



# Transport to drive growth

## Canadian rail executive talks of expanding Memphis hub

By Jane Roberts

Thursday, October 4, 2007

E. Hunter Harrison, the former Memphian who runs Canadian National Railway, doesn't know this, but when the Economic Club of Memphis expects a blockbuster crowd, it books the Holiday Inn at the University of Memphis.

Wednesday night, members of long standing were lining up to shake hands with Harrison, their high school buddy in the 1960s and teammate from summers of ball in Memphis.

From a few notes in his own handwriting, Harrison outlined what CN sees down the track, including payoffs on the \$250 million it invested since 2004 in Prince Rupert, British Columbia -- the closest port in North America to Asia -- and its entry into logistics park management, eventually in Memphis.

"We don't think we can miss in Prince Rupert," Harrison said. "We're not wishing bad luck for anyone, there's enough business for everybody. But the U.S. ports cannot handle the business from Asia. All kinds of alternatives are being looked at, including Mexican ports, Suez, eastern U.S. ports, even going around the Horn of Africa.

"With Prince Rupert, we are two days closer to Asia."

With CN's announcement last week that it intends to buy a major portion of the Elgin, Joliet and Eastern Railway Co. in Chicago, Harrison's own number suggest CN will be able to get cargo to Memphis in 100 hours from Prince Rupert -- 3,100 miles away -- as early as 2011.

In the same year, he says Memphis will be receiving a milelong train a day from Prince Rupert alone, double stacked with import containers.

The combination of the investments will change CN's entire U.S. network.

"We currently have seven primary yards in the U.S. All will be downsized to focus on Chicago and Memphis."

Container imports are expected to rise 350 percent by 2020, creating immense stresses for the U.S. transportation sector. Improved rail efficiencies must cope with this problem, he said.

In Memphis alone, Harrison said, CN has invested nearly a half-billion dollars since 2004, opening a new intermodal terminal at Frank C. Pidgeon Park in 2005, and beefing up its rail car yard at Johnston Yard.

With its new focus on freight forwarding through CN International Worldwide, which it started in early 2007, CN can take shipments "from Rotterdam to warehouse No. 3 on Mallory Street in Memphis," Harrison said.

"When that business starts to click, then we'll make the big play," he said, a reference to an expanded logistics park presence here.

CN currently runs a small logistics center here, shipping paper from eastern Canada to Memphis for eventual shipment to markets 300 miles away.

City leaders have hoped for more at the 3,000-acre city and county-owned Pidgeon Park, which CN serves with partner CSX Railroad.

Memphis offers a noncongested yard -- with river access -- within a day's drive of 70 percent of the U.S. population.

"Every time we grow in Prince Rupert, Memphis will grow," Harrison said. "Memphis understands it needs CN. And CN knows it needs Memphis."

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### **Canadian National Railway**

President, CEO: Hunter Harrison

Scope: Operates 20,300 route miles, including 14,000 through eight Canadian provinces.

2006 revenue: \$7.7 billion, up 7 percent

2007 capital expenditures: \$1.6 billion

Stock: in 1995 IPO, sold for \$23. Wednesday, it closed at \$55.91.



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