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CNR sees Prince Rupert boom
By Paul Vieira

Canadian National Railway Co's acquisition of **BC Rail** is going to help turn around the moribund port town of Prince Rupert, B.C., at the expense of business from other West Coast docks, including Vancouver, the railway's chief executive predicted yesterday.

As a result, CN is poised to capitalize, given Prince Rupert's closer proximity to Asia and the railway's reputation for transporting goods on schedule, Hunter Harrison told a crowd of Wall Street analysts and investors.

"We are going to make some inroads in Prince Rupert that people are not anticipating," Mr. Harrison said at a transportation conference, organized by Deutsche Bank Securities, saying big gains will likely be realized four to five years from now.

Congestion at West Coast container terminals, such as Vancouver, remains a hurdle for trade, Mr. Harrison said. Meanwhile, Prince Rupert, 800 kilometres north of Vancouver, is recognized to be the West Coast port with the shortest sailing time - by one day - to Asia.

Prince Rupert's port authority is building a container terminal, worth \$62-million, to become a West Coast trade hub. The B.C. government will contribute \$17.2 -million to the project.

"Coupled with our service and less congestion [at Prince Rupert], there's going to be some shift of business," Mr. Harrison said.

Statistics indicate trade between Asia, driven by China, to North America's West Coast is growing by 8% to 10% a year. At that rate, the Port of Vancouver, already facing heavy congestion, will be stretched to the limit, experts say.

Gordon Campbell, the B.C. Premier, has said it is a government priority to open the rail corridor between Prince Rupert and Alberta and transform the northern region into a so-called continental gateway.

CN has previously said it would invest up to \$15-million so the train lines in the Prince Rupert area can accommodate double-stacked containers.

CN's \$1-billion acquisition of BC Rail Ltd., set to close in the second quarter of this year, gives the Montreal-based railway control of a 2,300-kilometre network of tract that connects the ports of Vancouver and Prince Rupert with northern and central parts of the province.

CN beat competition from rival Canadian Pacific Railway Ltd. and a consortium of two U.S. companies for BC Rail.

Mr. Harrison said he expects CN's sales to grow 4% to 5% next year, excluding any foreign exchange impact.

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