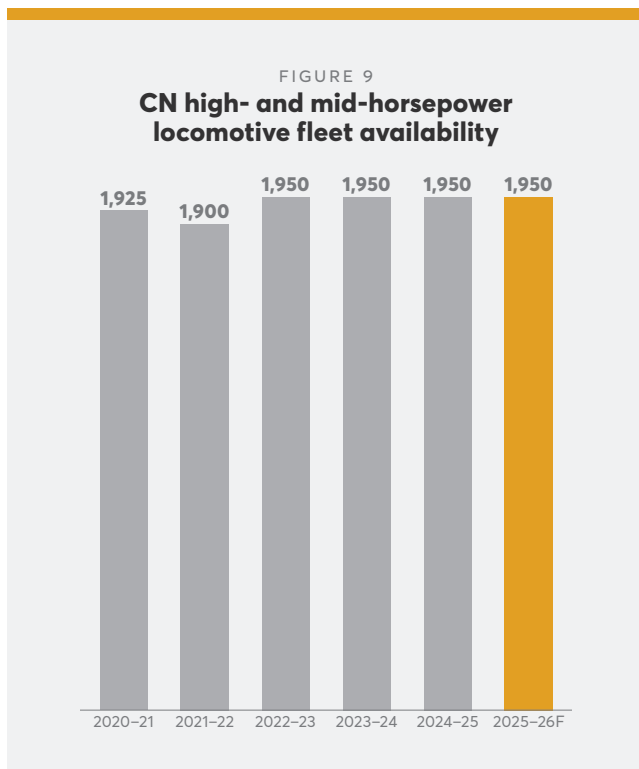


Locomotive fleet and modernization program

Based on CN's current overall rail traffic demand forecasts, our locomotive fleet is expected to be sufficient to move the anticipated volumes of Western Canadian grain during the 2025–2026 crop year.

Heading into fall 2025, CN's inventory of high- and mid-horsepower locomotives is expected to total more than 1,950 locomotives. On any given day, more than 91% of our locomotive fleet is available for service.

We have made considerable progress in our DC-to-AC modification program. To date, we have converted 153 older DC units to modern AC propulsion, with 47 more expected during the balance of 2025. To put that into perspective, two modernized units deliver the pulling power of three of our older DC units across most of our network. This enhances fleet reliability, fuel efficiency, and improves availability, with fewer failures. Our modernization program has driven an 11% reduction in locomotive failures compared to last year. About 60% of CN's locomotive fleet will have AC traction this crop year, compared to 38% in 2020.



Ensuring sufficient operating crew base

When considering the workforce available to move rail traffic, the focus is on conductors and engineers, referred to here as the operating crew base. Based on current overall demand forecasts, CN's assessment is that the active operating crew base is expected to be sufficient to move the anticipated volume of grain over the course of the 2025–2026 crop year. However, recruitment and retention of employees remains a challenge in some regions of Western Canada.

IMPACT OF NEW FEDERAL REGULATIONS

CN is still adjusting to the direct impacts of the following new federal regulations:

- Duty and Rest Period Rules for Railway Operating Employees introduced in May 2023.
- Number of paid sick days workers in all federally regulated private sector workplaces are entitled to that came into effect in December 2022.
- Prior new government regulation for five leave days for workers.
- The stacking of all of the above regulations on top of existing provisions in the collective agreement.

The result is that operational adjustments are required to simply maintain existing customer service levels to move the same amount of traffic given the ~15% decline in operating crew productivity as a direct result of these changes. Besides the increase in cost to customers that these changes represent, the implementation of such policies works counter to the Government of Canada's goals of supply chain resiliency, efficiency, and economic growth.

This situation would be exacerbated by the proposed new *Railway Personnel Training and Qualifications Regulations*. These would introduce a requirement for the pairing of employees with less than two years of experience in safety-critical positions. They would also require instructors and evaluators to have carried out the duties for which they are providing training within the previous five years. Should the proposed regulations be enacted as currently contemplated, they would severely impact crew availability and CN's ability to train new employees and recertify existing employees on an on-going basis. These regulations are expected to come into force two years after final publication in the Canada Gazette, Part II, which is currently anticipated in summer/fall 2025.

THE NEED FOR LABOUR STABILITY ACROSS THE SUPPLY CHAIN

CN is in a stable labour position for the 2025–2026 crop year. After binding arbitration earlier this year, CN and the Teamsters Canada Rail Conference signed a new collective agreement effective until December 31, 2026. We reached a tentative agreement with the International Brotherhood of Electrical Workers, the union representing our signals and communications employees, in January 2025. We also reached a four-year agreement with Unifor, the union representing our employees that work in mechanical, clerical, and intermodal functions, in December 2024. These unions represent the bulk of our Canadian unionized workforce.

ATTRACTING NEW EMPLOYEES

We assess our operating crew requirements down to the individual terminal level. For example, grain traffic moving from the Prairies to Vancouver or Prince Rupert must move across British Columbia. Therefore, the operating crew base in each of the rail terminals the traffic will move through must be sufficient to facilitate efficient rail movement.

The ability to resource individual terminals is dependent on labour and economic dynamics in those regions, including proximity of the region to major population centers, cost of living, and availability and affordability of housing, education, and other services. It is relatively more difficult to recruit and retain crews in remote areas compared to other parts of the CN network. Remote regions also often correspond to some of the

heaviest CN rail network traffic density and demand pressure across multiple rail traffic segments.

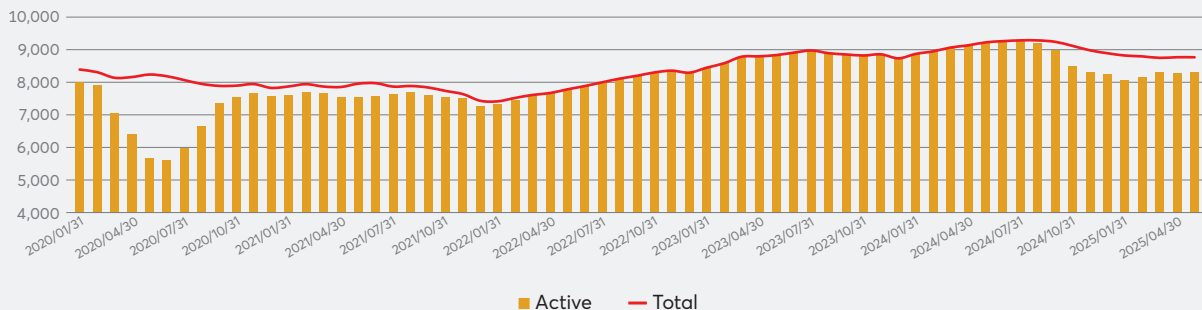
In a labour market that continues to be challenging, CN uses the following measures to attract potential new employees at the local level:

- Providing hiring bonuses of up to \$10,000 in hard-to-recruit areas.
- Holding targeted recruitment sessions at job fairs and during evenings and weekends.
- Working with post-secondary and technical schools to recruit graduates.
- Fostering vibrant relationships with underrepresented groups as well as proactively promoting job opportunities and our commitment to inclusion.
- Using new online recruitment and interview tools to accelerate the hiring process.

NUMBER OF AVAILABLE RAILWAY OPERATING EMPLOYEES

In 2023, Transport Canada supplemented the original suite of measures in the publicly available weekly rail performance indicators to include mandatory reporting on the “number of available railway operating employees” at the provincial/territorial level. This reporting indicates that **between April 2023 and May 2025, CN’s number of available operating employees grew by 8.8%**.⁵ These numbers will fluctuate over time to reflect the regulatory framework and market conditions.

FIGURE 10
CN network-wide operating crew base statistics



⁵ Available at <https://tdih-cdit.tc.canada.ca/en/rail-2023>

Investment in rail infrastructure

We are focused on improving the safety, capacity, and reliability of our network. The evidence is an effective CN capital investment program that totaled more than \$15 billion over the past five years, with nearly two thirds of that investment going into track infrastructure and other railway assets.

For 2025, CN's capital investment is expected to remain in-line compared to previous years, at approximately \$3.4 billion. These investments ensure the continued safe and efficient operation of our rail network as well as increase capacity, improve fluidity and accommodate growth.

As part of its capital investment program, there are eight capacity-creation projects scheduled to come online before the end of the year. These include yard improvements, siding projects, and additional double tracks on our Edson Subdivision between Edmonton and Jasper. The double-tracking project is expected to increase capacity on the Edson Subdivision by 25%, allowing for more efficient movement of rail traffic through this key link between the Prairies and the West Coast of Canada. We are also investing approximately \$25 million to upgrade the Qu'Appelle Subdivision in Saskatchewan to improve service to grain-related facilities in the Regina area.

Capacity Projects to be Completed in Western Canada in 2025

PROVINCE	LOCATION	PROJECT	ESTIMATED COMPLETION	STATUS
Alberta	Galloway-Hargwen	Adding ~12 miles of double track on the Edson subdivision's most limiting single track bottleneck section.	2025 Q4	On track
	Dalehurst-Pedley	Adding ~5 miles of double track and new double crossover on the Edson subdivision's most limiting single track bottleneck section.		
	Edson Yard	Upgrade and signal a second main track to facilitate directional travel at track speed rather than yard speed.		
B.C.	Albreda	Realign and extend the siding by +7,000 feet to support long-term growth in the corridor and enhance network fluidity.	2025 Q3	
	Thornton Yard	Phase 1 focuses on improving track infrastructure by removing the receiving yard engineering tracks to extend 6 tracks in the B yard.		

FIGURE 11
Major CN capital infrastructure investments between 2018 and 2025



- | | | | |
|----------------------------|----------------------------------|-----------------------------------------------------|-----------------------------------|
| ▲ Double track (2018–2024) | ■ Siding improvement (2018–2024) | ● Yard expansion / Terminal improvement (2018–2024) | — Subdivision upgrade (2022–2024) |
| ▲ Double track (2025) | ■ Siding improvement (2025) | ● Yard expansion / Terminal improvement (2025) | |

Managing major infrastructure projects on busy rail corridors is a complex task. It requires significant planning and resources. It also involves temporary disruptions of service to provide crews with the time they need to do their work.

We have expanded our internal engineering team compared to last year as we continually strive for the optimal balance between internal labour and external contractors. Insourcing more of our core engineering work enables us to achieve greater productivity, quality, and cost control. This strategic shift is part of our commitment to disciplined capital management and project execution. As a result, we have seen double-digit productivity improvements in rail grinding, welding, and tie installation. Our emphasis on schedule adherence has translated into a 12% reduction in train delays caused by engineering work.

LONG-TERM INVESTMENT TO SUPPORT FUTURE GROWTH

CN expects significant growth in Western Canadian rail traffic volumes over the next decade. Besides the growth expected in grain production from anticipated yield gains, other rail traffic segments such as potash, propane, intermodal, forest products and others are expected to increase in volume. CN is focused on long-term investments in rail infrastructure that create capacity, especially in the Edmonton-to-Prince Rupert and Edmonton-to-Vancouver corridors.

As part of our ongoing network capacity assessments, new projects for 2025–2026 and beyond are well into the planning phase. The CN service design team works closely with CN's capacity planning group to turn traffic volume forecasts into workload forecasts for individual sections of the rail network. These forecasts drive the planning process regarding the addition of network infrastructure to support long-term growth, network fluidity and network resiliency.

CN also has multi-year capital projects focused on removing bottlenecks and creating new capacity around the Port of Vancouver and the Port of Prince Rupert. Many of these projects are being constructed in conjunction with the port authorities and the Government of Canada.

Efficient operational planning enhances capacity

CN has taken a back-to-basics approach to our rail operations to improve rail service for our customers and increase efficiency. The approach emphasizes strict adherence to our operating schedule coupled with improved internal and external communications. Our model enhances network velocity, asset utilization and network capacity. Our coordinated network plan also facilitates adjustments to volume fluctuations and boosts network resilience against disruptions from extreme weather and other factors.

A tight operation is essential to deliver excellent customer service. Over the past couple of years, we have taken actions to realign resources, both people and assets, and this will continue to flow through in our performance moving forward. We also continue to focus on our efficiency initiatives, including engineering productivity as well as locomotive availability and reliability. We strive to regularly refine our operational planning and communication, recognizing there is always room for improvement.

For example, CN is changing the way it distributes empty hopper cars originating from West Coast ports to improve visibility and planning with customers. Instead of distributing cars from major rail hubs in the Prairies, CN will distribute cars as they depart Vancouver. Customers will also have enhanced visibility on tracking their rail shipments through CN's rail shipment tracking tool. These changes have been well-received by many customers.



SCHEDULED GRAIN SERVICE

Our Scheduled Grain Service program uses a hub-and-spoke model where we have major terminals in Winnipeg, Melville, Saskatoon, Edmonton, and Jasper. These major terminals allow CN to have a serving yard or consolidation point within a few hundred miles of all country elevators and grain processing facilities. CN can run as many as 200+ loaded or empty grain cars back and forth from these serving hubs to port, allowing CN to maximize train loads and network capacity.

Individual grain elevators have a specific day of the week designated for service, with exceptions communicated by our operations and planning teams directly to customers. Our goal is to spot empty hopper cars by 0700 hrs on the scheduled service day, leaving locomotive power with the train in anticipation of timely railcar loading. It is key that grain is in position to be loaded to contribute toward improved hopper car velocity.

Three years ago, CN implemented scheduled slots for unit trains for bulk products like grain, coal and potash in key corridors to enhance rail capacity and network velocity. In addition, we established five strategic rail traffic staging locations between Edmonton and Jasper to optimize the use of available rail capacity. These staging locations help position grain trains to take full advantage of opportunities in high-traffic areas, ensuring efficient use of train slots. This operational strategy has proven effective and remains a key component of our approach moving forward. Capacity enhancement on the Edson Subdivision through double-tracking projects this year means the ability to slot bulk trains should be improved.

A tight operation is essential to deliver excellent customer service. Over the past couple of years, we have taken actions to realign resources and this will continue to flow through in our performance moving forward.



BALANCING GRAIN SHIPMENTS TO PORT AND MAINLINE CAPACITY

CN takes steps to balance loaded traffic moving to destination and empty car supply returning to origin to ensure corridor fluidity. The CN pipeline management and port operations group are in daily contact with grain shippers and other rail carriers to efficiently manage the flow of grain traffic to destination. This process recognizes that vessel arrival times, vessel readiness for loading and weather all impact terminal productivity and continually change.

We also adjust volumes on local branch lines to align with mainline capacity during extreme weather, allowing for quicker recovery of network productivity. Early and conservative implementation of train length restrictions further support faster velocity recovery once cold conditions ease.

However, there are still factors that fall outside of CN's direct control. A sizable portion of the traffic we handle is destined for terminals served by other rail carriers. A good example of this is the grain traffic CN interchanges with CPKC in Vancouver for furtherance to South Shore grain terminals. CN and CPKC pipeline management and port operations groups coordinate the flow of traffic within the port, but the arrival of railcar traffic at the destination can be delayed if plans change for any number of reasons. This can result in significant modification of the time slots available for the interchange of traffic.

Grain-Specific Supply Chain Reporting

- CN provides detailed weekly reports on the volume of grain and processed grain products shipped from Western Canada as well as detail concerning customer orders for CN-supplied hopper cars.
- CN voluntarily measures and reports on the quality of service provided by various elements of the end-to-end grain supply chain.
- CN also prepares detailed reports on how we executed the grain spotting plan.
- A more transparent and balanced approach to reporting that considers all parts of the supply chain and improves supply chain visibility at the operational level is needed to improve supply chain performance.
- Customer loading times at primary grain elevators need to be made public.

CN reports the total amount of grain and processed grain products shipped from Western Canada over a specific period. We also measure and report on grain supply chain performance in other ways, including the quality of the service provided. This information is available in significant detail on a weekly basis through CN's Western Canadian Grain Report.⁶ This voluntary reporting captures 100% of grain shipments moving in CN-supplied hoppers and private hoppers along with 100% of the orders received for CN-supplied equipment.

Additional detail specific to grain movement is reported to Transport Canada as part of federal reporting requirements.⁷ Grain car order placement and fulfilment data, for example, is reported on a province-by-province basis. There is also information on the number of grain cars loaded and billed moving in the system by province.

Evaluating the entire grain supply chain

In recent years, when analysing the performance of the grain supply chain, the Government of Canada has focused almost exclusively on a single link in that chain — rail transportation. The Government of Canada's 2023 Budget authorized the establishment of a Transportation Supply Chain Office.⁸ The Office's mission is to "work in collaboration with industry to respond to disruptions and better coordinate action to increase the capacity, efficiency, and reliability of Canada's transportation supply chain infrastructure"⁹

Improving the performance of Canada's supply chains will require a shift in how data is measured and reported. A balanced approach — one that reflects all segments of the supply chain and enhances visibility at the operational level — can provide greater insight into the root causes of disruptions when they occur. The Transportation Supply Chain Office, along with the implementation of real-time data regulations, has the potential to support this goal by enabling a more comprehensive assessment of supply chain performance.

⁶ Available at <https://www.cn.ca/en/your-industry/grain/western-canadian-grain/>

⁷ Available at <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2310027501>

⁸ National Supply Chain Office

⁹ Transport Canada News Release





Conclusion

Based on the information and assumptions outlined in this document, CN is confident the resources are in place to move the harvest over the course of the 2025–2026 crop year. However, CN remains concerned about the negative supply chain capacity consequences of federal labour regulations, the effects of trade disputes with the U.S. and China, as well as the need for infrastructure investment. We will also continue to collaborate with our customers to be more transparent with their forecasting as it will help CN realize more accurate planning.

Long-term infrastructure investment is required to support the expected Western Canadian economic growth and increasing crop production over the next decade. CN encourages the Government of Canada to implement supportive new tax policies and accelerated depreciation measures, allowing all parties in the supply chain to deduct the full amount of capital expenditures associated with projects that expand national supply chain capacity. This is required today, to support the supply chain needs of tomorrow.



www.cn.ca/grain