

Canpotex to build repair yard in Saskatchewan for rail cars carrying potash

The Canadian Press
Tue, 19 Apr 2011 13:24:00 CST

SASKATOON - Canpotex Ltd. will build a \$55 million maintenance yard in Saskatchewan to clean and service thousands of rail cars used to carry potash to the West Coast for export.

The Saskatoon potash exporter said Tuesday the new yard will create 40 jobs during construction and 20 jobs once it's operating by the fall of 2012.

The new railyard will provide all-weather inspection and light repair, automated railcar wash and wheel maintenance services for Canpotex's fleet of 5,000 railcars, the company said.

"The movement of our potash from Saskatchewan to our export terminals on the West Coast, covering a distance of over 1,600 kilometres through rugged terrain and severe climate changes, is the lifeline of our logistics," chief executive Steve Dechka said in a news release.

"This new facility will provide greater control over railcar maintenance, thereby enhancing the performance of our railcar fleet. It will also improve the efficiency of the overall rail corridor, benefiting shippers, railways and port jurisdictions throughout Western Canada."

Construction is expected to start in May near Lanigan, Sask.

Canpotex is the offshore marketing company owned by the three Saskatchewan potash producers: Agrium Inc. (TSX:AGU), Mosaic Canada Crop Nutrition LP, a subsidiary of U.S.-based The Mosaic Company (NYSE:MOS), and Potash Corp. of Saskatchewan Inc. (TSX:POT), the world's largest fertilizer producer.

Last year, the federal and Saskatchewan governments cited the pivotal role potash plays in the regional economy as a reason they opposed the nearly US\$40 billion takeover of PotashCorp. by BHP Billiton (NYSE:BHP), the world's largest mining company.

In a release Tuesday, Saskatchewan called the new railcar maintenance and staging yard more evidence of a strong and growing potash industry in the prairie province.

"This is great news for the Lanigan area and for all of Saskatchewan," Energy and Resources Minister Bill Boyd said in a release.

"Canpotex is recognized as the world leader in potash marketing, logistics and distribution. This new project is an important step in maintaining and enhancing Canpotex's position."

Boyd said the ongoing expansion of the Saskatchewan potash industry through new investments and now a new railcar maintenance and staging centre is clear evidence the government's potash policies are working and the industry is growing.

Potash is a main ingredient of fertilizer and is used around the world to boost crop production.

Demand for Canadian-mined potash has grown rapidly, especially from China and other parts of Asia.