



Mid-September 2022 Freight Market Outlook

Canadian Customs Update

Canadian Imports and Exports Slowly Decline

July was the first month in 2022 where a decline in prices took place causing a decrease in Canadian exports by 2.8%. Exports specifically to the United States of America saw a decrease of 2.2% in the month of July as well. This sharp decline was not expected due to the first 6 months of 2022 having the price of exports increase month over month by an average of 3.33%.

Imports have also declined by 1.8% in July 2022 and this trend has followed into September. This has caused the Canadian trade surplus to be reduced to \$4.1 billion from its high of \$4.9 billion.

Canadian Freight Update

Ocean Freight

Canadian West Coast Ports and Dwell Times

The Vancouver and Prince Rupert ports are experiencing ongoing delays. The current average dwell time for both the Vancouver and Prince Rupert port is expected to be between **7 and 14 days**. Importers should incorporate these delays into their estimated time of arrival.

Air Freight

Toronto Pearson Airport Delays

The Toronto Pearson Airport in Canada is experiencing delays in cargo release and commercial flights. This is due to a surge in travel as COVID-19 restrictions lessen and the labour shortage continues. It has recently been named the worst airport in the world for delays.

Land Freight

CN and CP Congestion

Truck drivers are having a difficult time picking up and returning empty containers at both the CN and CP terminal. Trucking companies are no longer guaranteeing that they will be able to pick up and return containers within the free time causing the importer to incur extra detention and demurrage charges.

Drivers are dispatched arriving at the terminal by 5am, on average drivers are waiting for 3-5 hours to pick up their container causing importers to receive their containers late. When returning the container there is usually a long line and if it passes 11pm the CN and CP will turn the driver away not allowing them to drop off their container.

Detention and Demurrage Charges

The Canadian Terminals are experiencing heavy congestion preventing trucking companies from returning empty containers to the CN/CP. For this reason, importers must be prepared to incur added demurrage and detention charges for their containers.

The CP is currently not accepting any container returns on weekends and is not providing an alternative drop off location. This can cause the last free date to pass and have importers incur detention charges.

Canadian National Railway (CN) Shuttle Procedures Update

The CN is currently still using their new third party container yard to help with the overflow of containers. The shuttle will take containers at random to the third party yard, if a container is selected it will incur a the shuttle fee of \$300 per unit. This is meant to help create more capacity at yards and terminals which will improve supply chain movement.

Valleyfield Terminal Closure

The Valleyfield terminal was meant to be a temporary terminal to help clear the backlog at the Montreal terminal. This project was successful, and the terminal is scheduled for closure on **September 30th, 2022**.

The last train destined for the Valleyfield terminal will be advised by the CN to customers. Any containers still at the Valleyfield terminal after September 30th, 2022, will be relocated to Taschereau yard and charged with relocation fees. We suggest importers make arrangements to pick their container before September 30th to avoid the relocation fees.

Main Takeaways for September 2022

- Canadian imports and exports have been decreasing month over month since July 2022 and this is set to continue into the end of the year.
- The Vancouver and Prince Rupert Port are currently experiencing an average Dwell time between 7 and 14 days.
- The Toronto Pearson Airport is experiencing delays in cargo release and commercial flights with no solution in sight.

- The CN/CP terminals are experiencing heavy congestions preventing truckers from returning containers, this is causing importers to incur detention and demurrage charges.
 - The CN/CP is turning away truck drivers at 11pm even if they are lined up and waiting to drop off a container at the terminal.
 - The CP terminal is not accepting any container returns on weekends which can cause the last free date to pass and detention charges to be incurred.
 - The CN is using a third-party yard to help with the overflow of containers, the shuttle fee is \$300 and containers are selected at random.
 - The Valleyfield terminal is closing on September 30th as it was opened temporarily to help fix the backlog issues at the Montreal terminal.
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Additional Considerations

- Forecast 6-8 weeks minimum.
- Bookings are recommended to be placed at least 4 weeks in advance of sailing date.
- Prioritization solution: FCL convert to LCL, air (air freight has the ability to fill orders quickly and re-establish some level of safety stock).
- Variability of SKUs/ parts.
- Smooth volume week to week.
- To complete CBSA CARM client portal by Winter 2022.
- To obtain the importer direct customs release bond by fall 2022.
- Regular communication with DTS Advance Logistics.

