

# 2025 COMPASS REPORT



## WESTAC: TRANSPORTATION LEADERS CATALYZING CHANGE

The Western Transportation Advisory Council (WESTAC) is a council of organizations in the transportation sector represented by senior decision-makers. WESTAC's members span all aspects of freight transportation in Canada. They include carriers and logistics providers, ports and terminals, shippers, labour unions, and the three levels of government. Members represent a significant share of the Western Canadian economy. We focus on critical issues that affect Western Canada's freight transportation network to ensure that it is safe, efficient, reliable, and competitive.

Our members work together to resolve the constraints and inefficiencies that undermine the performance of Western Canada's supply chains and transportation sector. Trade continues to be a cornerstone of Canada's economic growth. Getting goods to market reliably and competitively has never been more essential.

## ABOUT COMPASS

The annual Compass Report is a unique WESTAC product that highlights the critical insights, expectations and plans articulated by executives in business, labour and government across Canada's transportation industry. The survey is revised annually to reflect shifting trends and events that impact the industry, which are showcased as spotlights.

The data in this report are identified by the year in which they were gathered. The data reported were gathered from an online survey conducted from October 15 to November 8, 2024. Figures are rounded up or down to the nearest digit. The 2025 Compass Report is the 8th annual report.

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## WE HEARD FROM:

//////////////////// C-Suite Executives: 35%

//////////////////// Executive Vice President/Vice President: 25%

//////////////////// Directors: 19%

////////// Senior Government Official (Minister, DM, ADM): 7%

//// Labour Leader: 3%

//// Board Member (4%)

////////// Other (7%)

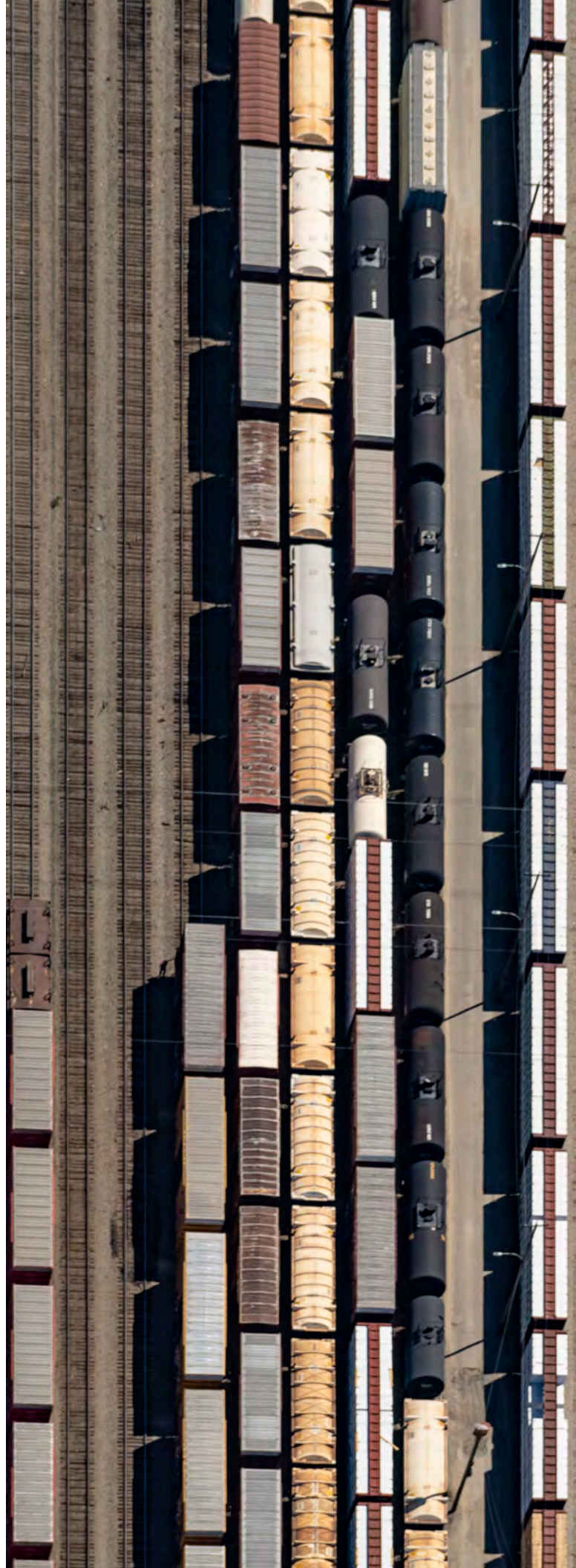
## RESPONDENT PROFILES

- Association (14%)
- Carriers & Logistics (25%)
- Government: 14%
- Labour (4%)
- Ports & Terminals (22%)
- Shippers & Retailers (14%)
- Other (6%)

## INTRODUCTION

The freight transportation industry is a critical backbone of Canada's economy, and the annual Compass Report aims to provide a clear lens through which the sector's evolving dynamics can be understood. By presenting perspectives from industry executives, the report synthesizes key challenges, opportunities, and insights. The 2025 edition reflects a year shaped by geopolitical tensions, economic pressures, labour disruptions, and environmental challenges.

This year's findings highlight vulnerabilities in Canada's supply chains and transportation systems while also revealing potential for collaboration, innovation, and resilience. The report captures both the realities of 2024 and forward-looking strategies for overcoming systemic barriers, enhancing competitiveness, and driving sustainable growth. It offers valuable insights for policymakers, industry stakeholders and researchers.



## KEY FINDINGS



### **Disruptions and Political Risks Take Center Stage**

Transportation leaders in Western Canada are approaching 2025 with cautious optimism. Although perceptions of the business investment climate remain subdued, they do appear to have stabilized. Political uncertainty and disruptions have emerged as top concerns, taking precedence over previous issues like labour shortages and economic pressures. This shift has had a dramatic effect on the sector. Leaders are navigating the unpredictable landscape by reorienting their priorities.



### **A Focus on Short-Term Stability**

Despite the pressures of a difficult regulatory and investment climate, signs of resilience are emerging in the transportation sector. Capital spending projections remain steady, with fewer anticipated cuts indicating cautious confidence among leaders as they prioritize stability over growth. The emphasis has shifted to operational efficiency and financial performance, reflecting a pragmatic approach to navigating uncertainty. Innovation and expansion have been deprioritized, with organizations striving to balance immediate survival against long-term potential.



### **Systemic Challenges Undermine Supply Chain Confidence**

Confidence in Western Canada's supply chains continues to weaken, as most leaders rate competitiveness and reliability as stagnant or declining. Disruptions are the primary concern, compounded by systemic issues like insufficient infrastructure planning and inconsistent transportation reliability. These factors are eroding the region's standing as a reliable trade corridor. Transportation leaders are calling for targeted investment, greater collaboration and diversified routes to strengthen resiliency. Addressing these challenges is seen as essential for restoring confidence and improving supply chain performance.



### **Productivity Gaps Highlight Opportunities for Efficiency Gains**

Productivity is a moderate concern in the transportation sector. Nearly two-thirds of leaders reported challenges, though few categorized these as critical. The sector's productivity is more often rated low than high, underscoring the need for improved efficiency. Leaders see opportunities to enhance reliability, capacity utilization and service levels, which would result in substantial benefits for the broader supply chain. Tackling these issues is viewed as a pathway to increased competitiveness and economic performance.



In recent years, Canada's supply chains have faced unprecedented instability. Whether caused by climate events, protests or labour disputes, these disruptions have severely impacted the nation's reliability as a trading partner. Stakeholders who conduct business with Canada do not differentiate between the root causes of these disruptions—they see only the adverse effects on their own interests. As a result, risk mitigation becomes their priority, which often leads them to search for alternative solutions. Over time, this shift creates widespread challenges for all parties involved. While the solutions may not be straightforward, one thing is certain: maintaining the status quo is no longer viable.

**—INDUSTRY EXPERT**

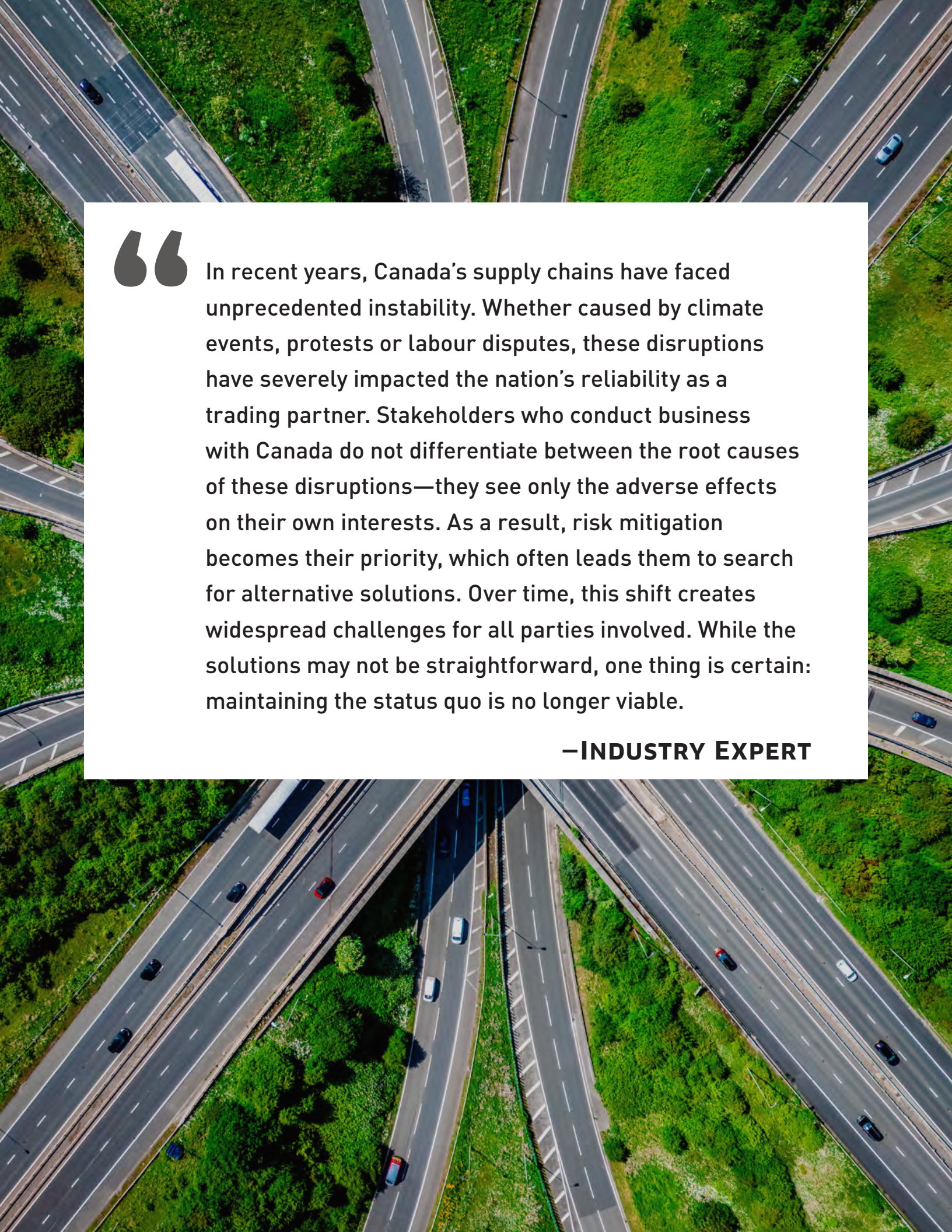




Image courtesy of GCT Global Container Terminals.

## CONTEXT: INDUSTRY LANDSCAPE IN 2024

The freight transportation sector continues to navigate global and regional complexities. 2024 was shaped by a confluence of challenges, including economic pressures, geopolitical tensions, labour collective bargaining disputes and political uncertainties. Collectively, these fostered a cautious outlook among transportation leaders, and this is reflected in the survey findings.

This section provides an overview of the key factors that influenced the sector in 2024 (leading up to and during the survey period of October 15 to November 8) and sets the stage for the perspectives captured in this report.

### **Economic Pressures**

Canada's economic growth stalled, with a 0.3% increase in the third quarter, down from a rate of 0.5% earlier in the year. On a per capita basis, GDP declined by 0.4% (marking the sixth consecutive quarterly drop) as population growth outpaced economic expansion. Sluggish business investment exacerbated this slowdown, although rising household spending provided some resilience.

In Western Canada, rising operational costs, shifting consumer demands, and inflationary pressures forced organizations to reconsider long-term investments. While sectors such as agriculture and energy provided bright spots, broader economic conditions remained subdued, fostering a cautious "wait-and-see" attitude among industry leaders.

### **Geopolitical Turbulence**

Global conflicts, though geographically far removed from Western Canada, had significant ripple effects on the region's freight transportation sector. Conflicts in the Middle East, piracy off the Horn of Africa, and strained relations with major trading partners (e.g., China, India) caused disruptions in key shipping routes. Issues included rerouted vessels, port congestion and increased shipping costs. Recently, the 2024 U.S. presidential election, resulting in the re-election of Donald Trump, heightened uncertainty about the prospects for cross-border trade, particularly given the threat of tariffs raised during the campaign.

## Labour and Workforce Dynamics

Collective bargaining disputes in 2024 highlighted systemic challenges in Canada's transportation sector, with 27 work stoppages involving over 60,000 workers disrupting critical supply chains. The consequences of these events rippled across the country, revealing vulnerabilities in both infrastructure and operations:

- **Railway Disputes:** Labour relations discord at Canadian National (CN) Railway, Canadian Pacific Kansas City (CPKC) and, including the first simultaneous nationwide rail strike since 1987, resulted in service shutdowns, delays and embargoes on goods. Government intervention, while intended to resolve issues, contributed to the uncertainty surrounding reconciliation timelines and the questioned legality of government interventions heightened tensions, and exacerbated frustrations.
- **Port Disputes:** The strike at the Port of Montreal and the threat of strike at B.C. ports showcased the scale and frequency of disruptions. Job action escalated to lockouts and government-mandated arbitration, leaving long-lasting impacts on supply chain reliability and Canada's global reputation. In B.C., a strike vote before we began collecting our survey data set the stage for a strike, and by the end of our collection period, an overtime ban had taken effect and workers were locked out.
- **Grain terminal strike:** A 4-day strike by 650 workers in Vancouver interrupted the movement of approximately 100,000 tonnes of grain daily, emphasizing the effects of collective bargaining disputes on national supply chains.

## Environmental and Climate Challenges

2024 served as a stark reminder of how climate and environmental events can destabilize supply chains. Several extreme incidents highlighted vulnerabilities in the sector's infrastructure and operations:

- **Wildfires:** The Jasper wildfire forced CN to halt traffic for several days on its main line, disrupting the movement of goods to key hubs like Vancouver and Prince Rupert.
- **Extreme weather:** The January cold snap brought temperatures that were 20°C to 30°C below average in Western Canada, stalling rail and freight movements. A Calgary hailstorm became the second-largest insurance disaster in Canadian history, damaging airport infrastructure and 10% of WestJet's fleet.
- **Infrastructure failures:** The collapse of the 100 year old Fort Frances rail bridge in August, disrupted 45,000 annual carloads of traffic and delaying grain shipments to Thunder Bay. Repairs spanned weeks, and full functionality is not expected until spring 2025.

## Political Uncertainty

Speculation about an early federal election in 2025 weighed heavily on businesses and diminished their confidence in economic decisions because potential shifts in leadership could affect regulatory and investment landscapes. Political uncertainty increased further during the B.C. and Saskatchewan provincial elections, which took place during the data collection period. Tensions were particularly significant in B.C., where the final outcome remained unclear for nearly 2 weeks after the vote.

As the industry prepares for 2025, addressing these challenges through resilience-building measures, collaborative policy-making and targeted investments will be crucial for restoring confidence and driving sustainable growth.

## TOP 5 BUSINESS CHALLENGES

- 1 **DISRUPTIONS**
- 2 **GEOPOLITICAL RISKS AND UNCERTAINTY**
- 3 **DOMESTIC POLITICAL RISKS AND UNCERTAINTY**
- 4 **SUPPLY CHAIN RESILIENCY AND SUSTAINABILITY**
- 5 **TRADE TARIFFS AND PROTECTIONISM**

Respondents were asked to identify the top business challenges they anticipate facing over the next 12 months. The challenges listed above were the most frequently cited (from more than 20 options). The prominence of disruptions as the leading challenge aligns with the turbulent environment of 2024, with their frequency and intensity expected to persist in 2025. Among the other challenges, geopolitical and domestic political uncertainties have become more pronounced. Supply chain resilience and sustainability continue to be a focal point, while trade tariffs and protectionism have surged forward as key concerns. In comparison to last year, challenges like labour shortages and economic slowdown have diminished in importance, signalling a shift from workforce and macroeconomic pressures to systemic and policy-driven risks.

**Disruptions** emerged as the leading challenge for the transportation sector, cited by 58% of leaders this year—more than doubling last year’s result of 28%. This sharp increase reflects the broad range of causes contributing to operational unpredictability, including labour actions (lockouts, strikes and contract disputes), climate-related events (such as wildfires and floods), and geopolitical instability that disrupts global trade routes. Surveyed leaders also emphasized the uncertainty surrounding the disruptions themselves—it’s not only the occurrence of lockouts or strikes that is problematic, but the lack of clarity on their likely timing, duration and resolution. These unknowns force businesses to make costly contingency plans, reroute shipments, and reconsider Canada as a reliable trade partner. As these systemic risks remain unaddressed, alternative supply routes through the U.S. are becoming increasingly attractive for shippers.

### Supply Chain Disruptions

Disruptions in the Compass survey include a wide range of events that hinder the efficiency of supply chains. These include:

- Climate-related events: wildfires, floods, and extreme weather
- Labour disruptions: lockouts, strikes, and contract disputes
- Operational unpredictability: congestion, delays, and rerouting
- Regulatory challenges and political protests: permitting delays, lack of harmonization, emission mandates



Concerns about **geopolitical instability** have also intensified across the transportation sector as leaders navigate the challenges posed by ongoing conflicts and strained international relations. The war in Ukraine, conflict in the Middle East, and tensions in the South China Sea have disrupted trade routes and global supply chains. For Western Canada, these geopolitical challenges manifest in increased shipping costs, rerouted trade flows, and heightened uncertainty in key markets. The ambiguity of the impact of the U.S. elections and Canada's relations with key partners like China and India further complicates the outlook.

**Domestic political uncertainty** continues to hinder growth and investment in the transportation sector. This year's survey noted this challenge much more frequently, with 43% of respondents noting it as a concern (compared to last year's result of 28%). Leaders expressed frustration with delays in infrastructure project approvals and inconsistent regulatory policies, which add complexity and stifle long-term planning. Minority governments and looming elections exacerbate unpredictability, as businesses navigate shifting priorities. A lack of stable leadership and consistent policy frameworks is holding the industry and Canada back.

**Supply chain resiliency** remains a critical concern, as frequent disruptions continue to expose weaknesses in infrastructure and coordination. Surveyed leaders highlighted issues like insufficient rail and port capacity, lack of redundancy in routes, and challenges posed by natural disasters. Transportation leaders are calling for investments in infrastructure and improved collaboration across the supply chain to enhance resiliency. Without these measures, the sector risks further eroding customer confidence and international competitiveness.

**The rise of protectionist policies**, particularly in the U.S., is a growing concern for Canadian businesses. Survey responses indicate increased worry about the implications of "Made in America" initiatives that could exclude Canadian goods from critical supply chains or make our exports less competitive. Ongoing disputes with China and the potential for new tariffs add to the uncertainty. Businesses stressed the need for strategic trade negotiations to ensure market access and protect Canada's position in the global economy.

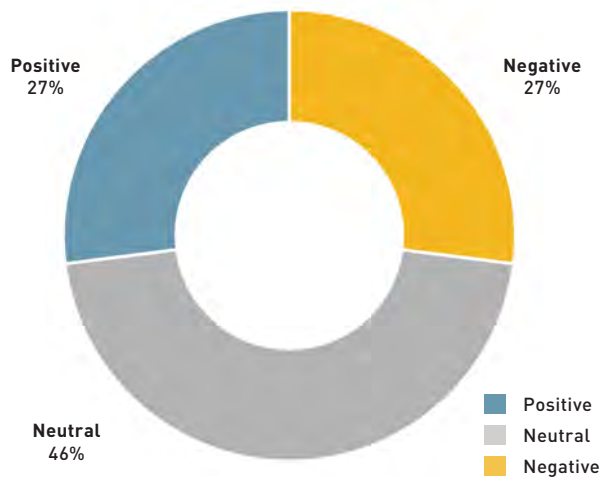


Image courtesy of SRY Rail Link.

# BUSINESS CONFIDENCE AND ECONOMIC OUTLOOK

An aerial photograph of a long freight train winding through a scenic landscape. The train consists of several red locomotives at the front and a long line of brown hopper cars with bright yellow tops. The train is moving along a track that curves through a valley. To the left of the tracks, a river flows through a rocky bed. The surrounding area is lush with green grass, shrubs, and trees. In the background, there are rolling hills covered in dense evergreen forests under a cloudy sky.

DOMINANT NEUTRAL SENTIMENT REFLECTS  
**CAUTIOUS OUTLOOK**



*The outlook on the overall business environment for the next 12 months.*

Neutral sentiment dominates perceptions of the **overall business environment** in Western Canada, with nearly half (46%) of respondents expressing a “wait-and-see” outlook. Interestingly, positive and negative sentiments are evenly balanced at 27% each, signalling a delicate equilibrium between cautious optimism and concerns about persistent challenges.

This neutrality reflects the sector’s adjustment to ongoing uncertainties, including the implications for trade of Trump’s second term, the timing and results of the next Canadian federal election, and the shifting political landscapes in allied nations. Persistent challenges—such as unresolved collective agreements, regulatory inefficiencies and geopolitical tensions—continue to detract from confidence, but easing inflation and declining interest rates provides some counterbalance.

**What Drives Neutrality?**

Three key themes emerged from respondents’ insights:

- **Uncertainty across markets:** The unpredictability of global and domestic markets was cited as a barrier to future planning.
- **Balancing strengths and challenges:** Although sectors like energy and agriculture are stable, ongoing labour disruptions and rising operational costs undermine economic confidence.
- **Election impacts:** Uncertainty surrounding President Trump’s second term in the U.S., the instability of the minority Canadian federal government, and potential shifts in Liberal Party leadership ahead of the scheduled 2025 election are making businesses cautious about long-term commitments.

**TRANS MOUNTAIN EXPANSION:  
A SYMBOL OF PROGRESS**

The completion of the Trans Mountain Expansion Project represents a rare bright spot amid the uncertainty. By increasing pipeline capacity, this project is enhancing Canada’s global competitiveness in energy exports. Going forward, Ernst & Young estimated a total value creation for the Canadian economy of about USD 27 billion based on increased oil production and the ongoing impact of continued operations, royalties, taxes, etc. This value is in addition to the returns generated by the pipeline itself. This project serves as an example of how strategic infrastructure can deliver long-term economic benefits, even in a cautious business environment.

### **Cautious Optimism with Revenue Growth**

45% of respondents indicated that they anticipate **revenue growth** in the next 12 months. This optimism is likely driven by steady performance in key sectors, such as energy and agriculture, as well as by lower interest rates. However, leaders remain cautious, noting that growth will depend heavily on resolving systemic issues like labour shortages and regulatory inefficiencies.

### **Workforce Challenges in a Tight Labour Market**

**Labour shortages** remain a critical challenge, with 71% of respondents struggling to recruit and retain skilled workers in a competitive market. Operational roles are the most affected, with 73% of respondents noting shortages (followed by trades at 59%). Rising wage expectations, demographic shifts, and gaps in training pipelines have further intensified the issue. In response, companies are exploring different options, including automation and flexible work arrangements, to address immediate needs. However, leaders emphasized that these measures are insufficient for long-term sustainability. They are calling for stronger alignment between immigration policies and industry demands to build a resilient and skilled workforce.

“ On the bright side, declining interest rates offer a promising opportunity to drive investment. However, this potential is being undermined by significant challenges, including supply chain disruptions, political uncertainty, skyrocketing construction costs and other headwinds.”

–PORT AUTHORITY

“ Exports are consistent, but government continues to impose hurdles with the misguided impression that government drives business, rather than businesses being supported by government.”

–FORWARDER

“ The negative impact of ongoing supply chain disruptions is balanced against the continued strong global demand for a range of commodities provided by Western Canada.”

–GOVERNMENT

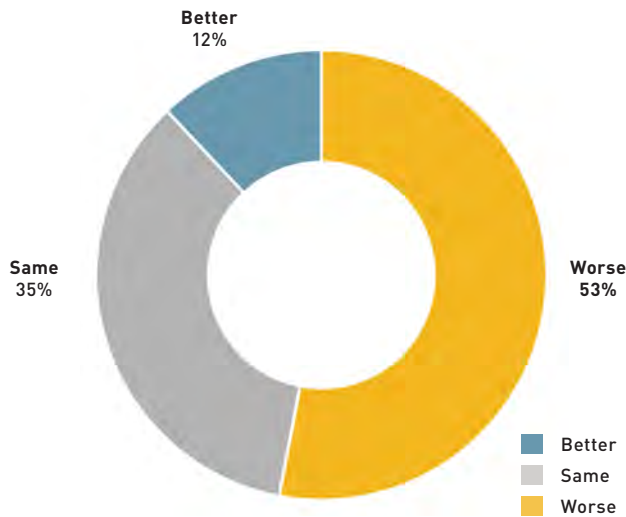
“ A shifting political environment—provincially, federally and in the U.S.—presents doubt [about where] legislative and regulatory agendas will end up a year from now.”

–INDUSTRY EXPERT



Image courtesy of Seaspan Marine.

## INVESTMENT CLIMATE HAS WORSENERD



*Views on the business investment climate in the past 12 months.*

The **investment climate** in Western Canada continues to deteriorate, with a majority of respondents (53%) indicating that conditions have worsened in the past 12 months, up from 41% in the previous year. This marks a noticeable directional shift, as those rating the investment climate as neutral fell to 35% (from 46%), while only 12% now view it as better, down from 14% compared to last year. These figures underscore the growing dissatisfaction among transportation leaders, who face increasing uncertainty in navigating economic and regulatory challenges.

Despite negative perceptions of the investment climate, 36% of respondents plan to increase **capital spending** in the next 12 months. This reflects cautious confidence, driven by the need to adapt and invest strategically despite ongoing challenges.

## Why is it Worse?

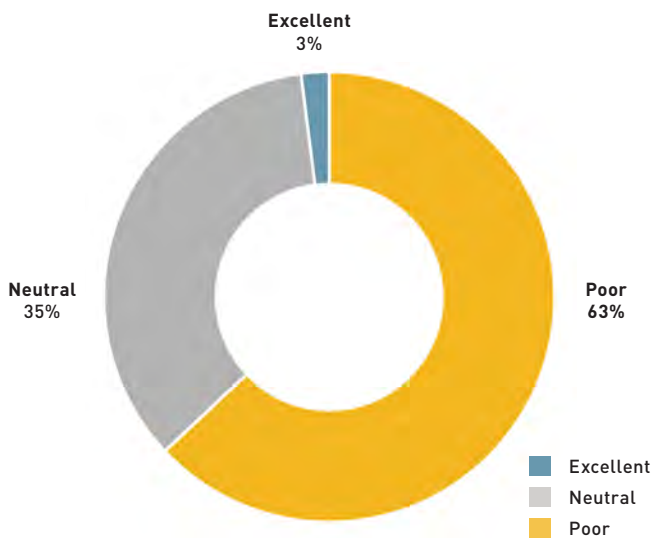
Several persistent issues were identified as primary drivers of the decline:

- **Government policies and regulations:** This issue was highlighted by 82% of the respondents who rated the investment climate as worse. Challenges include overlapping regulatory frameworks, slow approval processes, and insufficient consultation with stakeholders.
- **Labour market conditions:** Workforce shortages and the frequency of labour disruptions remain significant concerns for 53% of respondents who rated the investment climate as worse. These issues contribute to operational unpredictability and increasing costs.
- **Economic conditions:** Among respondents who cited it worse, 52% pointed to inflationary pressures, weak economic growth and the high cost of capital as key challenges. These factors are tightening margins and limiting business confidence.

## Global Competitiveness Faces Pressure

Canada's global competitiveness continues to decline, with 59% of respondents indicating that they believe it has worsened in the past year. Key factors driving this trend include rising operational costs, inconsistent regulatory frameworks, and recent labour disruptions. Respondents expressed concern that these challenges not only erode Canada's market share, but reduce its attractiveness to foreign investors.

## CHALLENGES IN THE REGULATORY ENVIRONMENT PERSIST



*Outlook on the overall regulatory environment in Canada.*

Canada's regulatory environment remains a significant source of frustration for transportation leaders, with 63% classifying it as poor. Positive sentiment has dropped to just 3%, down from 9% last year, reflecting a clear lack of confidence in the system. Concerns about inefficiencies, fragmented jurisdictions and delayed project approvals continue to dominate feedback, underscoring the need for systemic reform.



Image courtesy of BHP Canada Inc.

### Why is it Poor?

Several pain points were identified that contribute to the perception of the regulatory landscape as poor:

- **Inconsistent and unpredictable regulations:** Nearly two-thirds (64%) of respondents highlighted the lack of consistency and predictability in regulations, which complicates planning and undermines confidence in long-term investments.
- **Slow approval processes:** The same proportion of respondents (64%) identified inefficiencies in regulatory approvals as a major barrier, with delays stalling critical infrastructure projects and limiting investment opportunities.
- **Increased business costs:** Only slightly fewer respondents (60%) noted that regulatory inefficiencies directly result in increased construction and operational costs, compounding challenges for businesses that are already facing tight margins and global competitiveness pressures.

Improving inter-jurisdictional coordination, streamlining approval processes and decision-making, and fostering meaningful engagement with industry stakeholders will be essential to increasing investment, enhancing competitiveness and restoring confidence.

## TOP 5 TRANSPORTATION CHALLENGES

- 1 **DISRUPTION**
- 2 **LACK OF A COORDINATED, LONG-TERM INFRASTRUCTURE PLAN**
- 3 **DECLINING REPUTATION AS A RELIABLE SUPPLIER**
- 4 **DECLINING COST COMPETITIVENESS**
- 5 **LACK OF RELIABILITY LINKED TO RAILWAYS, TRUCKS AND VESSELS**

Respondents were asked to identify the top transportation challenges they expect to face over the next two years. The challenges listed above were the most frequently cited (from more than 30 options). Disruptions—whether caused by labour instability, extreme weather or operational inefficiencies—are expected to continue undermining reliability and cost competitiveness. Notably, 64% of respondents identified disruptions as their top anticipated challenge, nearly double the 33% recorded last year. Similarly, 39% of respondents highlighted the issue of Canada’s declining reputation as a reliable trading partner—another significant increase from last year’s 19%. These year-over-year shifts underscore growing concerns about systemic vulnerabilities. Addressing these issues will require a coordinated, long-term infrastructure plan to build resilience and demonstrate reliability.

**Disruptions** are expected to remain the most significant challenge in the coming year. This year’s 64% response rate highlights increasing concerns about vulnerability in the transportation system. Leaders expressed frustration with the growing frequency and severity of collective bargaining disputes, as well as weather-related disruptions. Collectively, these issues undermine the sector’s reliability and global reputation. Many respondents emphasized the need for stronger contingency planning and better alignment between industry and government to minimize the ripple effects of these disruptions on supply chains.

The **lack of a coordinated, long-term infrastructure plan** is also seen as a critical barrier to building resilience. Respondents pointed to stretched rail networks, congested ports, and inadequate capacity as major obstacles. Without a coordinated, long-term strategy, businesses will struggle to meet rising demands and adapt to future trade requirements. Many called for enhanced collaboration between policy-makers and industry leaders to prioritize infrastructure investments and create a roadmap that addresses current inefficiencies while preparing for future growth. Adequate and targeted funding must accompany such a plan to ensure effective execution.

Canada’s **reputation as a reliable supplier** is being called into question as ongoing disruptions and inconsistent service delivery erode trust among international partners. Respondents warned that continued disruptions could lead global customers to source products from other countries, further weakening Canada’s competitive position. Rebuilding our reputation will require decisive action to improve operational stability and demonstrate consistent performance across all transport modes.

Canada's **cost competitiveness** is expected to decline further as fuel, labour and regulatory compliance costs increase. Leaders are concerned that these pressures will make it harder for Canadian businesses to compete in global markets. Respondents emphasized that addressing these challenges will require streamlined regulatory frameworks, targeted cost-reduction measures, and incentives to support innovation. Without these interventions, the sector risks losing ground to international competitors that offer more efficient cost structures.

**Reliability issues** across transportation modes—including trucks, railways and vessels—are expected to persist, making it difficult for businesses to plan and execute efficient supply chain operations. Leaders pointed to congestion, scheduling inefficiencies and weather-related delays as key contributors. Respondents advocated for targeted investments in technology and infrastructure to enhance tracking, scheduling and load management capabilities, thereby reducing operational bottlenecks.



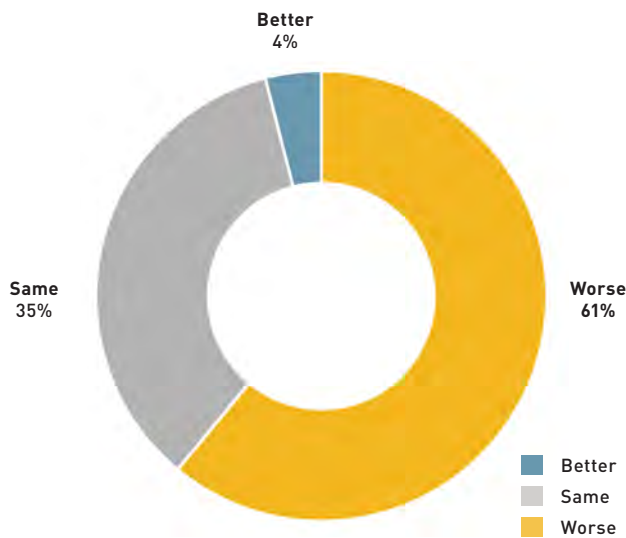
Image courtesy of the Government of Manitoba.



An aerial photograph showing a large container ship at sea, a multi-lane highway with several cars in motion, and a tugboat pulling a barge. The container ship is positioned at the top of the frame, the highway is in the middle, and the tugboat and barge are at the bottom. The water is a deep blue-green, and the sky is not visible. The overall scene suggests a connection between maritime and land-based supply chains.

# WESTERN CANADA'S SUPPLY CHAIN OUTLOOK

## REPUTATION SUFFERS AMID PERSISTENT DISRUPTIONS



Change in reputation of Western Canada's supply chain in the last 12 months.

Persistent disruptions in Western Canadian supply chains continue to erode Canada's reputation as a reliable trading partner. A staggering 94% of respondents pointed to labour disruption—including lockouts, strikes and ongoing uncertainty—as the leading cause of this instability. The simultaneous shutdown of CN and CPKC was highlighted as particularly damaging, leaving businesses unable to meet delivery commitments and further weakening confidence in the reliability of Canada's supply chains.

Disruptions to date have had a cumulative effect, emphasizing the supply chain's unpredictability and weakening customer trust over time. Stakeholders expressed concerns that the stop-and-start nature of operations will likely create significant, long-term challenges for Canada's trade relationships. For some, declining volumes and delays in meeting customer expectations have further affected the ability to compete globally.

Transportation leaders have criticized government involvement in labour disputes. In fact, survey respondents pointed to inconsistent or heavy-handed interventions as examples of the government exacerbating tensions rather than resolving them. Such unpredictability adds another layer of complexity to an already strained system, making it more difficult to rebuild confidence in Canadian supply chains.

“ Our reputation has fundamentally shifted, driving countries to source grain commodities from competitors that offer lower-quality products with less ethical standards. Countries are willing to pay a premium for quality and reliability, but when we fail to deliver on time, they look elsewhere. Once they shift away from our products, it's difficult to win them back. ”

—EXPORTER



Image courtesy of the Government of Alberta.

## RESILIENCY: WEAKNESS EXPOSED BY DISRUPTION

Disruptions have exposed critical weaknesses in the resiliency of Western Canada's supply chains and transportation networks. Survey respondents emphasized that disruptions not only delay operations, but exacerbate financial and reputational pressures. Stakeholders expressed concerns that the cumulative impact of these issues is creating long-term instability, particularly in key trade corridors.

Respondents identified infrastructure gaps, limited redundancy in supply chains, and insufficient collaboration between public and private sectors as key barriers to enhancing resiliency. Further, when such barriers inhibit rapid recovery from disruptions, there are cascading effects across industries, which amplifies the overall impact of the barriers.

### Actions To Improve Resiliency: Respondent Recommendations

Respondents ranked the following as the four key priorities to strengthen resiliency:

- **Increase investment in infrastructure:** Investment in expanding existing critical infrastructure, such as ports, railways and highways, was identified as the top priority. Respondents emphasized that aging infrastructure and limited capacities can't meet growing demands, leaving the system vulnerable to disruptions. They identified enhancements for existing infrastructure and new project development (to address bottlenecks) as essential steps to improving flexibility and reliability.
- **Enhance collaboration and partnership:** Respondents called for stronger collaboration between government, industry and Indigenous

communities to develop cohesive strategies for managing disruptions. Improved communication between all parties and priority alignment across jurisdictions were highlighted as critical to enhancing overall supply chain resiliency.

- **Develop new infrastructure and route options:** Diversifying transportation routes and creating redundancies in key corridors were cited as critical measures to reduce the impact of single-point failures. Respondents pointed to regions like Prince Rupert as underutilized opportunities for building new capacity and ensuring greater flexibility.
- **Improve regulatory frameworks:** Respondents suggested simplifying regulatory processes as a necessary step to reduce delays and support private sector investment. They emphasized that inefficiencies in approval processes are hindering the development of critical infrastructure projects, slowing the system's ability to adapt to disruptions.

### Climate Change and Transportation Resilience

The transportation sector's commitment to climate change has shifted, with only 50% indicating plans to lower greenhouse gas emissions, down from 65% last year. Fewer organizations indicated that they plan to lower emissions in general, and more transportation leaders are unsure if their organizations have a commitment.

Leaders report financial constraints, technological limitations and regulatory uncertainty as the top barriers to implementing climate and sustainability initiatives.

The decline in climate commitments may also be due to concerns related to ensuring compliance with new expected corporate reporting requirements.

## STRATEGIC PRIORITIES FOR A \$5 BILLION INVESTMENT

With a \$5 billion hypothetical investment, respondents identified key priorities to address infrastructure gaps, enhance capacity, and strengthen supply chain resilience. Recommendations focus on targeted investments that will reduce bottlenecks, improve connectivity, and ensure long-term efficiency across the transportation network.

### Rail network

- Respondents emphasized replacing critical infrastructure, such as the Second Narrows Rail Bridge and New Westminster Rail Bridge (both in the Metro Vancouver area), which are currently viewed as insufficient for handling increased exports and as choke points that hinder network performance.
- They also identified investments in grade separations, additional sidings and targeted rail expansions as necessary steps to enhance capacity, improve fluidity and better connect rail networks with ports.
- Improving rail infrastructure in both urban centres and alternative trade corridors like Prince Rupert was highlighted as essential for long-term resilience.

### Road network

- Respondents classified road infrastructure investments as essential to alleviate congestion and improve overall freight movement. They pointed to the need for upgrades that address weight limitations and extend the lifespan of critical roadways. In the Vancouver region, priorities included expanding capacity along major trade routes, such as Highway 1, the South Fraser corridors, and access roads supporting the Vancouver gateway.

### Expanding beyond Vancouver

- Respondents highlighted the importance of reducing pressures on the Vancouver gateway by investing in alternative corridors and underutilized hubs. Regions like Prince Rupert and Vancouver Island present opportunities for growth, with land available for terminals and warehouses.
- Inland logistics centres and rail access to areas like Churchill, Manitoba were also noted as strategic investment opportunities that could diversify trade routes and strengthen the resiliency of Western Canada's supply chains.

### Investing in digitization and data transparency

- Adopting digital tools and implementing a common approach to data management emerged as key priorities to improve coordination and visibility across the supply chain. Respondents emphasized that real-time data-sharing among stakeholders would streamline operations, reduce delays and enable better decision-making.
- Investments in digital tools and enhanced technology infrastructure were seen as essential for improving overall system performance and transparency.

### Streamlining project approvals

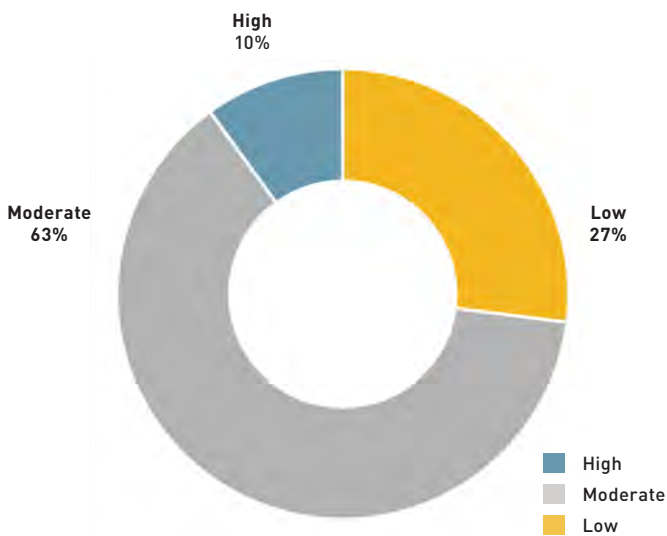
- Respondents consistently mentioned simplifying regulatory and procurement processes as critical priorities. They emphasized that lengthy approval timelines delay shovel-ready projects and undermine industry efforts to address capacity constraints. Streamlined approvals, greater process predictability, and reduced bureaucratic hurdles were identified as key enablers of timely and cost-effective infrastructure delivery.

## SPOTLIGHT ON PRODUCTIVITY

Productivity is a key driver of economic growth and competitiveness, which is why Canada's lagging productivity growth has become a major concern for stakeholders in the transportation sector. Defined as the efficiency with which goods and services are produced, productivity is critical for improving living standards and ensuring sustainable economic expansion.

Carolyn Rogers, the Senior Deputy Governor of the Bank of Canada has sounded the alarm, describing Canada's productivity issues as an emergency requiring immediate action. Economists emphasize that addressing these challenges is critical to sustaining economic growth, increasing wages and improving quality of life for Canadians.

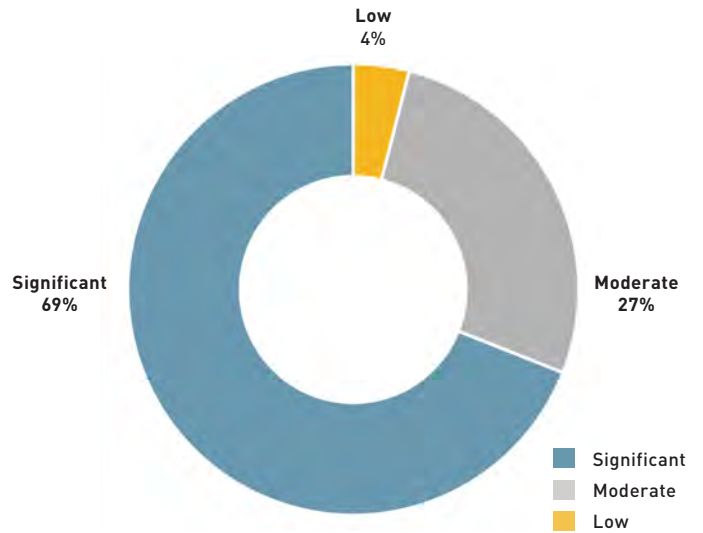
### PERCEIVED **PRODUCTIVITY** LEVELS WITHIN WESTERN CANADA'S TRANSPORTATION SECTOR



Most transportation leaders view the sector's productivity as moderate, with more rating it low than high, indicating that there is some desire for improvements in efficiency.

Transportation leaders see sector productivity as crucial to the efficiency and reliability of Western Canada's supply chains. They believe that improving productivity could increase reliability, capacity utilization, competitiveness and service levels, with far-reaching benefits for the entire supply chain.

### PERCEIVED IMPACT OF **PRODUCTIVITY** ON EFFICIENCY AND RELIABILITY



## BARRIERS TO PRODUCTIVITY IMPROVEMENT IN TRANSPORTATION

Survey respondents identified several critical barriers that are hindering productivity growth in Canada's transportation sector:

- **Regulatory challenges and infrastructure investment delays:** Lengthy and uncertain regulatory approval processes remain a significant barrier to improving productivity. Delays and protracted decision-making discourage private investment and prolong critical infrastructure upgrades, affecting railways, ports and highways. Combined with insufficient infrastructure investment, the sector faces capacity constraints, bottlenecks and greater vulnerability to disruptions. A streamlined and consistent regulatory framework with timely decision-making is needed to accelerate project timelines, reduce inefficiencies and ensure the transportation network can meet growing demands.
- **Technological gaps and adoption resistance:** The sector's slow adoption of advanced technologies is hindering productivity gains. Respondents cited regulatory barriers and a general hesitancy to implement digital tools and automated systems as the root of this issue. These challenges limit opportunities to streamline operations, improve visibility and reduce delays, which could be addressed by making targeted investments and encouraging a culture of innovation. A significantly updated approach in this area will be critical to enhancing operational efficiency.

- **Supply chain visibility and coordination gaps:** A lack of real-time data-sharing and transparency across the supply chain prevents effective coordination and planning. This absence of visibility exacerbates congestion, creating delays and inefficiencies, particularly during disruptions. Respondents believe that improved collaboration, supported by integrated data platforms, would enable stakeholders to predict and mitigate issues before they compound, driving a more efficient and reliable supply chain.



## TAKEAWAY MESSAGES

- 1 Geopolitical uncertainty is the only certainty**

Geopolitical uncertainty continues to weigh heavily on Western Canada's transportation sector. As President Trump begins his second term and the Canadian federal election approaches, shifting political dynamics create significant unpredictability for the industry. Engaging early with new policymakers will be essential to safeguarding industry priorities and ensuring Western Canada's supply chain interests are understood and represented in decision-making processes.
- 2 Proactively manage future disruptions**

Disruptions—whether from extreme weather events, labour disputes, or operational uncertainties—is the looming concern for Western Canada's transportation sector in 2025. Proactively managing these risks requires targeted infrastructure investments, greater employee engagement, and stronger collaboration across supply chains. Industry leaders should focus on resilience-building initiatives such as enhancing infrastructure capacity, diversifying trade routes, and implementing stronger contingency planning to reduce operational vulnerabilities and safeguard Canada's reputation as a reliable trade partner.
- 3 Collaboration is key**

Collaboration is essential to overcome systemic challenges in Western Canada's transportation sector. Enhancing partnerships across government, industry, and labour groups can help address infrastructure gaps, strengthen supply chain resiliency, and mitigate the impact of disruptions. Bipartisan engagement, cross-sector cooperation, and consistent communication between stakeholders will be critical for long-term stability. The one key area requiring immediate collaboration is the development of a coordinated, long-term infrastructure plan to build resilience and demonstrate reliability. Without this plan, we are planning to fail.



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