Railway Association of Canada | Association des chemins de fer du Canada

May 25, 2026

Consultation on Building Canada Strong for All – Powered by Canada's Workers

Submission from the Railway Association of Canada

ISSUE: Transportation-sector work stoppages impose severe economic and operational disruption across Canada's supply chains

- Rail and marine transportation services make up an essential part of Canada's supply chain. The recent work stoppages in 2023 and throughout 2024 resulted in both immediate and long-term impacts on workers, communities, businesses, and Canada's reputation as a reliable trading partner.
- Recurring transportation-sector labour disruptions cause disproportionate, economy-wide harm, particularly in time-sensitive industries served by rail.
- Canadian National Railway (CN) and Canadian Pacific Kansas City Railway (CPKC)'s records show that collective bargaining predominately results in agreements made at the table, with only one union being the exception.

CONSEQUENCE: Canada's outdated CLC framework heightens risk of disruption and erodes confidence in Canada as a reliable trading partner

- There is overwhelming consensus among supply chain users that the CLC must be modernized to prevent recurring national-level supply chain disruptions and mitigate avoidable economic harm to the sectors that are supported by those supply chains.
- Under the current framework, the right to strike/lockout is achieved 96 days after a notice of dispute is filed. This timeline artificially accelerates strikes/lockouts rather than incentivizing bargaining.
- Labour instability damages Canada's credibility with trading partners. It also threatens federal priorities such as trade diversification, growth in the critical minerals sector, expanded manufacturing, and accelerating homebuilding—all of which are supported by Canada's rail system.

RECOMMENDATION: Modernize the CLC to reduce the likelihood of work stoppages and strengthen supply chain reliability

On behalf of its members, RAC recommends that the CLC be amended to include the following features:

1. Adopt the recommendations set out in the *Report and Recommendations of the Industrial Inquiry Commission on Longshoring Labour Disputes at Canada's West Coast Ports* regarding **British Columbia-wide geographic certification for longshore workers**

as well as the appointment of a **special mediator.** RAC further recommends that the special mediator's report provided to the parties and the government be made public.

2. **Final binding arbitration**: If the parties are unable to reach an agreement, the CLC provides the government with the ability to directly and rapidly impose final binding arbitration through an explicit and purpose-built statutory authority when a work stoppage would cause national or disproportionate economic harm.

CANADIAN RAILWAYS

Canadian railways move $400 billion worth of goods for more than 10,000 customers in Canada every year. Fifty percent of Canadian goods destined for export are moved by rail. Canadian railway companies employ 37,000 railroaders and support approximately 200,000 jobs across Canada. Canadian railway workers are among the best paid in Canada. Currently, they are paid nearly 50% more than the average Canadian salary (**Appendix 1**).

Railways transport diverse commodities serving several key economic sectors, underscoring that rail service is essential to the strength of the Canadian economy (**Appendix 2**). Given the wide range of industries served by railways, work stoppages have major, immediate impacts across the Canadian economy, disrupting the movement of essential goods.

IMPACT OF WORK STOPPAGES

Railways operate 24/7, 365 days of the year. Shutting down operations in preparation for a work stoppage is a complex process that requires careful planning regardless of whether the stoppage is anticipated or just for a day. This can take a week or more to ensure that no trains or cargo are left stranded and exposed to risk. Dangerous goods require additional care as they cannot be left unattended and must be stored where there is security to prevent tampering. Restarting operations needs proper sequencing. Each day of stoppage takes over a week to recover.

A recent article published by RAC quantified the impacts of work stoppages in the transportation sector.[1] Week-over-week, CN and CPKC network-wide traffic (revenue ton-miles) decreased as a result of work stoppages (**Appendix 3**):

- 11% in July 2023 (B.C. ports work stoppage),
- 10% in May 2024 (threat of rail work stoppage),
- 33% in August 2024 (rail work stoppage), and
- 10% in November 2024 (B.C. and Montreal ports work stoppage).

The same article also measured the economic impacts of work stoppages. Key findings include:

- Days of work lost to work stoppages in Canada are more than **5 times** the OECD median and **10 times** the U.S.

[1] The Significant Impacts of Work Stoppages in Canada's Transportation Sector

- In 2024, more than **1.3 million days** of work were lost in the transportation sector from work stoppages – the highest since 1966.
- GDP losses from work stoppages in rail are **10 times** larger than work stoppages in trucking and **20 times** more than in aviation.
- Nearly two-thirds (**64%**) of the unrecoverable GDP losses from rail work stoppages fall on other, non-rail sectors.
- Just one rail worker on strike for one day reduces GDP by more than **$3,000** and international trade by nearly **$9,000**.
- Moody's Corporation estimated that a work stoppage at both CN and CPKC could have a **$341 million per day** impact on the economy.

GOVERNMENT INTERVENTION

Successive governments have acknowledged, through the use of back-to-work legislation, the economic harm from rail work stoppages. Between 1950 and 2024, the government intervened 44 times, 37 times through back-to-work legislation and exclusively in the transportation sector. The need for frequent back-to-work legislation underscores the CLC's limitations in effectively handling labour negotiations in the transportation sector and the need for government to have explicit tools to rapidly intervene.

COLLECTIVE BARGAINING AND DISPUTE RESOLUTION UNDER THE *CANADA LABOUR CODE*

The CLC process fails to properly equip the government with effective tools to facilitate successful negotiations and avoid work stoppages. The current CLC framework provides limited procedural flexibility once bargaining has advanced, which may increase the likelihood of a strike or lockout during a negotiation. While the CLC provides for a conciliator, this option has a statutory time limit of 60 days which in practice has proven ineffective at preventing work stoppages in some cases. Although mention has been made to amend section 87.4 of the CLC, this would not result in a new framework that supports collective bargaining at the table.

CONSENSUS THAT THE CLC NEEDS TO BE MODERNIZED

The consensus from supply chain users is that the CLC does not mitigate sufficiently the risk of work stoppages in supply chains. Recognizing that labour disruptions at railways and ports have a disproportionate negative impact on their businesses and the Canadian economy overall, many stakeholders have suggested that an explicit, purpose-built statutory authority to enable swift government intervention should be included in the CLC.

Others suggested that a neutral third party should be involved in the negotiations to assist both parties in maintaining good faith negotiations to avoid the threat of lockouts/strikes and minimize the need for government intervention. The *Report and Recommendations of the Industrial Inquiry Commission on Longshoring Labour Disputes at Canada's West Coast Ports* recommended structural changes to facilitate a free collective bargaining process between parties. The Report specifically recommended amending the CLC to include a special mediator process where a neutral third party participates in the mediation process and reports to the parties and the Minister. The report would detail the issues in dispute and recommend reasonable settlement terms and mechanisms to resolve the dispute.

ABOUT RAC

The Railway Association of Canada (RAC) represents close to sixty freight and passenger railway companies. RAC also counts a growing number of industrial railways and railway supply companies in its associate membership.

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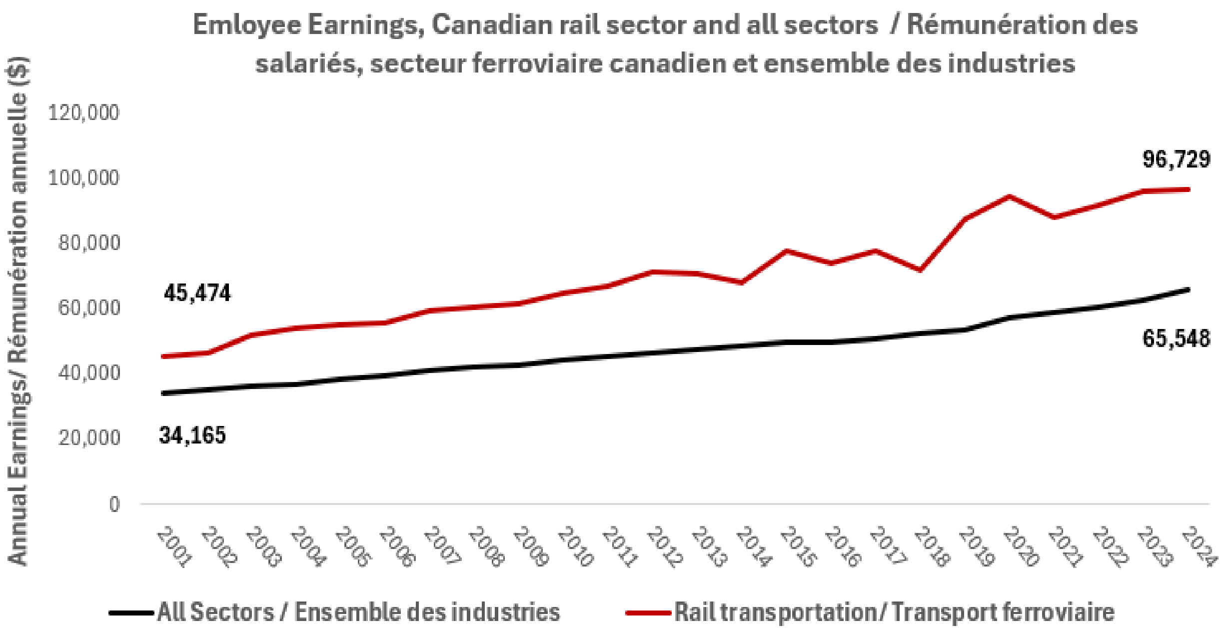
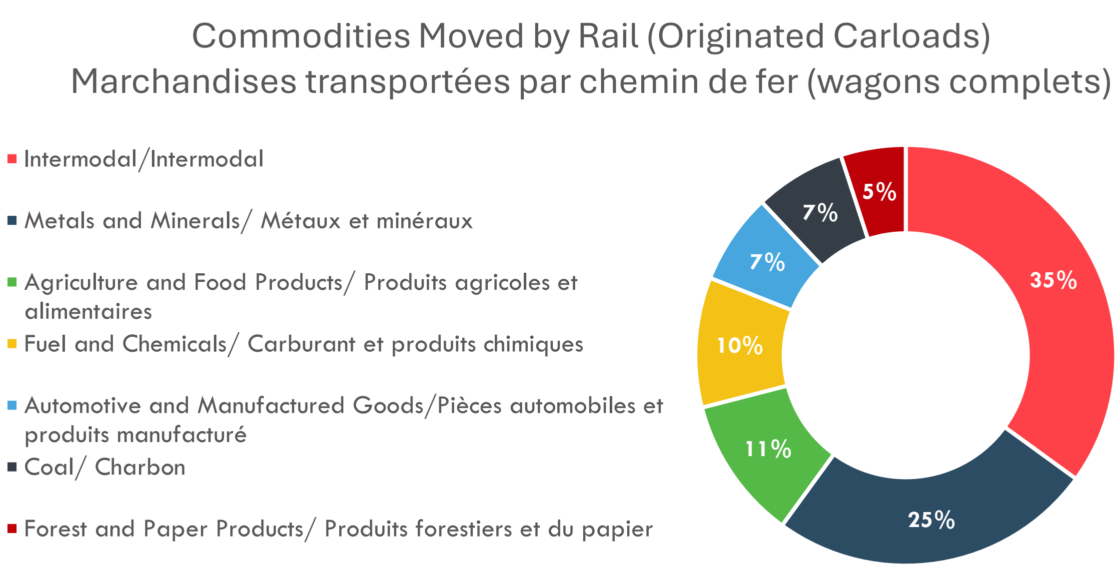
APPENDIX 1: EMPLOYEE EARNINGS, CANADIAN RAIL SECTOR AND ALL SECTORS



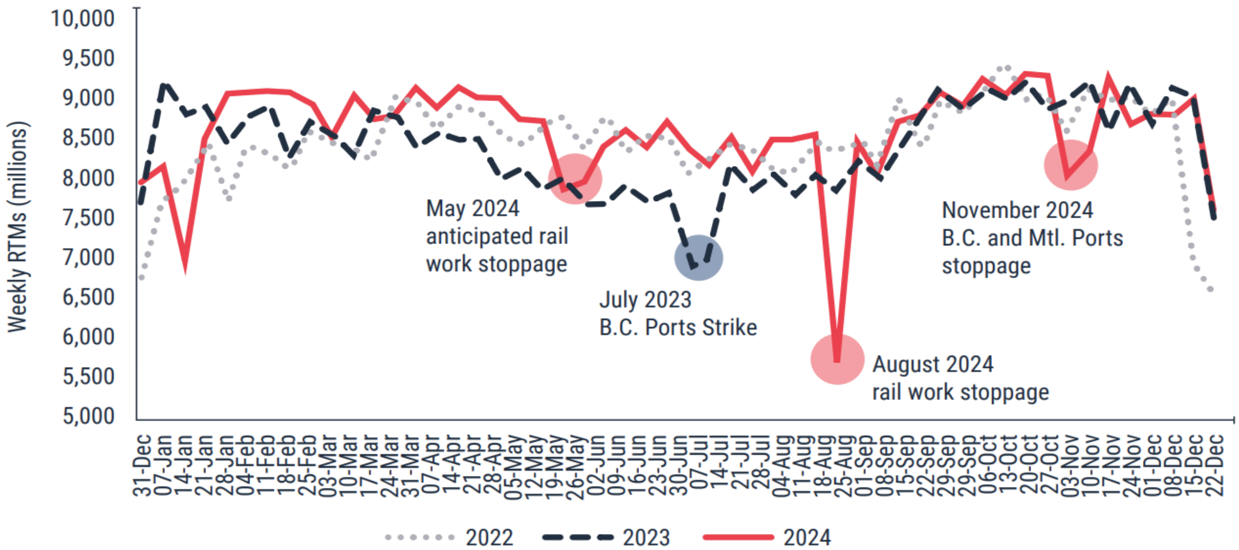
Source: RAC analysis based on Statistics Canada, Table 14-10-0204-01 Average weekly earnings by industry, annual. DOI: https://doi.org/10.25318/1410020401-eng

APPENDIX 2: COMMODITIES MOVED BY RAIL (ORIGINATED CARLOADS)



Source: RAC *Rail Trends* database.

APPENDIX 3: CN AND CPKC NETWORK-WIDE REVENUE TON-MILES



Source: CN *Key Weekly Metrics*; CPKC *Weekly Key Metrics*.