

Transportation Information Update*

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(Pictures shown have been taken from the Globe and Mail)

AIR TRANSPORTATION

1. Canada's government allows greater choice of services for air travel to and from Lebanon

On October 24, 2009, the Government of Canada has taken action to improve travel options for passengers wishing to fly from Canada to Lebanon. Effective immediately, Canadian air carriers will be able to make arrangements to sell seats on flights of partner airlines (code sharing) to and from Beirut, Lebanon.

2. WestJet supports ACTA call for transparency

WestJet announced on October 30, 2009 that it supports the Association of Canadian Travel Agencies' (ACTA) call for a policy change for greater transparency in taxes and fees being charged for vacation packages by tour operators and wholesalers.

3. WestJet launches new service to Freeport

WestJet announced on November 2, 2009 the launch of new, seasonal non stop service between Toronto and Freeport, Bahamas. Their service will consist of two weekly flights beginning on November 2, 2009.

4. Air Canada raised to a "buy" at Genuity

An analyst at Genuity Capital Markets, upgraded Air Canada stock. The reason provided is they "... continue to believe the airline cycle is turning, recent data shows improved Canadian passenger demand. There are also tentative signs of improving global air travel pricing trends."

5. Aircraft movement statistics: Small airports [August 2009]

The number of take offs and landings at the 119 airports without air traffic control towers reached 62,794 movements in August 2009, down 8.6% compared with the 68,698 take offs and landings for the 120 airports reported in August 2008.

6. WestJet announces 18th consecutive quarter of profitability [3rd Quarter 2009]

WestJet reported net earnings of \$31.4 million or 24 cents per share compared to the third quarter of 2008 net earnings of \$57.9 million or 45 cents per share. Other results for the third quarter of 2009 were: revenue \$600.6m., ASM 4.5b., RPM 3.59, load factor 79.7 compared to \$718.4m., 4.5b., 3.7b., and 81.4. The decline for each was 16.4%, 1.1%, 3.2% and 1.7 points. WestJet President and CEO Sean Durfy said "We are extremely happy to have once again turned a difficult economic period into another profitable quarter." Year to date net earnings, revenue, RPM and load factor declined by 42.8, 11.5, 0.3 and 2.2, respectively. ASM in contrast increased 2.5%.

7. WestJet reports an improved October load factor of 77.3 per cent

On November 4, 2009, WestJet announced traffic results for October 2009 a load factor of 77.3 per cent, available seat miles of 1.413 billion and revenue passenger miles of 1.093 billion. In terms of year to year comparison, for October 2009, the load factor was up 1.5 points higher than October 2008. The available seat miles was down 1.8% and the revenue seat miles was up 0.3%, compared to October 2008. Sean Durfy, WestJet President and CEO said "We are encouraged by our year over year improvements in October's load factor and RPMs."

* The CTRF is not responsible for the information provided in this Update. ** The information provided is from the Authors and neither the Competition Bureau or Industry Canada is responsible for it.

Current Developments in Brief

Air Transportation

CANADA

1. Canada's government allows greater choice of services for air travel to and from Lebanon, October 24, 2009, www.tc.gc.ca
2. WestJet supports ACTA call for transparency, October 30, 2009, www.westjet.ca
3. WestJet launches new service to Freeport, November 2, 2009, www.westjet.ca
4. Air Canada raised to a "buy" at Genuity, November 2, 2009, www.nationalpost.ca
5. Aircraft movement statistics: Small airports [August 2009], November 4, 2009, www.statcan.gc.ca
6. WestJet announces 18th consecutive quarter of profitability, November 4, 2009, www.westjet.ca
7. WestJet reports an improved October load factor of 77.3 per cent, November 4, 2009, www.westjet.ca
8. WestJet sees end of air travel slowdown, November 4, 2009, www.globeandmail.ca
9. WestJet launches new service to Cayo Coco, November 4, 2009, www.westjet.ca
10. WestJet launches new service to Turks and Caicos, November 4, 2009, www.westjet.ca
11. Air Canada reports October traffic, November 4, 2009, www.aircanada.ca
12. BA hit with air cargo fines in Canada, *GCR News*, November 2, 2009.
13. Air Canada reports 2009 third quarter results, Nov. 6, 2009, www.aircanada.com
14. Western Premiers Endorse Open Skies, *The Airport Voice*, Oct.-Nov. 2009, www.cacairports.ca
15. WestJet launches new service to Holguin, November 6, 2009, www.westjet.ca
16. ACE Aviation wind up nearing?, November 9, 2009, www.nationalpost.ca
17. ACE gives Air Canada deadline for repayment, November 10, 2009, www.globeandmail.ca
18. Airline On-Time Performance Improves in September, November 9, 2009, www.bts.gov

8. WestJet sees end of air travel slowdown

WestJet Airlines Ltd. posted a slightly weaker than the expected 46 per cent drop in third quarter 2009 earnings. They said there are signs the brutal air travel slowdown is behind it from now on.

9. WestJet launches new service to Cayo Coco

Westjet begins a two weekly inaugural flight between Toronto and Cayo Coco on November 4, 2009.

10. WestJet launches new service to Turks and Caicos

Westjet begins a three weekly inaugural flight between Toronto and Turks and Caicos on November 4, 2009.

11. Air Canada reports October traffic

On November 4, 2009, Air Canada reported its traffic for October 2009. The combined carriers (Air Canada and Jazz) reported: a load factor of 79.6% (compared to 80.2% for September 2008, a 0.6 points decrease); revenue passenger miles 3,850 million (1.3% lower); and available seat miles or capacity 4,835 million (.5 % lower). Calin Rovinescu, President and Chief Executive Officer said "...In this difficult economic environment, our ongoing stable load factor is also a reflection of our employees' hard work providing a level of service that is earning our customers' loyalty."

12. BA hit with air cargo fines in Canada

British Airways pleaded guilty in Canada to its role in an international air cargo cartel. It agreed to pay a C\$4.5 million fine for its role in the cartel. BA joins Quantas, Air France, KLM and Martinair Holland in agreeing to fines for its role in the conspiracy. The penalty brings the total fines issued in the Competition Bureau's investigation to more than C\$14.6 million.

13. Air Canada reports 2009 third quarter results

On November 6, 2009, Air Canada reported third quarter 2009 net income of \$277 million which included gains on foreign exchange of \$295 million. This compares with net loss of \$132 million in the third quarter of 2008 which included gains on foreign exchange of \$87 million. The carrier reported an operating gain of \$68 million for the third quarter of 2009 on operating revenues of \$2670 million compared to operating income of \$112 million in the third quarter of 2008 on operating revenues of \$3075 million. Its operating expenses decreased \$361 million or 12 per cent from the third quarter of 2008 and included reduced fuel expense. Passenger revenue and revenue available per seat mile decreased by 13% and 10.2% for this quarter.

14. Western Premiers Endorse Open Skies

In a landmark Open Skies Summit held in Vancouver in September 2009, Canada's three western most provinces signed a joint declaration calling for Open Skies. It was an historic first foray by a group of provinces into international air policy traditionally a federal domain. The three provinces (BC, Alberta and Saskatchewan) have committed to: 1. Exchange information, research and analysis; 2. Participate in and jointly support projects and programs of mutual interest; 3. Engage industry and other jurisdictions to accelerate Open Skies agreements for our provinces; and 4. Undertake advocacy and public education to advance the case for the economic benefits of Open Skies agreements.

15. WestJet launches new service to Holguin

WestJet on November 6, 2009 began the launch of new, seasonal one weekly non stop service between Toronto and Holguin, Cuba.

16. ACE Aviation wind up nearing?

A CIBC World Markets analyst, suggests that according to ACE Aviation Holdings Inc.'s quarterly results there may be a wind up of the company. ACE saw its ownership stake in Air Canada reduced to 27%, from 75% previously, during the third quarter largely due to a rise in equity of the airline.

17. ACE gives Air Canada deadline for repayment

ACE says it has given Air Canada until mid 2014 to repay a \$150 million loan. ACE agreed to lend the money in July 2009, as part of a financial rescue package. There is also nothing stopping ACE from selling the obligation to a third party.

18. Air Canada expands its network north to Iqaluit

19. News Brief: Eliminate Costly Duplication of Aviation Security Procedures, November 10, 2009, www.iata.org

20. Porter loses its airport monopoly, November 10, 2009, www.globeandmail.ca

21. Air Canada launches Self-Service Rebooking Tool to reduce customer line-ups and wait times during storms and other events, November 10, 2009, www.aircanada.ca

22. Air Canada offers customers the best seats in the house, November 12, 2009, www.aircanada.ca

23. Aeroplan profit cut nearly in half, November 13, 2009, www.globeandmail.ca

24. Canada "Missing in Action" on Aviation Free Trade, November 16, 2009, www.cacairports.ca

25. Operational data on civil aviation are now available for September, November 16, 2009, www.statcan.gc.ca

26. Transport minister tried to kill passenger rights bill despite publicly supporting it, November 16, 2009, www.globeandmail.ca

27. Cargojet units soar, November 16, 2009, www.nationalpost.ca

28. Porter says Continental has stranglehold of its own, November 16, 2009, www.globeandmail.ca

29. Air Canada to launch Calgary-Tokyo non-stop service; Offering convenient connecting flights throughout Asia, November 18, 2009, www.aircanada.ca

30. Canadian Transportation Agency Decisions on International Tariff Amendments for Air Canada, WestJet and Air Transat, November 19, 2009, www.cta-otc.gc.ca

31. Air Canada begins customer trials for inflight internet, November 19, 2009, www.aircanada.ca

32. WestJet named Canadian airline of the year, November 20, 2009, www.westjet.ca

33. WestJet announces service to Bermuda, November 23, 2009, www.westjet.ca

34. Improved X-ray scanners coming to airports, November 24, 2009, www.globeandmail.ca

35. Aircraft movement statistics: Major airports, November 24, 2009, www.statscan.gc.ca

36. Eurocontrol Unit Rate Proposals Unacceptable, November 23, 2009, www.iata.org

37. Three airlines fined in tarmac stranding, November 24, 2009, www.globeandmail.ca

38. Extension of Deadline for Consultation Submissions, November 26, 2009, www.cta-otc.gc.ca

US

1. 2nd-Quarter 2009 Air Fare Data: Average Domestic Fares Drop 13% from 2nd Quarter 2008 Top 100 Airports: Highest Fare in Huntsville (Revised), Lowest Fare at Atlantic City, October 28, 2009, www.dot.gov

2. LAX Reports First Freight Gain Since 2007, October 28, 2009, www.joc.com

3. British Airways, Iberia eye merger, November 12, 2009, www.globeandmail.ca

4. BA, Iberia Agree on Merger, November 12, 2009, www.joc.com

Air Canada announced on November 9, 2009 that it will expand its network north with the start up of new, daily non stop services to Iqaluit, Nunavut from Ottawa via Montreal.

19. News Brief: Eliminate Costly Duplication of Aviation Security Procedures

The International Air Transport Association (IATA) called on governments and regulators to work with the industry to eliminate ineffective duplication of aviation security procedures. Airlines now spend US\$5.9 billion a year on security. Airlines and travellers cannot afford to pay for duplication because governments have not been able to harmonize or have mutually agreed requirements. IATA expects the losses in 2009 to be \$11 billion.

20. Porter loses its airport monopoly

Downtown Toronto facility will open to competitors, but new tenants will have to go through the Porter Airlines, who is the chief landlord. He also happens to be the CEO of Porter Airlines. Air Canada's Jazz, a competitor is seeking access but was ousted in February 2006.

21. Air Canada launches Self-Service Rebooking Tool to reduce customer line-ups and wait times during storms and other events

Air Canada on November 10, 2009 introduced a new web based Self Service Rebooking Tool to make it easier for passengers to get information about flights affected by events such as storms and then rearrange their travel to suit their needs using their computer or mobile device.

22. Air Canada offers customers the best seats in the house

Air Canada on November 12, 2009 began offering customers a Preferred Seat option that gives travellers seeking the comfort of additional leg room the opportunity to reserve specific exit row and bulkhead seats with extra seat pitch in the economy cabin on all Air Canada flights. Preferred Seat prices start as low as \$14 per one way trip and certain conditions apply.

23. Aeroplan profit cut nearly in half

Groupe Aeroplan Inc. On November 13, 2009 Aeroplan said that its profit was cut nearly in half in the third quarter, falling to \$18.8 million from \$35 million a year ago.

24. Canada "Missing in Action" on Aviation Free Trade

Canada's airports expressed disappointment that the federal government failed to attend a weekend summit of world aviation leaders held in Montebello, Québec on Monday 16, 2009. It resulted in a multilateral agreement on liberalizing worldwide aviation. Seven parties signed the multilateral statement (including the European Union). The policy principles address three main areas: Freedom to access capital markets; Freedom to do business; and Freedom to price services:

25. Operational data on civil aviation are now available for September.

Statistics Canada indicates that operational data on civil aviation is now available on its website.

26. Transport minister tried to kill passenger rights bill despite publicly supporting it

The Globe and Mail reports that more than a year ago the federal transport minister's office privately pleaded with Canada's big airlines to step up their lobby campaign to kill a proposed passenger bill of rights even as the minister publicly rallied behind the popular initiative, according to internal documents obtained by Canwest News Service. It appears that Transport Canada is not in favour of it as the European Bill of Passenger Rights on which the Canadian Bill was modelled focuses on denied boarding, cancelled flights and delays "in an industry known for regularly overbooking passengers, cancelling undersold flights and making refunds difficult." Further, the "motion would do almost nothing in terms of advancing the cause of passenger rights." This was compounded with the fact that a minority government was in power. The Bill is being studied by the Transport Committee.

27. Cargojet units soar

Cargojet Income Fund units have shot up more than 30% in the past two days of trading. Cargojet, which is Canada's leading provider of time sensitive overnight air cargo services.

28. Porter says Continental has stranglehold of its own

Porter Airlines told the U.S. Department of Transportation that Continental Airline's opposition to its request for a foreign air carrier permit is not well founded.

29. Air Canada to launch Calgary-Tokyo non-stop service; Offering convenient connecting flights throughout Asia

Air Canada announced on November 17, 2009 that it will introduce non stop service (three times a week) between Calgary and Tokyo (Narita International Airport), offering convenient connecting flights throughout Asia with its Star Alliance partner carriers (beginning March 27, 2010).

30. Canadian Transportation Agency Decisions on International Tariff Amendments for Air Canada, WestJet and

5. August 2009 [US] Airline Traffic Data: System Traffic Down 4.1 Percent from August 2008, November 13, 2009, www.dot.gov
6. Negotiations on a Second Stage EU-U.S. Air Transport Agreement, November 11, 2009, www.eurona.eu
7. September 2009 Passenger Airline Employment Down 4.4 Percent from September 2008, November 17, 2009, www.dot.gov
8. [IATA] Strategic Partnership Agreement with Russia -Talks with President Medvedev, November 20, 2009, www.iata.org

Air Transat

In three separate decisions, the Canadian Transportation Agency on November 19, 2009 accepted the clarifications to the amendments submitted by Air Canada, WestJet and Air Transat to incorporate Flight Rights Canada provisions into their tariffs for international travel. The Flight Rights Canada describes how Canadian air carriers should treat passengers should a flight be delayed, over booked or cancelled, as well as other related passenger rights

31. Air Canada begins customer trials for inflight internet

Air Canada said on November, 19, 2009 that it has begun trials to offer its customers Gogo®) Inflight Internet service on board select flights on the carrier's Toronto Los Angeles and Montreal Los Angeles routes.

32. WestJet named Canadian airline of the year

WestJet airlines announced on November 20, 2009 that it has been named Canadian airline of the year by the tourism industry of Mazatlan, Mexico.

33. WestJet announces service to Bermuda

On November 23, 2009, WestJet announced that it will begin seasonal non stop service from Toronto to Bermuda, effective May 2010.

34. Improved X-ray scanners coming to airports

In February 2010, new x ray scanners will be installed at airports in Vancouver, Edmonton, Toronto, Montreal and Halifax as a result of \$27 million expenditures by the government. The new systems will make it easier to spot potential threats and could speed up the trip through the screening line up. It may also be able to spot liquid explosives. If the latter experiment is successful, it could result in increased freedom to carry liquids aboard aircraft.

35. Aircraft movement statistics: Major airports [October 2009]

Aircraft take offs and landings at the 93 Canadian airports with NAV CANADA air traffic control towers and flight service stations declined by 14.4% in October 2009 compared with October 2008.

36. Eurocontrol Unit Rate Proposals Unacceptable

The International Air Transport Association (IATA) reacted sharply to proposals from 19 of 34 Eurocontrol States to increase overflight route charges (i.e. fees for air navigation over a State) in 2010. It praised the seven States that called for reduction and eight States that called for freezing rates.

37. Three airlines fined in tarmac stranding

The U.S. government is imposing fines (\$175,000) for the first time against three airlines for stranding passengers on an airport tarmac. Congress is weighing passengers' rights legislation that would place a three hour cap on how long airlines can keep passengers waiting on tarmacs before they have to offer them the opportunity to deplane or return to a gate. Industry officials say a three hour limit could create more problems than it alleviates by increasing the number of flights that are cancelled and leaving passengers stuck at airports trying to make new travel arrangements.

38. Extension of Deadline for Consultation Submissions

The deadline for participating in consultation and written submissions on the possible wording of the proposed foreign ownership regulations for air carriers to the Canadian Transportation Agency has been extended to December 22, 2009.

WATER TRANSPORTATION

1. Cumulative Cruise shipping April to September 2009 (YTD) - Port Metro Vancouver

Cumulative number of cruise passengers at the Port of Vancouver from April till the end September 2009 was 893,838 or 4.8% higher than the same period in 2008, the revenue passengers increased by the same percent.

2. Cumulative Cruise shipping April to October 2009 (YTD) - Port Metro Vancouver

Cumulative number of cruise passengers at the Port of Vancouver from April till the end of October 2009 was 898,473 or 5.1% higher than the same period in 2008, the revenue passengers increased by the same percent. It is worthwhile noting that as the cruising season ends the number of passengers fall dramatically eg. in September 2009 there were 161,956 passengers and in October 2009 there were 4,635 passengers. As a result of the differences in volume, you may get situations where the increase of passengers in September was 8.5% and in October was 160.2%.

3. Prince Rupert 3rd Quarter 2009 Traffic

The Port of Prince Rupert reports 2009 third quarter traffic of 83, 002 TEUs compared to 62, 183 TEUs for the same period in 2008, a 33.5% increase. Imports increased by 24% and exports by 49.8%. Total tonnage for the quarter was 3.8 million compared to 2.3 million in the previous year, an increase of 53.7%.

4. Prince Rupert Containerized Cargo Summary [YTD January-September 2009]

Total TEUs handled at the Port of Prince Rupert for the first three quarters of 2009 was 180, 616.5 compared to 105, 739 for the same period in 2008, a 70.81% increase. Imports increased by 70.28% and exports by 71.61%.

5. CMA CGM Distrusts Antitrust

Chairman of the third largest container company, CMA CGM, called EU regulation of the liner trades 'penalizing, irrational and unjustified.' 1) Penalizing because it forbids shipowners from discussing the market; 2) Irrational because Chinese and Asian have the freedom to do so and is prejudicial to Europe; and 3) Unjustified because the EU is thinking of annulling consortia exemption. But these views are not agreed to by analysts: 1) the shipping conference were dying before the repeal and the fall in rates which hit them hard were due to the market situation; 2) the European carriers can join conferences in the Asia Europe trade and have no advantage because their presence is marginal; and 3) the fears of annulling consortia are pre mature.

6. Containerized traffic January to September - Port of Montreal

Cumulative TEUs at the Port of Montreal for September 2009 were 934,134 down 16.4% compared to the same period in 2008. Cumulative traffic in terms of metric tonnes declined 18.2%. Outbound TEUs were 475,081 down 19.6% and inbound TEUs were 459,053 down 12.7%.

7. Strong Grain Traffic Performance Limits the Effects of the Crisis Pending the Economic Recovery

Sylvie Vachon, President and CEO of the Montreal Port Authority (MPA) commenting on the first nine months of 2009 said "Canadian and American manufacturing sectors continue to experience difficulties in getting fully back on course, and this still holds for containerized traffic and such dry bulk as iron, zinc and copper." However for grain, the results continue to be quite positive as the Port of Montreal experienced a 62.8% upswing (about 505,000 tonnes) over last year.

8. Milestone Cruise Season in Halifax

The cruising season ended in Halifax on November 2009 with 118 vessel calls and over 227,000 cruise visitors. The direct impact from cruise this season is estimated at \$50 million from passenger, crew, and cruise line expenditures. The Port of Halifax had 19 cruise lines call this season with the addition of two new lines in 2009 Costa Cruise Line and Helios Shipping Cruise Line. Halifax also welcomed five new cruise vessels this season. Cathy McGrail, Manager of Cruise

Water Transportation

Canada

1. Cumulative Cruise shipping April to September 2009 (YTD) - Port Metro Vancouver, October 28, 2009, www.portvancouver.com
2. Cumulative Cruise shipping April to October 2009 (YTD) - Port Metro Vancouver, October 28, 2009, www.portvancouver.com
3. Prince Rupert 3rd Quarter 2009 Traffic, October 26, 2009, www.rupertport.com
4. Prince Rupert Containerized Cargo Summary [YTD], October 26, 2009, www.rupertport.com
5. CMA CGM Distrusts Antitrust, *The Journal of Commerce*, September 21, 2009, pp. 45-48.
6. Containerized traffic January to September-Port of Montreal, November 1, 2009, www.portmontreal.ca
7. Strong Grain Traffic Performance Limits the Effects of the Crisis Pending the Economic Recovery, October 30, 2009, www.portofmontreal.ca
8. Milestone Cruise Season in Halifax, November 5, 2009, www.portofhalifax.ca
9. Port of Metro Vancouver - Accumulated Container Traffic Report Month of October 2009, November 10, 2009, www.portmetrovancover.com
10. 2009 Cruise Passenger Numbers Buck Tourism Trend, October 12, 2009, www.portmetrovancover.com
11. Prince Rupert Authority [Monthly Traffic summary for October 2009], November 12, 2009, www.rupertport.com
12. Federal auditor predicts troubled waters for Marine Atlantic, November 19, 2009, www.todaystrucking.com
13. Canada works to cut pollution from shipping and improve safety standards for workers, November 24, 2009, www.tc.gc.ca

Development for the Halifax Port Authority said “2009 has been a milestone season.”

9. Port of Metro Vancouver - Accumulated Container Traffic Report Month of October 2009

Cumulative TEUs for January to October 2009 for the Port of Metro Vancouver were 1,786,079, 16% lower when compared to the same period last year. Outbound TEUs were 853,982 and inbound TEUs were 932,097.

10. 2009 Cruise Passenger Numbers Buck Tourism Trend

The cruise season ended in Vancouver on October 12, 2009. Cumulative number of cruise passengers at the Port of Vancouver from April till October 2009 was 898,473 or 5.1% higher than the same period in 2008, the revenue passengers increased by the same percent. In contrast to 2009, Port Metro Vancouver is projecting a 30 per cent decline in cruise passenger volumes for 2010. Most of the decline can be attributed to ships leaving the Alaska market as a result of the unfavourable business and taxation climate in the market.

11. Prince Rupert Authority [Monthly Traffic summary for October 2009]

Total TEUs handled at the Port of Prince Rupert Y T D (i.e to October 2009) was 209, 809.8 compared to 131, 084 for the same period in 2008, a 60.1% increase. Imports increased by 64.5% and exports by 54.1%.

12. Federal auditor predicts troubled waters for Marine Atlantic

A recent report by the Federal Auditor warns that the service provided by Marine Atlantic is unsustainable in its current state. The report insists that the Crown Corporation, in collaboration with the federal government, should address its strategic challenges: an aging fleet and shore based assets. The ferry service responsible for connecting Nova Scotia and Newfoundland has been plagued with mechanical breakdowns. “Revitalization will ensure the demand of traffic is met.”

13. Canada works to cut pollution from shipping and improve safety standards for workers

The Government of Canada announced on November 24, 2009 that Canada is taking important steps to help reduce air and water pollution from ships in Canadian waters, and ensure the safety of vessels, goods and workers. It will ratify international conventions related to marine pollution and maritime safety building on the past *Clean Air Act* in 2007. The convention (*Maritime Labour Convention, 2006*) will: reduce air and water pollution; better protect the marine environment and biodiversity; ensure the safety of vessels, goods and workers on board; create economic opportunities for Canadian companies; and enhance the competitiveness of Canadian ships.

US

1. Competition for Australian Port Operators,
November 18, 2009,
www.americanshipper.com



(Picture shown has been taken from the Globe and Mail)

RAIL TRANSPORTATION

Canada

1. CP Rail sees recovery in mining shipments

Canadian Pacific Railway Ltd. is forecasting a recovery in potash and coal shipments in 2010, but cautions that it's far from certain that deliveries of autos and lumber will roar back. CP shares fell \$2.41 to \$46.32.

2. CP Rail skeptical on freight volumes, focussed on costs

Despite some hopeful signs the economy is on the mend, Canadian Pacific Railway Ltd. remains skeptical that a rebound in freight volumes will occur before the second half of next year. So it remains focussed on controlling its costs. This contrasts with CN's belief. According to Walter Spracklin, RBC Capital Markets analyst "If a recovery is underway, as CN suggests, that could lead to "double digit" volume growth over the next year... That would be good for the industry as a whole, and CP included."

3. Railway carloadings [August 2009]

Total freight traffic originating in Canada (domestic) and freight received from the United States dropped to 21.2 million metric tonnes in August 2009, down 16.8% from August 2008. The lowest in 10 years for that month. Canadian non intermodal and intermodal, accounted for the majority of the overall drop in cargo loaded. The industry in Canada loaded 18.8 million metric tonnes of cargo in August 2009, down 17.0% from August 2008.

4. Reforming Rail Competition

The bill in the US which appears to the bring the biggest change in railroad shipper relations since 1980 appears to be stuck. Basically you have two opposing groups, shippers want a bill to prevent the situation tilted towards higher railroad rates. Railroad executives do not want it tilted so as to affect railroad profits and viability. Shippers believe that the bill put forward by Senator J. Rockefeller to reform the Surface Transportation Board will give shippers a better chance in their rate disputes. One analysts says he believes the bill to be a shippers' wish list (1. Increased oversight which will enable customers to challenge rail practices; 2. Dismantle three longstanding practices: switching reciprocal, providing access, and tying contracts with big rails). Another analyst said that if the bill is to get any where this year it must be a compromise.

5. Shippers Push to End Rail Antitrust Exemption

National Industrial Transportation League (NITL) President, said that shippers in the NITL are firm in wanting the regulatory reform bill to strip railroads of a limited exemption they enjoy from antitrust laws. They backed a bill which contained its removal but to date nobody is certain what the bill will ultimately contain.

6. Freight hopes grow for transporters; rail most optimistic

Rail Transportation

Canada

1. CP Rail sees recovery in mining shipments, October 28, 2009, www.globeandmail.ca
2. CP Rail skeptical on freight volumes, focussed on costs, October 28, 2009, www.nationalpost.ca
3. Railway carloadings [August 2009], October 28, 2009, www.statcan.gc.ca
4. Reforming Rail Competition, *The Journal of Commerce*, September 28, 2009.p. 38.
5. Shippers Push to End Rail Antitrust Exemption, October 30, 2009, www.joc.com
6. Freight hopes grow for transporters; rail most optimistic, October 30, 2009, www.todaystrucking.com
7. Buffett's Burlington Northern railway deal an 'all-in wager' on the U.S. economy, November 4, 2009, www.globeandmail.ca
8. Shares in Canadian railways jump on Buffet News, November 3, 2009, www.nationalpost.ca
9. Buffett bets \$34B on rail renaissance, November 5, 2009, www.todaystrucking.com
10. Buffett to Sell Other Rail Holdings, November 10, 2009, www.joc.com
11. Canadian Pacific announces \$400 million debt offering, November 12, 2009, www.cpr.ca
12. Cnd rail industry sees worst August traffic in decade, November 13, 2009, www.ctl.ca
13. CN reaches 20th voluntary mitigation agreement (VMA), makes substantial strides in EJ&E integration, November 17, 2009, www.cn.ca
14. STB Unlikely to Review Buffett-BNSF Deal, November 18, 2009, www.joc.com
15. STB Calls in Monitor for CN Chicago Reports, November 20, 2009, www.joc.com

According to a survey by the National Bank Financial and the Canadian Institute of Transportation and Traffic, shippers are more confident than they've been in a long time that freight volumes will recover in 2010.

7. Buffett's Burlington Northern railway deal an 'all-in wager' on the U.S. economy

Billionaire, Warren Buffet, plans to acquire full control of BNSF rail valued at \$34 billion (U.S.). The two factors in making that decision were: an expected turn around in the economy; and an expected diversion of traffic from truck to rail due to a rise in the price of oil together with a move to clean the air.

8. Shares in Canadian railways jump on Buffet News

Shares of Canadian railways rose on news of Buffet's plans to acquire BNSF. It also raised speculation that the smallest of the major six North American carriers, Canadian Pacific, may attract buyers.

9. Buffett bets \$34B on rail renaissance

Berkshire Hathaway, the investment company of billionaire Warren Buffett bought up the remaining share (26% for \$34 billion) of Northern Burlington Santa Fe railway, an indication that it has faith that a major freight rebound is not far off.

10. Buffett to Sell Other Rail Holdings

Before Warren Buffett's Berkshire Hathaway completes its deal to buy out the rest of BNSF Railway, it will divest its shares of Union Pacific Railroad (UP) and Norfolk Southern Railway (NS). UP is the western U.S. rival to BNSF, while NS has a major rail network in the eastern United States. An August SEC filing showed Berkshire with 9.5 million UP shares, and 1.9 million of NS shares.

11. Canadian Pacific announces \$400 million debt offering

Canadian Pacific Railway Company announced on November 12, 2009 the issue of CDN \$400 million 6.45% Notes due November 17, 2039. The transaction is expected to close November 17, 2009. The net proceeds from this offering of approximately CDN\$398 million will be used for general corporate purposes which may include the funding of pension plan obligations as well as the reduction and restructuring of indebtedness.

12. Cnd rail industry sees worst August traffic in decade

In August 2009, total freight traffic originating in Canada and freight received from the US dropped to 21.2 million metric tonnes, down 16.8% from August 2008. Both intermodal and non intermodal traffic fell. This marked the lowest amount of traffic carried for the month of August in 10 years.

13. CN reaches 20th voluntary mitigation agreement (VMA), makes substantial strides in EJ&E integration

CN announced on November 17, 2009 a VMA related to its acquisition of the principal lines of the former Elgin, Joliet and Eastern Railway Company (EJ&E) with the Village of Lake Zurich, Ill., located 37 miles northwest of downtown Chicago. With this agreement, CN has VMAs with 20 municipalities that are home to two thirds of the population living along the EJ&E in Illinois and Indiana.

14. STB Unlikely to Review Buffett-BNSF Deal

The acquisition by Warren Buffet of the BNSF railway is unlikely to be reviewed by the US Surface Transportation Board. The basic reasons provided were: Buffet does not have any interest in the other railways which were recently sold off; and Buffet's Berkshire Investment company is treated more as a non carrier buying a railroad, rather than a rail merger.

15. STB Calls in Monitor for CN Chicago Reports

The US Surface Transport Board will set up an independent review of Canadian National Railway's reports on the impact of the railroads's operations. It appears that the decision of CN to shift traffic out of the congested city area to its network onto the EJ&E route is affecting the suburbs. The suburban areas claim that CN did not correctly reflect the impact of the change.

16. Canadian Pacific Police Association and Canadian Pacific reach tentative contract agreement

The Canadian Pacific Police Association and Canadian Pacific reached a tentative three year contract settlement on November 20, 2009. It has been sent to the membership for ratification.

17. Canadian Pacific Police Association and Canadian Pacific reach tentative contract agreement, November 20, 2009,

www.cpr.ca

18. CN to implement wage increase and aligned mileage caps for its locomotive engineers in Canada after negotiations end without settlement, November 23, 2009,

www.cn.ca

19. CN work stoppage looms after talks hit impasse, November 24, 2009,

www.nationalpost.ca

20. Railway carloadings [September 2009], November 25, 2009, www.statcan.gc.ca

21. CN Gets Strike Notice from Engineers, November 25, 2009, www.joc.com

22. CN, union to meet in bid to avert engineers' strike, November 26, 2009,

www.globeandmail.ca

23. Senate Panels Negotiate Rail Antitrust Rules, November 25, 2009, www.joc.com

US

1. Economic woes continue to drag down,

October 27, 2009, www.ctl.ca

2. Rail Traffic Edges Up, October 29, 2009, www.joc.com

3. [US] Rail Traffic Dips at End of October, November 5, 2009, www.joc.com

4. Rail Traffic Stabilizes, November 2009, www.joc.com

5. Buffett Sells Non-BNSF Rail Holdings, November 16, 2009, www.joc.com

6. Rail Shippers, Carriers See 2010 Recovery, November 18, 2009, www.joc.com

7. New Study Shows Freight Rail Fuel Efficiency Up More Than 20 Percent Since 1999, November 19, 2009, www.dot.gov

8. Buffett Goes 'All-In', *The Journal of Commerce*, November 9, 2009, pp. 10-13.

9. Rails, Shippers on Different Tracks, *The Journal of Commerce*, November 9, 2009, pp. 34/36.

10. Regulator Expands CN-EJ&E Reporting, *The Journal of Commerce*, November 9, 2009, p. 36.

17. CN to implement wage increase and aligned mileage caps for its locomotive engineers in Canada after negotiations end without settlement

On November 23, 2009, CN gave the Teamsters Canada Rail Conference (TCRC) notice of its plan to increase wage rates (1.5%) and apply a change to the mileage caps for the company's locomotive engineers the union represents in Canada on CN. With this work rule change, both groups of employees (those with a 4300 mileage cap and those with a 3,800 mileage cap) working in the locomotive cab will be working under one consistent rule. CN is taking the step after collective bargaining with the TCRC ended Nov. 20 without a settlement.

18. CN to implement wage increase and aligned mileage caps for its locomotive engineers in Canada after negotiations end without settlement

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19. CN work stoppage looms after talks hit impasse

Canadian National Railway Co. is facing the possibility of a strike after it decided to unilaterally impose contract changes on 1,700 of its engineers following 14 months of failed contract negotiations with their union.

20. Railway carloadings [September 2009]

Total freight traffic originating in Canada and freight received from the United States dropped to 22.3 million metric tonnes in September, down 15.9% from September 2008. Canadian non intermodal and intermodal, accounted for the majority of the overall drop in cargo loaded. The industry in Canada loaded 19.9 million metric tonnes of cargo in September 2009, down 15.0% from September 2008.

21. CN Gets Strike Notice from Engineers

CN received a 72 hour strike notice from the Teamsters Canada Rail Conference. The action follows the CN's imposition of a small wage hike and a longer monthly mileage work rule after CN declared an impasse in collective bargaining negotiations. The railway called for a return to negotiations and if that does not work to binding arbitration.

22. CN, union to meet in bid to avert engineers' strike

CN management and union leaders have agreed to meet with federal mediators on November 27, 2009 in Montreal in a bid to avert a threatened November 28, 2009 strike by 1,700 locomotive engineers.

23. Senate Panels Negotiate Rail Antitrust Rules

Members of two Senate committees are still working on details of how much to curb a limited antitrust immunity freight railroads now enjoy. It seems more certain now that antitrust concerns would be addressed in this regulatory reform bill.

(Picture provided by Prof. Barry Prentice)



HIGHWAY TRANSPORTATION

1. Premier and MP Kamp open new Pitt River Bridge

Government officially opened the new Pitt River Bridge on October 27, 2009, which will reduce congestion and cut travel times for the almost 90,000 vehicles that cross each day. The investment in this bridge will contribute to Canada's trade competitiveness by improving the ability to move goods quickly and efficiently, while easing the impact of trade traffic on the communities in Greater Vancouver's northeast sector.

2. More truckers thinking the worst is over

The Ontario Trucking Association's survey in the beginning of the last quarter in 2009, shows that 71 percent of responding carriers feel the Canadian economy has hit bottom up from 52 percent in the third quarter survey. This indicates that many more truckers feel that the worst of the recession is over.

3. Couriers and Messengers Services Price Index [September 2009]

The Couriers and Messengers Services Price Index decreased 0.1% to 140.0 in September 2009 from August 2009. The courier portion fell 0.3%, while the local messengers component rose 0.5%.

4. August 2009 Surface Trade with Canada and Mexico Fell 24.9 Percent from August 2008

Trade using surface transportation between the United States and Canada was 29.6 percent lower in August 2009 than in August 2008, dropping to \$32.9 billion, according to the Bureau of Transportation Statistics (BTS). The only positive news is that it increased on a month to month basis i.e., 6.1% in August 2009 compared to July 2009. In terms of surface trade with States, Michigan holds the lead with trade of \$3.8 billion.

5. Ontario Trucking Chief Hails ON-QC Trade Agreement Lauds Ontario for adopting all of association's recommendations, but Quebec has work to do

David Bradley, the president of the Ontario Trucking Association praised the outcome of the Trade and Cooperation Agreement Between Ontario and Quebec, saying that it "was an historic agreement, one that will help usher in a new era..." Creating identical speed limiter laws; increasing the allowable weights for wide base single tires to 9,000 kg per axle; and starting Ontario LCV trial August 2009 were the key recommendations.

6. TransForce Ink: Where'd that \$100-million go?

For the third quarter of 2009, revenue for TransForce (Canada's largest for hire trucking company) was \$451.4 million compared to revenues of \$595.5 million for the same quarter in 2008, a drop of 24 percent. Net income declined nearly 36 percent to \$17 million down from \$26.5 million over the previous year. The cause was attributed to the lack of southbound freight. The positive news was introduction of cost cutting measures together with the prospects for recovery in 2011.

7. Truck tech, fuel efficiency top industry's future: Study

Highway Transportation

Canada

1. Premier and MP Kamp open new Pitt River Bridge, October 27, 2009, www.tc.gc.ca
2. More truckers thinking the worst is over, October 29, 2009, www.todaystrucking.ca
3. Couriers and Messengers Services Price Index [September 2009], October 29, 2009, www.statcan.gc.ca
4. August 2009 Surface Trade with Canada and Mexico Fell 24.9 Percent from August 2008, October 29, 2009, www.dot.gov
5. Ontario Trucking Chief Hails ON-QC Trade Agreement Lauds Ontario for adopting all of association's recommendations, but Quebec has work to do, October 30, 2009, www.ontruck.org
6. TransForce Ink: Where'd that \$100-million go?, November 2, 2009, www.todaystrucking.com
7. Truck tech, fuel efficiency top industry's future: Study, November 2, 2009, www.nationalpost.ca
8. The Government of Canada invests in safety with new funding for grade crossing improvements, November 3, 2009, www.tc.gc.ca
9. Mullen bids for Livingston International, November 8, 2009, www.todaystrucking.com
10. Feds Propose Regulatory Amendment That Could Have Helped During Diesel Fuel Shortages of 2007/08, November 19, 2009, www.cantruck.ca
11. Ontario-America truck crossings show some bounce, November 19, 2009, www.todaystrucking.com
12. Bradley wraps up the year and looks to 2010, November 19, 2009, www.todaystrucking.com
13. Bus rapid transit opens, improving access to York University, November 23, 2009, www.tc.gc.ca
14. Large urban transit [September 2009 - Preliminary], November 20, 2009, www.statcan.gc.ca
15. YRC's contract carriage biz sold to large 3PL, November 25, 2009, www.todaystrucking.com
16. Transport Canada applauds Toyota's action to protect consumers, November 26, 2009, www.tc.gc.ca

US

1. Freight Transportation Services Index (TSI) Fell 0.5% in September from August, November 12, 2009, www.bts.gov
2. U.S. Department of Transportation Releases New Action Plan to Address Motorcoach Safety Issues, November 16, 2009, www.dot.gov
3. Trucking conditions slowly improving in US, November 17, 2009, www.ctl.ca

An IBM Institute for Business Study entitled Global Truck 2020: "Transcending Turbulence" revealed, environmentally sound and safer trucks through the use of such innovations is what will help truck manufacturers differentiate their vehicles going forward. Important factors for the future were telematics based safety and fuel efficient technology. In addition, over 50 percent of the executives surveyed said that globalization and vertical integration will be one of the most important external forces impacting the truck industry in 2020.

8. The Government of Canada invests in safety with new funding for grade crossing improvements

On November 3, 2009, at the North American High Speed Rail Summit, the Honourable Brian Jean, MP, announced that the Government of Canada will provide \$3.8 million in funding to upgrade 35 high priority rail grade crossings in communities across Canada for the safety of Canadians.

9. Mullen bids for Livingston International

The Mullen Group has made a rival bid for the logistics and brokerage firm Livingston International Income Fund. The offer for all outstanding units is worth about \$300 million and beats a cash offer by a consortium led by the Canada Pension Plan Investment Board.

10. Feds Propose Regulatory Amendment That Could Have Helped During Diesel Fuel Shortages of 2007/08

The Government of Canada is drawing closer to implementing a suggestion made by the Canadian Trucking Alliance during the diesel fuel shortage. It will allow the use of off road fuel like that used by railway locomotives (which contains higher levels of sulphur than the 15 ppm prescribed in federal emissions standards for trucks). David Bradley, CEO of the trucking alliance said "Better late than never, I suppose. The regulatory amendment could provide some relief were the industry to face another diesel shortage at least in the short/medium term..."

11. Ontario-America truck crossings show some bounce

Month to month commercial truck crossings rose slightly in October 2009 at most Ontario U.S. bridges and borders, but are still down significantly from the same period in 2008.

12. Bradley wraps up the year and looks to 2010

David Bradley, CEO of the OTA, says that the trucking industry has weathered the storm in 2009 and that members of the industry have a more positive attitude. Costs have been cut, companies restructured and carriers should be positioning themselves to take advantage of the turnaround when it comes. However, overcapacity had a devastating effect on rates, supply and demand is being re balanced but there still is lingering downward pressure on rates. He also recalled a number of policies that the OTA supported in 2009 that came to fruition, eg. Ontario Speed Limiter Law; Ontario's decision to increase allowable weights; the Ontario LCV pilot program, etc.

13. Bus rapid transit opens, improving access to York University

On November 20, 2009, the completion of the construction of the official start of rapid transit service from Downsview Station to York University was celebrated. Greater Toronto Area residents, students and commuters now have a faster and more efficient transit option, due to the new York University busway. This will improve transit times and the quality of the air.

14. Large urban transit [September 2009 - Preliminary]

Combined ridership levels for 10 of Canada's largest urban transits (which accounts for 80% of all urban transits in Canada) increased 0.6% [135.8 million passenger trips] in September 2009 compared with the same month in 2008. The rise in ridership pushed revenue (excluding subsidies) up 3.4% to \$242.3 million.

15. YRC's contract carriage biz sold to large 3PL

Greatwide Logistics Services of Dallas, one of North America's largest third party logistics brokerage firms, has acquired the contracts, personnel and equipment of struggling LTL carrier YRC's Logistics' Dedicated Contract Carriage division.

16. Transport Canada applauds Toyota's action to protect consumers

On November 26, 2009, Transport Canada announced that Toyota Canada has identified a set of corrective measures to assist its Canadian customers who are affected by a safety issue involving the accelerator pedal on certain Toyota and Lexus models. Transport Canada has worked with Toyota to ensure corrective action is taken.

GENERAL

1. Employment falls, except for transport jobs

Transportation and warehousing was the only industry in Canada to experience a notable employment gain (22,000 + jobs) in October 2009 while unemployment levels continued to rise in most other sectors. However, employment in this sector has fallen by 51,000 (5.8%) since October 2008 according to reports by Statistics Canada.

2. Toronto congestion costs Canada \$3.3-billion: OECD

Traffic congestion in the Toronto region costs Canada \$3.3 billion in lost productivity a year due to under investment and a disjointed system. According to the OECD report, to curb traffic jams, the Toronto region should consider measures such as toll lanes, local fuel and parking taxes, and a Singapore style congestion charge in which roads in the city centre and major routes such as the 400 series highways would be subject to fees that vary according to peak hours.

3. Profits to slump 20% this year: Conference Board

According to the Conference Board, the lingering effects of the recession will drag profits down more than 20% this year across most of the six Canadian industries covered. The transportation and wholesale trade industries will be the most affected experiencing a 29% drop in profits to \$5.2 billion from \$7.3 billion. On the upside, the recession has lowered input prices and limited wage growth, reducing cost pressures. The board was optimistic that transportation, and wholesale and retail trade would post profit growth once the recession fades.

4. Travel between Canada and other countries

Travel to Canada by United States residents increased in September 2009 (2.1%) compared with August 2009, while travel by Canadian residents to the United States declined (2.1%). Overseas residents travel to Canada was down (1.3%) in September 2009 compared with August 2009. Canadian residents travel to overseas countries was up (0.4% 690,000 total trips) in September 2009 from August 2009.

General

Canada

1. Employment falls, except for transport jobs, November 6, 2009, www.todaystrucking.com
2. Toronto congestion costs Canada \$3.3-billion: OECD, November 10, 2009, www.globeandmail.ca
3. Profits to slump 20% this year: Conference Board, November 9, 2009, www.nationalpost.ca
4. Travel between Canada and other countries, November 18, 2009, www.statcan.gc.ca

Publications

1. The Airport Voice, News and View, September October 2009, www.cacairports.ca
2. Study on Passenger Transport by Coach, September 25, 2009, www.europa.eu
3. The Current Fall 2009, November 16, 2009, www.rupertport.com

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