



A RESPONSIBLE CARE® COMPANY

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The Honourable David L. Emerson, P.C., O.B.C.
Chair, Canada Transportation Act Review
c/o Canada Transportation Act Review Secretariat
350 Albert Street, Suite 330
Ottawa, ON K1A 0N5
secretariat@reviewcta-examenlrc.gc.ca

Dear Mr. Emerson:

I am writing to provide Methanex's perspective on the *Canada Transportation Act (CTA) Review*. As a member of the Chemistry Industry Association of Canada (CIAC), we were pleased to contribute to the CIAC's submission on the CTA Review in May 2015 related to rail transportation for freight. We also appreciate this opportunity, as the only large-scale methanol producer in Canada, to reiterate our particular interests and concerns, as outlined in the detailed submission, related to rail service in Canada.

Methanex Corporation is a proud Canadian company and the world's largest producer and supplier of methanol to major international markets. Headquartered in Vancouver, we operate production facilities in Canada, Chile, Egypt, New Zealand, Trinidad and Tobago and the U.S. As Canada's only commercial scale methanol producer, we have been running our company in Canada safely, profitably and effectively for over 20 years. Our operations in Medicine Hat, Alberta, supply Canadian-based customers and approximately 80 to 85% of demand for methanol in western Canada. In addition to being a significant employer in Medicine Hat, the major projects at our site have a direct, positive impact on the local, provincial and national economies, and include CDN\$200 million in capital investment since 2010.

We rely on rail in Canada as a critical component of our supply chain to move our product safely, efficiently and competitively, and it is critical to our business that we have access to reliable, competitively priced rail service to serve our customers. As such, Methanex appreciates the opportunity to respectfully submit comments and provide input to the CTA Review, including the following highlights:

- Safety is a top priority for Methanex, both at plant sites and along our transportation routes. We are a member of the CIAC and, through our commitment to Responsible Care®, CIAC's United Nations-recognized sustainability initiative; we go beyond what is required by Canadian laws related to the transportation of chemical products and meet Responsible Care's stringent safety standards. We commend government on its continued work to achieve high standards for safe and sustainable transportation given increasing system volumes and demands.
- Methanex depends on efficient, reliable, competitively priced rail transportation services for our domestic and North American supply chain. Operation of the rail freight market in Canada is essentially that of a dual monopoly, rather than a functioning competitive market, and underpins much of the price and service problems that challenge shippers, including Methanex.
- We agree with maintaining the common carrier obligation and third party liability insurance requirements to underpin the changes brought by Bill C-52, the Safe and Accountable Rail Act.

- Shippers require access to reasonable rail rates for both captive and competitive rail movements. Without the ability to benchmark against market rail rates, we encourage implementation of a safeguard for captive shippers, like Methanex, who pay more on average to transport commodities.
- Critical to the success of our operations, we agree that railways must be held accountable to meet the terms and conditions of their contracts or arbitrated agreements and provide service that enables customers to prosper in our respective markets.
- We recognize the need for commercial remedies to ensure that railways' 'suitable and adequate service' is sufficient to meet supply chain partners' needs. We encourage identification of market-based solutions to boost investment in rail infrastructure and capacity, and to strengthen the commercial backstop required to ensure that railways meet their contractual commitments to their customers.
- Rail customers require the ability to tailor rail transportation systems to meet their business strategies and customers' needs. We encourage the establishment of effective regulatory access to alternative rail carriers with respect to removing the prior agreement provision, expanding interswitching to the first interchange for all shippers and making the existing interswitching limit permanent and applicable throughout Canada.
- We encourage the CTA Review to consider the need for and potential sources of capital investment in our essential rail infrastructure – to ensure investment is driven by real world commercial incentives.
- The Canadian Transportation Agency requires the mandate to initiate, investigate and address shortfalls in rail service, capacity and infrastructure, and to aggregate, publish and maintain related data. We agree that this type of authority would be of tremendous benefit to shippers like Methanex in accessing the Agency's service and remedies.

Methanex is currently evaluating a significant expansion of our operations in Medicine Hat; however the requirement for additional future rail capacity and our ability to access effective, reliable, competitively priced rail service is a key competitiveness concern for us and a challenge to overcome in order to make an investment decision. It is our desire to remain in the province and continue to add value to the economy, yet we must make sound business decisions that are based on the long-term sustainability of our operations.

I would be pleased to answer any questions you may have and would welcome the opportunity to meet following the election to discuss in greater detail how Canada can leverage its rail transportation system to support our nation's continuing economic growth.

Yours Sincerely,



Kevin Henderson
Vice President, North America

cc: Iain Tyrrell, Canada Transportation Act Review Secretariat