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The Canadian Trucking Alliance is a federation of the seven Canadian provincial trucking associations representing approximately 4,500 motor carriers and is dedicated to serving the national and international interests of Canadian motor carriers.

NEWS RELEASE

Diesel Fuel Rationing in Western Canada: Who Would Have Thought It Possible

***Commentary by: David Bradley, President and CEO,
Canadian Trucking Alliance***

(October 14, 2008) Who would ever have thought that in oil-rich Western Canada we would see diesel fuel being rationed? That's exactly the scenario taking place in Alberta, Saskatchewan and Manitoba where a severe shortage of truck diesel fuel was playing havoc with truckers throughout the region. Carriers were seeing their fuel supplies rationed by as much as 10% to 50%. The card-lock privileges for all new accounts were suspended by at least one oil company and the hours that card-lock service was being made available to existing customers were being restricted. We were being told that things would not be returning to normal for at least several weeks, if not for the rest of October and November.

Given the current economic fragility, this is something Canada can ill-afford. The trucking industry is being put in the unenviable and untenable position of deciding which of its customers will be guaranteed service and which will not.

How could this happen? It is our understanding that this situation is a reflection of both planned and unplanned refinery outages in the region. The Petro Canada refinery in Edmonton had been closed for over a month for planned maintenance. However, the company conceded that it was caught off-guard by an unexpected jump in demand. It was also being reported that difficulties restarting the refinery were being experienced. The Suncor plant in Northern Alberta had been down since August due to an equipment problem. Imperial Oil had reduced production while it makes repairs at its Edmonton refinery. Problems at other refineries had also been reported.

This is not the first time where parts of the country have experienced significant shortages of commercial-grade truck diesel fuel. In February 2007, the Ontario trucking industry suffered an acute shortage of diesel fuel that came perilously close to a full-blown economic crisis. Western Canada also experienced a shortage earlier this year (March 2008), though not as bad as the

current situation. In each case, refinery issues were the cause or at least major contributing factors.

The time has come for meaningful and open discussion about refining capacity in this country. The trucking industry is the largest consumer of diesel fuel in Canada. Total annual consumption of truck diesel fuel in Canada by tractor-trailer units alone, comes to about 7 billion litres. Trucks haul 90% of all consumer products and foodstuffs as well as two-thirds by value of Canada-US trade. So, having a stable, sufficient and predictable supply of truck-grade diesel fuel is not only essential for the trucking industry, it is vital to the well-being of Canada. No economy can withstand uncertainty of and disruptions to, fuel supply for very long.

Given the recent frequency with which refinery issues have been visiting hardship on the trucking industry and by translation the truckers' customers, Canadian Trucking Alliance is of the view that it would be prudent for the Government of Canada, the Canadian Petroleum Producers' Institute and ourselves to sit down together and seek answers to the following questions:

1. What can be done to improve planning/coordination to ensure an adequate supply of diesel fuel remains available during periods of expected/unexpected refinery shutdowns?
2. What can be done to improve the communication by the oil companies to their customers with regard to refinery closures and supply disruptions?
3. What if any plans exist to add refining capacity in Canada specifically and in North America generally to ensure an adequate supply of diesel fuel in the future?

While gas prices tend to capture most of the headlines and therefore public attention, diesel fuel is the lifeblood of the industry that moves Canada's economic output. What has been happening with the supply of diesel fuel deserves attention. Maybe now with the election over Parliament will get back to work and start looking at some of these issues.