

# Transportation Information Update\*

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## AIR TRANSPORTATION

### 1. Aviation deregulation kicks in for U.S.-EU market

The open US-EU market means that airlines will be able to fly to the United States from any European Union country, not just their home country and they will be able to serve any U.S. airport. The open skies also eliminates any restrictions on types of aircraft, prices, and the number of weekly flights. It is expected that flights between London-Heathrow and the US will increase about 20 percent compared to April 2007, according to the EU. In addition, it is expected to open competition on routes with the potential for lower fares for consumers and more options for freight transport.

### 2. WestJet Introduces Sleeper Cabins

WestJet announced that on April 1, 2008, sleeper cabins will be introduced onboard its existing fleet of 73 Boeing 737 Next-Generation aircraft. These sleeper cabins can be booked on all of WestJet's existing flights for a nominal incremental fee of \$12. The airline maintains that it is the first to provide new service without need for cabin upgrades.

### 3. Stagflation Threatens Industry Outlook

The International Air Transport Association (IATA) downgraded its industry profit expectations for 2008 to US\$4.5 billion based on global economic growth slowing to 2.6%. The factors responsible for this are credit tightness, fuel costs, aircraft delivery cycles, competition and decline in return from non-core assets.

### 4. The mile-high club

Canada's two largest airlines have raised ticket prices while carrying record numbers of passengers, despite the fact that many carriers around the world struggle amid soaring fuel costs. These prices are higher when compared to the same period last year but are lower when compared to the preceding month. They are also sharply higher for the summer period and this is expected to have an effect on demand. Air Canada, including its affiliate Jazz Air Income Fund, has an estimated market share of 59% of the domestic market for scheduled air service, compared with 34% for WestJet and 7% for various regional carriers.

### 5. Air Canada launches travel assistance service for customers affected by unexpected travel disruptions; first airline to offer comprehensive service option

Air Canada on April 2, 2008 became the first airline to offer a comprehensive travel assistance service "On My Way" for customers affected by flight delays or travel disruptions beyond the control of airlines. The service costs a few dollars.

### 6. ACE to reduce stake in Aeroplan

Air Canada's parent ACE Aviation Holdings Inc. indicated on April 2, 2008 that it plans to sell \$357-million of Aeroplan Income Fund units. This will further reducing its stake in the loyalty program to 9.9%.

### 7. Air Canada reports March traffic

Air Canada reported a load factor of 83.5 percent for March 2008, 0.2 points lower than that recorded in March 2007. The main line carrier flew 3.6 percent more revenue passenger miles (RPMs) in March 2008 than in March 2007. Air Canada's capacity increased by 3.9 percent for March 2008. Jazz's capacity for March 2008

## Current Developments in Brief

### Air Transportation

#### CANADA

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2. WestJet Introduces Sleeper Cabins, April 1, 2008, [www.westjet.com](http://www.westjet.com)
3. Stagflation Threatens Industry Outlook, April 1, 2008, [www.iata.org](http://www.iata.org)
4. The mile-high club, April 1, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
5. Air Canada launches travel assistance service for customers affected by unexpected travel disruptions; first airline to offer comprehensive service option, April 2, 2008, [www.aircanada.ca](http://www.aircanada.ca)
6. ACE to reduce stake in Aeroplan, April 2, 2008, [www.nationalpost.ca](http://www.nationalpost.ca)
7. Air Canada reports March traffic, April 3, 2008, [www.aircanada.ca](http://www.aircanada.ca)
8. WestJet Announces a Record March Load Factor of 86.6 Per Cent, April 3, 2008, [www.westjet.ca](http://www.westjet.ca)
9. Air Canada's Proposal to Discontinue the Carriage of Small Animals as Checked Baggage Found Unreasonable, April 4, 2008, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)
10. Air Canada ordered to reverse pet policy, April 4, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
11. WestJet Introduces Guardian Fare in Place of Unaccompanied Minor Program, April 4, 2008, [www.westjet.com](http://www.westjet.com)
12. Canada's airlines likely to post \$150m profit in 2008, April 9, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
13. Airport privatization scheme raises security fears; Canadian firm among foreign bidders for Chicago's Midway International, *Agency France-Press*, Chicago, April, 4, 2008.
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16. WestJet upgrades reservations, April 14, 2008, [www.nationalpost.ca](http://www.nationalpost.ca)
17. Delta, Northwest agree to merger; now the hard part, April 15, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
18. JAL pleads guilty to fixing air-cargo rates, April 16, 2008, [www.joc.com](http://www.joc.com)
19. FTC raids 13 distribution firms over int'l air cargo cartel, April 18, 2008, [www.globalcompetition.com](http://www.globalcompetition.com)
20. Japan Airlines pleads guilty in US price-fixing case, April 18, 2008, [www.globalcompetition.com](http://www.globalcompetition.com)
21. Competition Commission slams BAA, April 22, 2008, [www.globalcompetitionreview.com](http://www.globalcompetitionreview.com)

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increased by 4.1 per cent, resulting in a load factor of 76.5 percent, compared to 76 percent in March 2007; an increase of 0.7 percentage points. On a combined basis (Air Canada and Jazz), system traffic rose 3.7 per cent on a capacity increase of 3.9 percent, resulting in a load factor of 82.9 percent for March 2008. International traffic (RPMs) increased by 6.3% for the same period on a capacity increase of 6%.

#### **8. WestJet Announces a Record March Load Factor of 86.6 Per Cent**

WestJet announced on April 3, 2008, that its traffic for March 2008 featured a record load factor 86.6%, compared with 85.2% in March 2007. Revenue passenger miles (RPMs) and available seat miles (ASMs) for March 2008 increased by 21.7% and 19.6% over March 2007, respectively. Sean Durfy WestJet's president said "Our March load factor ... marks 15 consecutive months of record load factor and caps a strong first quarter. We can attribute this record load factor to our seasonal capacity deployment strategy, Easter weekend taking place in March and the continued success of our exceptional guest experience delivered by our people."

#### **9. Air Canada's Proposal to Discontinue the Carriage of Small Animals as Checked Baggage Found Unreasonable**

On April 4, 2008, the Canadian Transportation Agency disallowed Air Canada's proposed tariff revisions which would have terminated the carriage of animals and their kennels weighing less than 70 lbs as checked baggage on both domestic and international flights. The Agency found that the proposed revisions were unreasonable.

#### **10. Air Canada ordered to reverse pet policy**

A federal tribunal has given pet lovers a major victory over Air Canada according to the *Globe and Mail*. The Canadian Transportation Agency has ordered Air Canada to reverse its decision to refuse to transport pets weighing less than 70 pounds as checked baggage. The lower priority that is assigned to the carriage of pets as cargo, and the uncertainty of scheduling of cargo, creates difficulties for the pet owner according to the Agency.

#### **11. WestJet Introduces Guardian Fare in Place of Unaccompanied Minor Program**

WestJet announced on April 4, 2008, the introduction of a Guardian Fare to replace its Unaccompanied Minor Program. The Guardian Fare will allow parents or guardians to escort their children, at a substantially reduced rate, to their desired destination and then return immediately to their city of origin.

#### **12. Canada's airlines likely to post \$150m profit in 2008**

According to the Conference Board of Canada, Canada's airline industry can expect

to post "modest profits" of \$150-million in 2008 as rising costs and competition offset increased demand for travel. The factors behind rising costs are record fuel prices and labour shortages, however it is expected that these costs are expected to moderate in 2008.

#### **13. Airport privatization scheme raises security fears; Canadian firm among foreign bidders for Chicago's Midway International**

Firms from Canada are one of six consortiums that are vying to run Chicago's secondary airport, Midway International. Firms from other countries are located in France, Australia, Germany, and Spain. Midway is the first major U.S. airport to be privatized under a federal initiative launched more than a decade ago. Midway International is Chicago's second largest airport. Observers note that this could raise concerns as occurred when Dubai acquired a US port.

#### **14. ATAC Announces Release of Environmental Voluntary Agreement Progress Report**

On June 29, 2005, the Air Transport Association of Canada (ATAC) and Transport Canada signed a voluntary agreement whereby ATAC undertakes to encourage its members to improve their efficiency and thus reduce collective ATAC member fleet greenhouse gas emissions. Canada's air carriers are the first in the world to have reached a voluntary agreement with their respective governments to reduce the growth of GHG emissions both domestically and internationally.

#### **15. Airlines lining up for Boeing 787 compensation**

Boeing Co. announced a further six-month delay for its new 787 Dreamliner plane. Not surprisingly some airlines/countries are seeking redress. First delivery is expected in the third quarter of 2009, more than a year after the initial targeted date. **16. WestJet upgrades reservations**

WestJet Airlines Ltd.'s upgraded reservation system is now fully functional and the airline is ready to begin signing up some strategic partnerships. British Airways and Cathay Pacific Airways Ltd., have already expressed interest in signing

22. IATA Signs Global Declaration on Aviation and Climate Change, April 22, 2008, <a href="http://www.iata.org">www.iata.org</a>
23. U.S. Exit Proposal A Step Backward, April 22, 2008, <a href="http://www.iata.org">www.iata.org</a>
24. Aircraft movement statistics: Major airports, April 23, 2008, <a href="http://www.statcan.ca">www.statcan.ca</a>
25. Air Canada realigns checked baggage policy, April 25, 2008, <a href="http://www.aircanada.com">www.aircanada.com</a>
26. ESC joins air freight class action, April 28, 2008, <a href="http://www.americanshipper.com">www.americanshipper.com</a>
<b>US</b>
1. Airline On-Time Performance in February Better Than Last Year, Slips from January, April 3, 2008, <a href="http://www.dot.gov">www.dot.gov</a>
2. European Commission initials civil aviation agreements with India, April 8, 2008, <a href="http://www.europa.eu">www.europa.eu</a>
3. DOT Proposes to Approve Expanded Transatlantic Alliance Involving Delta, Northwest, April 10, 2008, <a href="http://www.dot.gov">www.dot.gov</a>
4. Airline Passengers Face Even More Fees Higher Charges Aim To Offset Fuel Costs, <i>Washington Post</i> , April 9, 2008.
5. BTS Releases February Passenger Airline Employment Data: February 2008 Employment Up 3.0 Percent from February 2007, April 15, 2008, <a href="http://www.dot.gov">www.dot.gov</a>
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7. Northwest posts \$4-billion loss, April 23, 2008, <a href="http://www.globeandmail.ca">www.globeandmail.ca</a>
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deals with Westjet. Analysts have estimated these so-called "interlining deals" could contribute up to \$500-million annually to the airline's revenue in the future.

#### **17. Delta, Northwest agree to merger; now the hard part**

Delta and Northwest agreed on April 14, 2008 to merge, forming the world's largest airline. Before the merger goes through: unions, politicians and antitrust regulators will have to be satisfied. At the outset, the likelihood does not look promising based on the past. Two of Northwest's largest unions have declared opposition. Further, in 2001, an attempted merger of United Airlines and US Airways fell apart amid antitrust concerns. However, given the merger-friendly Bush administration, executives at Delta and Northwest said they are aiming to close their deal by the end of this year.

#### **18. JAL pleads guilty to fixing air-cargo rates**

The US Department of Justice announced on April 16, 2008 that Japan Airlines has agreed to plead guilty and pay a fine of \$110 million for its role in a conspiracy to fix rates for international cargo shipments. British Airways, Korean Air Lines and Qantas Airways previously pleaded guilty and agreed to pay fines up to \$300 million as a result of the probe.

#### **19. Japan Airlines pleads guilty in US price-fixing case**

Japan Airlines, Asia's largest carrier, agreed to plead guilty and pay a fine of 110 million US dollars for its role in a price-fixing scandal in international cargo shipments. JAL's admission of criminal wrongdoing follows a probe by the US Justice Department, which reached similar agreements with other carriers last year, including British Airways and Korean Air Lines. This conspiracy inflicted a heavy toll on American businesses and consumers. JAL executives agreed to cooperate with an ongoing price-fixing probe which is being supported by the Federal Bureau of Investigation.

#### **20. FTC raids 13 distribution firms over int'l air cargo cartel**

On April 15, 2008, the Japan Fair Trade Commission raided 13 distribution service firms and an industry body on suspicion that they have formed a price cartel in international air cargo services. The 13 firms include Nippon Express Co., Kintetsu World Express Inc., Yusen Air & Sea Service Co. and Nishi-Nippon Railroad Co. They are suspected of having formed a cartel to pass air carrier's fuel and security surcharges on fares on to customers. The 13 firms account for some 75 percent of the international air cargo market involving Japan, estimated at several hundred billion yen.

#### **21. Competition Commission slams BAA**

In its 'emerging thinking' report, published on April 22, 2008, the UK Competition Commission identifies problems in the airports market. It found that BAA's common ownership of seven airports in the UK may be detrimental to both airlines and passengers. Christopher Clarke, chair of the BAA airports inquiry said "BAA dominates the airports markets in the South-East of England and in lowland Scotland, both areas of high economic activity and importance, currently, there is no competition between BAA's three London airports (Heathrow, Gatwick and Stansted), and only very limited competition from non-BAA airports." The commission says the next stage of the investigation will consider "whether and to what extent the shortage of capacity is a consequence of the lack of competition..."

#### **22. IATA Signs Global Declaration on Aviation and Climate Change**

The International Air Transport Association (IATA) has signed a historic commitment to tackle climate change at the 3rd Aviation and Environment Summit in Geneva, Switzerland. "IATA's four-pillar strategy on climate change is now an industry commitment. This commitment will drive us forward - first to our 25% fuel efficiency improvement target, and more importantly towards our vision of carbon neutral growth leading to a carbon emission free industry."

#### **23. U.S. Exit Proposal A Step Backward**

On April 22, 2008, the International Air Transport Association, 2008 condemned the new U.S. Government proposal that airlines and their employees collect biometric information from all non-U.S. citizens when departing the U.S. proposed in the U.S. Exit Plan. The U.S. Government plan would require airlines to invest billions in new equipment and the staff to operate it. Border protection and immigration are government responsibilities.

#### **24. Aircraft movement statistics: Major airports**

Aircraft take-offs and landings (501,663) at Canadian airports with NAV CANADA air traffic control towers and flight service stations increased (3.5%) in March 2008 compared with the same month a year earlier.

#### **25. Air Canada realigns checked baggage policy**

Air Canada said on April 25, 2008 that it will implement changes to its checked baggage policy on flights within Canada, and between Canada and the U.S. including Hawaii, effective May 15, 2008 for travel on or after July 15, 2008. Under the new policy, customers who purchase Tango and Tango Plus tickets may check one bag at no charge and a second bag for a \$25 service fee.

#### **26. ESC joins air freight class action**

The European Shippers' Council in late April 2008 joined the "Air Freight Shipping Cartel Litigation" class action started more than two years ago in the United States by shippers accusing flagship airlines of price fixing. The ongoing investigation has focused on air freight carrier agreements regarding fuel, security and war-risk insurance charges.

## WATER TRANSPORTATION

### 1. Port of Vancouver Accumulated Traffic Report [Year to Date - February 2008]

The Port of Vancouver released its accumulated container traffic report for February 2008. Total year-to-date traffic was 391,495 TEUs for February 2008, a increase of 7% over February 2007. Year-to-date imports (TEUs) increased by 1% and exports increased by 14%.

### 2. Port of Vancouver Accumulated Cargo Statistics Report [Year to Date - February 2008]

The Port of Vancouver released its accumulated cargo statistics report for February 2008. Total year-to-date cargo (containerized, bulk-liquid, bulk-dry and breakbulk) was 13,315,468 tonnes for February 2008, a increase of 14% over February 2007. Year-to-date imports (TEUs) decreased by 2.2% and exports increased by 17.6%.

### 3. Port of Montreal Accumulated Traffic Report [Year to Date - February 2008]

The Port of Montreal released its accumulated container traffic report for February 2008. Total year-to-date traffic was 215,668 TEUs for February 2008, a increase of 10.6% over February 2007. Year-to-date imports (TEUs) increased by 12.6% and exports increased by 9.1%.

### 4. Pleasure Boaters Need Proof of Competency to Operate on Canada's Waterways

Canadian pleasure boaters will require proof of competency before heading out on the water by September 15, 2008, or risk fines. Proof of competency can be: a pleasure Craft Operator Card; a proof that you passed a boating safety course in Canada before April 1, 1999; or a completed Rental Boat Safety Checklist.

### 5. Carriers' new math

On October 17, 2008, liner shipping companies calling at 27 European Union ports will lose their 150-year-old exemption from antitrust immunity. As a result, they will no longer be able to set collective freight rates or surcharges. Some observers note that shippers are waiting to see if this deregulation will set-off a chain reaction of rate-cutting. But this may not happen as most carriers negotiate individual service contracts. The biggest change that is likely to happen is a variation in other charges such as bunker fuel, terminal handling and currency adjustment, as carriers will have to come up with their own formula for setting these surcharges.

### 6. TUI's plan to spin off Hapag-Lloyd opens the door for NOL, other potential investors

TUI's sale of Hapag-Lloyd is expected to result in it being acquired by another company. Some individuals expect Neptune Orient Lines to be this company. It has also been suggested that this could result in a further consolidation in the liner container shipping industry.

### 7. India ends liner conferences

According to the *Economic Times of India*, liner companies serving India have agreed to end their conference system and cease discussions with each other aimed at setting conference tariff rates.

### 8. Montreal plans to increase capacity

Patrice M. Pelletier, President and CEO of the Port of Montreal, at the General Annual Meeting outlined major features of a strategic plan, which he said should enable Montreal to gradually augment its capacity in light of increase of container and cargo increasing at the port of Montreal.

### 9. New York sinks plan for LNG terminal

New York state rejected TransCanada Corp.'s plans to build the first floating liquefied natural gas terminal in the United States, a decision that investors shrugged off. This illustrates the difficulty involved in building a LNG project in North America, despite escalating demand for fuel.

## Water Transportation

### Canada

1. Port of Vancouver Accumulated Traffic Report [Year to Date - February 2008], April 1, 2008, [www.portvancouver.ca](http://www.portvancouver.ca)
2. Port of Vancouver Accumulated Cargo Statistics Report [Year to Date - February 2008], April 1, 2008, [www.portvancouver.ca](http://www.portvancouver.ca)
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9. New York sinks plan for LNG terminal, April 14, 2008, [www.nationalpost.ca](http://www.nationalpost.ca)
10. New Regulations Set Fines for Marine Safety Violations, April 16, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
11. Ottawa won't throw Digby-Saint John ferry a lifeline, April 23, 2008, [www.todaystrucking.com](http://www.todaystrucking.com)
12. Port of Vancouver Accumulated Traffic Report [Year to Date - March 2008], April 25, 2008, [www.portvancouver.ca](http://www.portvancouver.ca)
13. Port of Vancouver Accumulated Cargo Statistics Report [Year to Date - March 2008], April 25, 2008, [www.portvancouver.ca](http://www.portvancouver.ca)
14. Government of Canada Funds New Vessel for Marine Atlantic Inc. April 25, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
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2. FMC commissioner says it's time to talk tariff reform, April 10, 2008, [www.joc.com](http://www.joc.com)
3. Box record for Rotterdam, April 16, 2008, [www.joc.com](http://www.joc.com)
4. DOJ raids shipping company, April 18, 2008, [www.globalcompetitionreview.com](http://www.globalcompetitionreview.com)
5. Federal antitrust probe of Jones Act carriers widens, April 21, 2008, [www.joc.com](http://www.joc.com)
6. Maritime Administration Awards \$9.8 Million in Shipyard Grants, *New Program Encourages, Strengthens Small Shipyards*, April 24, 2008, [www.dot.gov](http://www.dot.gov)

## 10. New Regulations Set Fines for Marine Safety Violations

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, on April 16, 2008 announced the coming into force of the new Administrative Monetary Penalties Regulations. The regulations establish a comprehensive and consistent method outside of the courts for penalizing marine safety violations across Canada. The regulations demonstrate the governments commitment to safety. The maximum penalty for serious violations is \$25,000.

## 11. Ottawa won't throw Digby-Saint John ferry a lifeline

Federal MP Peter MacKay, minister for the Atlantic Canada Opportunities Agency, said that the federal government isn't going to bail out the struggling Digby-St. John ferry service again. In 2006, it kept it afloat because of declining traffic and fuel costs by providing the ferry with a subsidy of \$6 million. The past funding only ensured service to the end of 2009. If the community wants the service it will have to be a collaborative effort to keep it afloat.

## 12. Port of Vancouver Accumulated Traffic Report [Year to Date - March 2008]

The Port of Vancouver released its accumulated container traffic report for March 2008. Total year-to-date traffic was 582,097 TEUs for March 2008, a increase of 6% over March 2007. Year-to-date imports (TEUs) increased by 2% and exports increased by 12%.

## 13. Port of Vancouver Accumulated Cargo Statistics Report [Year to Date - March 2008]

The Port of Vancouver released its accumulated cargo statistics report for March 2008. Total year-to-date cargo (containerized, bulk-liquid, bulk-dry and breakbulk) was 20,095,063 tonnes for March 2008, a increase of 12.6% over March 2007. Year-to-date imports (TEUs) decreased by 5.9% and exports increased by 14%.

## 14. Government of Canada Funds New Vessel for Marine Atlantic Inc.

On April 25, 2008, the Government of Canada announced that it is providing \$101 million over five years, to enable Marine Atlantic Inc. (MAI) to acquire a charter vessel that will address increasing traffic to and from Newfoundland and Labrador.

## 15. European Shippers' Council: Carriers overcharging BAFs

The European Shippers' Council said on April 25, 2008 that its members are being overcharged when its comes to fuel surcharges set by liner conferences Trans Atlantic Conference Agreement and the Far Eastern Freight Conference.

## RAIL TRANSPORTATION

### Canada

#### 1. Canadian Pacific employees partner for safety

The Executive Vice-President and Chief Operating Officer Kathryn McQuade on April 2, 2008 said that Canadian Pacific has joined a Federal Railroad Administration (FRA) rail safety pilot project that engages employees in operation safety improvements in the American Midwest.

#### 2. Promised Rail Freight Service Review Begins

On April 7, 2008, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced the start of the rail freight service review by inviting comments from interested parties on the draft terms of reference for the review. The scope of the review is Canada's rail-based logistics chain (including shippers, terminal operators, ports and vessels). It will focus on service provided to Canadian shippers and customers by CN and CPR within Canada, including to and from ports and border crossings. The first stage of the review will involve consultations and the second stage will involve preparation of a report and recommendations by a prominent Panel.

#### 3. CP and CN Rail expected to make up for weakness in future quarters

Despite harsh winter weather and related operational issues, an analyst expects the country's largest railways to make up for any resulting volume weakness in earlier quarters as conditions improve. He expects full year 2008 fully diluted earnings per share of \$3.76 at CN and \$4.84 at CP.

#### 4. De-regulating rail environment key to further improvements in Canada's grain logistics system

On April 8, 2008, Jean-Jacques Ruest, CN senior vice-president, marketing, said that Canada must stay on the path toward a fully de-regulated grain

### Rail Transportation

#### Canada

1. Canadian Pacific employees partner for safety, April 2, 2008, [www.cpr.ca](http://www.cpr.ca)
2. Promised Rail Freight Service Review Begins, April 7, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
3. CP and CN Rail expected to make up for weakness in future quarters, April 7, 2008, [www.nationalpost.ca](http://www.nationalpost.ca)
4. De-regulating rail environment key to further improvements in Canada's grain logistics system, April 8, 2008, [www.cn.ca](http://www.cn.ca)
5. CN profit dips, April 21, 2008, [www.joc.com](http://www.joc.com)
6. CN reports Q1-2008 net income of C\$311 million, or C\$0.64 per diluted share; now expects full-year diluted EPS growth in mid-single digit range, April 21, 2008, [www.cn.ca](http://www.cn.ca)
7. CN declares second-quarter 2008 dividend, April 11, 2008, [www.cn.ca](http://www.cn.ca)
8. Canadian Pacific announces its first-quarter results, April 22, 2008, [www.cpr.ca](http://www.cpr.ca)
9. Weather, fuel costs take toll on CPR results, April 22, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
10. CN warns Chicago about opposition to rail expansion, April 22, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
11. Government of Canada invests in grade crossing improvements in Manitoba during rail safety week, April 23, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
12. Railway carloadings, April 23, 2008, [www.statcan.ca](http://www.statcan.ca)
13. CN and CPR yet to board U.S. rail rally, April 24, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
14. Canadian Transportation Agency Announces Revenue Cap Inflation Factor of 1.1493 for Crop Year 2008-2009, April 24, 2008, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)
15. CN announces US\$650 million debt offering, April 24, 2008, [www.cn.ca](http://www.cn.ca)
16. Government of Canada Invests in Northern Quebec Passenger Rail Service, April 25, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)

transportation environment to drive innovation and investments critical for increased efficiency in the system. Speaking to the Canada Grain Council annual meeting he indicated that de-regulation has produced very competitive rates for rail grain transport in Canada and significant efficiencies in the logistics system. Further, visions for greater improvements in grain transportation hinge on its ability to innovate and generate sufficient returns to reinvest in that business and that re-regulation of grain transportation would discourage CN investment in the sector and could require a return to taxpayer subsidization of grain movements.

#### **5. CN profit dips**

On April 21, 2008, Canadian National Railway Co. reported first-quarter profit of C\$311 million, down 4 percent from a year earlier. It attributed much of the decline to "some of the worst winter weather in decades." Revenue inched up by 1 percent to US\$1.9 billion. The harsh conditions

resulted in a deterioration of efficiency sending CN's operating ratio, a key measure of efficiency, up 2.3 points to 72.9 percent. Operating income declined by 7 percent to US\$520 million.

#### **6. CN reports Q1-2008 net income of C\$311 million, or C\$0.64 per diluted share; now expects full-year diluted EPS growth in mid-single digit range**

CN announced its first-quarter results for 2008, on April 21, 2008. The highlights for the first quarter compared to the same period in 2007 were: net income of C\$311 million, down 4%; operating income of C\$523 million, down 7%; and operating ratio of 72.9, up 2.3 points. First-quarter 2008 revenues increased one per cent to C\$1,927 million. Operating expenses for the quarter decreased by four per cent to C\$1,404 million. The bad winter conditions, strong Canadian dollar, the housing market and weakness in some sectors affected first quarter results.

#### **7. CN declares second-quarter 2008 dividend**

On April 21, 2008, CN announced that its Board of Directors has approved a second-quarter 2008 dividend of twenty-three cents (C\$0.23) per common share. CN now expects 2008 diluted earnings per share (EPS) growth to be in the mid-single digit range over 2007 adjusted diluted EPS of C\$3.40.

#### **8. Canadian Pacific announces its first-quarter results**

Canadian Pacific Railway announced its first-quarter results on April 22, 2008. For the first quarter: net income was \$91 million, a decrease of 29% when compared to same period in 2007; operating ratio was 82.7 per cent, a increase of 3.2 points; total revenue was \$1.15 billion, a increase of 0.026 per cent; and operating expenses were \$948.7 million, up by 62.2 million or 7%. Fred Green, CP's President and CEO said "The first quarter brought many challenges as we continued to face remarkable year-over-year increases in both fuel prices and the Canadian dollar..."

#### **9. Weather, fuel costs take toll on CPR results**

Canadian Pacific Railway Ltd. reported a 29 per cent decline in first-quarter earnings to \$91-million, citing severe winter weather, rising fuel costs and foreign exchange losses. The company also reduced its earnings expectations for the full year amid swelling operating costs and a slowing North American economy. It now expects earnings per share excluding non-operating items to be \$4.40 to \$4.60, down from the previous forecast of \$4.65 to \$4.80.

#### **10. CN warns Chicago about opposition to rail expansion**

Hunter Harrison, CN's CEO, at the railway's annual meeting on April 22, 2008 said that Chicago's standing as the rail capital of North America will be threatened if the move to relieve congestion is blocked. Communities that do not want increased traffic have opposed the expansion plan and this could hurt their economy.

#### **11. Government of Canada invests in grade crossing improvements in Manitoba during rail safety week**

In celebration of Rail Safety Week, President of the Treasury Board, announced on April 23, 2008 that the Government of Canada will provide support (\$970, 000) for six safety improvement projects at railway crossings in Manitoba.

#### **12. Railway carloadings [February 2008]**

The Canadian railway industry loaded about 21.5 million metric tonnes in February 2008, a 5.1% decline from January 2008. However, on a year-over-year basis, February's loadings were higher than the 20.1 million metric tonnes loaded by the industry in 2007 or the 2006 loadings of 21.2 million metric tonnes.

#### **13. CN and CPR yet to board U.S. rail rally**

Canada's two largest railways are forecasting another year of profit but this has not attracted investor interest given the

17. Government of Canada Invests in Grade Crossing Improvements During Rail Safety Week, April 28, 2008, [www.tc.gc.ca](http://www.tc.gc.ca).

18. CN Intermodal cuts rates from the southern US to Canada, April 28, 2008, [www.ct.ca](http://www.ct.ca)

#### **US/EU**

1. European rail companies expect strong growth in 2008, April 3, 2008, [www.americanshipper.com](http://www.americanshipper.com)

2. Trains Transporting the Most Toxic Hazardous Materials Must Use Safest, Most Secure Route, *New Federal Routing Rule Follows Proposal to Raise Rail Hazmat Tank Car Safety*, April 16, 2008, [www.dot.gov](http://www.dot.gov)

3. Amtrak Moves Forward Despite Shrinking Budget, April 2008, [www.metro-magazine.com](http://www.metro-magazine.com)

4. Rail on the right track, April 28, 2008, [www.todaystrucking.com](http://www.todaystrucking.com)

growth prospects and the perception that U.S. railroads are a better bet. Of the two Canadian carriers, analysts believe that CP is the stock to choose, if investors feel the for demand "bulk commodities" such as grain, fertilizer and coal will increase. But if investors feel that the US economy will rebound then CN will benefit more than CP.

#### **14. Canadian Transportation Agency Announces Revenue Cap Inflation Factor of 1.1493 for Crop Year 2008-2009**

On April 24, 2008, the Canadian Transportation Agency, announced a 8.0 percent increase in the volume-related composite price index (VRCPI) to be used to establish railway-specific revenue caps for the movement of Western grain for the upcoming 2008-2009 crop year. This sets the index at 1.1493. The index is essentially an inflation factor that reflects forecasted prices for railway labour, fuel, material and capital purchases by the Canadian National Railway and the Canadian Pacific Railway.

#### **15. CN announces US\$650 million debt offering**

CN announced on April 24, 2008, the terms of a US\$650 million debt offering of US\$325 million 4.95 per cent Notes due 2014, and US\$325 million 5.55 per cent Notes due 2018. CN expects to close the financing on May 1, 2008. The proceeds will be used to repay debt and for other purposes.

#### **16. Government of Canada Invests in Northern Quebec Passenger Rail Service**

The Government of Canada announced on March 25, 2008 that it will invest \$2.7million in rail improvements by Tshiuetin Rail Transportation for its passenger rail service between Sept-Îles and Schefferville, Quebec, through Emeril, Newfoundland and Labrador.

#### **17. Government of Canada Invests in Grade Crossing Improvements During Rail Safety Week**

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on April 28, 2008 that Transport Canada will provide support for 82 safety improvement projects at railway crossings across Canada providing funding of more than \$71 million, as part of Rail Safety Week.

#### **18. CN Intermodal cuts rates from the southern US to Canada**

CN has cut its rates for intermodal shipments moving north in 40-foot containers, according to officials. Reduced rates are available for Canada's five major cities. Origin cities include Houston, Dallas, Atlanta and Birmingham.

### **HIGHWAY TRANSPORTATION**

#### **1. Government of Canada to Harmonize Bumper Standard**

The Government of Canada has proposed an amendment to the Motor Vehicle Safety Regulations to harmonize the Canadian bumper standard for passenger cars with similar safety standards from the United States and Europe. The proposed amendment would simplify the bumper design for vehicles destined for the North American and European markets and offer more choice to Canadians who wish to import vehicles.

#### **2. 2006 Census: Ethnic origin, visible minorities, place of work and mode of transportation**

The census enumerated 14,714,300 people in the employed labour force who commuted to their place of work, a 9.4% increase from 2001. The vast majority, an estimated 10,644,300 workers, drove to work in a car, truck or van. That was a 7.2% increase from 2001, the equivalent of 714,900 more drivers on the road across Canada. However, this increase was well below the gain of just under 1 million between 1996 and 2001. Despite this growth, the proportion of workers who drove to work declined from 73.8% in 2001 to 72.3% in 2006.

#### **3. Trimac Transportation wins top safety award**

Trimac Transportation has earned the most prestigious award in the tank truck industry: The National Tank Truck Carrier's (NTTC) Outstanding Performance Trophy for 2007. The award is based on an outstanding performance in both vehicular and personal safety.

#### **4. New technology an option, but surcharges cut down fuel bill: Survey**

A survey from Eyefortransport reports that 18 percent of respondents in 2007 and 28 percent in 2008 say they offset all fuel price increases with customer surcharges. A further 39 percent in 2007 and 31 percent in 2008 said they cover at least some of the price hikes through fuel surcharges. 76 percent of fleet executives rated environmental concerns as being either

"very important" or "a top priority" in their fuel management decisions. To deal with these problems fleets hope to alleviate higher fuel costs in the future with more fuel-efficient equipment, aggressive fuel efficiency programs, bulk fuel purchases and alternative technology, and possibly hybrids, fleets currently rely heavily on fuel surcharges. Traditional fuel purchasing strategies are still the most popular, even if one expects changes.

#### **5. Cannon preaches national solidarity, calls speed limiter findings 'encouraging'**

The federal Minister of Transport, Infrastructure and Communities, said that the government is moving forward with national fuel consumption regulations for new cars and light-duty trucks beginning with the 2011 model year at a meeting of provincial and territorial ministers. He expressed need for a national approach to ensure national consistency if we are to reach our greenhouse gas reduction targets. He also indicated that the findings on speed limiters were encouraging and he was looking for cooperation among ministers.

#### **6. Market showing signs of repair, but we're not there yet**

Kenny Vieth, partner, A.C.T. Research, speaking to investors said that the trucking industry could have been on the fast track to recovery by now, but the price of diesel and gasoline has postponed any significant rebound to possibly 2009.

#### **7. T.O. task force pushes congestion tax, delivery restrictions**

A task force that favours tolls and variable rates to battle congestion in Toronto will be making its recommendations to the province shortly. The Green paper No. 6 states: Roads and Highways states that "Congestion is threatening our competitiveness, and our reliance on cars and trucks poses other challenges, including rising emissions of greenhouse gas and increased health risks. Furthermore, too many of our residents lose their lives or become critically injured on the roads. We need to change the way roads are planned, maintained and utilized."

#### **8. Toronto transit union gives strike notice**

The head of the TTC's largest union has confirmed that his 8400 workers will shut down Toronto's buses, subways and streetcars on April 21, 2008 unless a deal is reached by April 20. This could paralyze the city's public transit system. A major stumbling block is the union's demand for improvements to its members' benefits package. The union has complained that other city workers receive much richer benefits, including coverage for orthodontics, optometry, physiotherapy and life insurance.

#### **9. Toronto transit strike no option, Premier says**

On April 18, 2008, Ontario Premier Dalton McGuinty said that his government would consider introducing legislation declaring public transit an essential service – a move that would bar Toronto Transit Commission workers from walking off the job. He indicated that the parties should continue negotiating till the matter is resolved.

#### **10. Tentative TTC deal averts commuter chaos**

The Toronto Transit Commission and its main union agreed on a tentative contract April 20, 2008 a few hours before the strike deadline. The tentative three-year contract must still be ratified by the union's members, but if approved, it will give the TTC's 8,900 bus, subway and streetcar drivers, mechanics and janitors 3-per-cent annual raises and phased-in improvements to their benefits.

### **Highway Transportation**

#### **Canada**

1. Government of Canada to Harmonize Bumper Standard, April 2, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
2. 2006 Census: Ethnic origin, visible minorities, place of work and mode of transportation, April 2, 2008, [www.statcan.ca](http://www.statcan.ca)
3. Trimac Transportation wins top safety award, April 3, 2008, [www.ctl.ca](http://www.ctl.ca)
4. New technology an option, but surcharges cut down fuel bill: Survey, April 3, 2008, [www.todaystrucking.ca](http://www.todaystrucking.ca)
5. Cannon preaches national solidarity, calls speed limiter findings 'encouraging', April 9, 2008, [www.todaystrucking.ca](http://www.todaystrucking.ca)
6. Market showing signs of repair, but we're not there yet, April 14, [www.todaystrucking.com](http://www.todaystrucking.com)
7. T.O. task force pushes congestion tax, delivery restrictions, April 16, 2008, [www.todaystrucking.com](http://www.todaystrucking.com)
8. Toronto transit union gives strike notice, April 17, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
9. Toronto transit strike no option, Premier says, April 18, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
10. Tentative TTC deal averts commuter chaos, April 21, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
11. Large urban transit (February 2008 Preliminary), April 21, 2008, [www.statcan.ca](http://www.statcan.ca)
12. Smart Border Accord needs to be restored: Bradley, April 23, 2008, [www.todaystrucking.com](http://www.todaystrucking.com)
13. Vitran makes first quarter gains, April 23, 2008, [www.todaystrucking.com](http://www.todaystrucking.com)
14. Start of Repair Work on the Honoré-Mercier Bridge, April 25, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
15. Transit union rejects TTC settlement; calls strike as of Friday midnight, April 26, 2008, [www.wemovetoronto.ca](http://www.wemovetoronto.ca)
16. Ontario Lawmakers to Consider Bill to End Strike, April 27, 2008, [www.nationalpost.ca](http://www.nationalpost.ca)
17. Council has few answers on TTC, April 29, 2008, [www.nationalpost.ca](http://www.nationalpost.ca)

#### **US**

1. BTS Releases Freight Transportation Services Index (TSI); Freight Index was Unchanged in February from January, April 9, 2008, [www.dot.gov](http://www.dot.gov)

### **11. Large urban transit (February 2008 Preliminary)**

Combined ridership on 10 large urban transit systems in Canada was 2.5% higher in February 2008 than it was for the same month in 2007. Approximately 119.4 million passenger trips were taken generating \$199.3 million in revenue in February 2008 (excluding subsidies), a 7.3% increase over February 2007.

### **12. Smart Border Accord needs to be restored: Bradley**

David Bradley, CEO of the Canadian Trucking Alliance, in a speech on April 22, 2008, said that "The Smart Border Accord of 2001 spoke to the need for more security PLUS improved trade facilitation through risk management, but things have gone off-track." We are now grappling with the theatre of security, where it's check everything, everyone, all the time. This is making it costly for the trucking industry to comply, adding costs of \$500 per truck. Cost-benefit studies are needed to see if security has improved.

### **13. Vitran makes first quarter gains**

Vitran Corporation, Canada's number two trucking carrier, released first quarter financial results for 2008. It reported net income of \$1.1 million and a 15 percent increase in revenue to \$177.5 million for the quarter. In the comparable 2007 three-month period, the company achieved net income of \$3.4 million and revenue of \$154.1 million. The revenue represents an improvement over 2007.

### **14. Start of Repair Work on the Honoré-mercier Bridge**

The Government of Canada announced on April 25, 2008 that a contract has been awarded to start work on replacing the deck of the Honoré-Mercier Bridge, in Quebec. The first phase of the project, valued at \$66 million, will strengthen the steel structure and replace the bridge deck on the elevated access ramps that go through the Kahnawake territory, on the South Shore.

### **15. Transit union rejects TTC settlement; calls strike as of Friday midnight**

The members of ATU Local 113 have voted down the tentative TTC settlement by 65%. A strike will begin as of midnight tonight.

### **16. Ontario Lawmakers to Consider Bill to End Strike**

On April 27, the Ontario legislature met to consider a bill that would end a transit strike disrupting a system that provides 1.5 million rides each weekday in Toronto, Canada's financial capital.

### **17. Council has few answers on TTC**

City council has ordered an end to the Toronto Transit Commission strike on April 28, 2008.

## **GENERAL**

### **1. BTS Releases North American Surface Trade Numbers for January 2008**

Trade using surface transportation between the United States and its North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, was 7.4 percent higher in January 2008 than in January 2007, reaching \$65.2 billion, according to the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation. The value of U.S. surface transportation trade with Canada and Mexico rose 7.0 percent in January 2008 from December 2007.

### **2. Québec Obtains \$216.9 Million from the Government of Canada for the Forestry and Manufacturing Sectors**

Government officials announced on March 31, 2008 that the Government of Canada will grant \$216.9 million over three years to the Québec government under the new Community Development Trust.

### **3. WTO chief: Doha deal in '08**

Pascal Lamy, director-general of the World Trade Organization, said he is "completely convinced" that the Doha Round of world trade talks can be successfully completed this year. "To do so, the first step we need is for WTO member governments to agree at ministerial level by the end of May on the framework for cutting agricultural tariffs, agricultural subsidies and industrial tariffs," he said. In periods of financial uncertainty he indicated that international trade is vital.

## **Canada**

1. BTS Releases North American Surface Trade Numbers for January 2008, March 31, 2008, [www.dot.gov](http://www.dot.gov)
2. Québec Obtains \$216.9 Million from the Government of Canada for the Forestry and Manufacturing Sectors, March 31, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
3. WTO chief: Doha deal in '08, April 15, 2008, [www.joc.com](http://www.joc.com)
4. Travel between Canada and other countries, April 18, 2008, [www.statcan.ca](http://www.statcan.ca)
5. Tourism satellite account: Human resource module (1997 to 2006), April 21, 2008, [www.statcan.ca](http://www.statcan.ca)
6. Strategic Review of Canada Post Announced, April 21, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
7. Canada's Harper warns U.S. candidates not to reopen NAFTA, April 23, 2008, [www.joc.com](http://www.joc.com)
8. House panel calls for national freight transportation policy, April 24, 2008, [www.joc.com](http://www.joc.com)

## **US**

U.S. Secretary of Transportation Selects Chicago to Receive More Than \$153 million in Federal Funding to Reduce Traffic Congestion, April 29, 2008, [www.dot.gov](http://www.dot.gov)

#### 4. Travel between Canada and other countries

Canadian trips to the US and to other countries increased by 18.7% and 16.2% over the period February 2007 to February 2008. Travel to Canada over the same period from the US declined 11.1% but from other countries it increased 3.6%. Month to month comparison indicates that Canadian trips to the US and travel to Canada from the US declined by 0.3% and 3.7% from January 2008 to February 2008. The comparison to or from other countries was marginally positive.

#### 5. Tourism satellite account: Human resource module (1997 to 2006)

According to the above mentioned paper, 1.8 million jobs were held in the five tourism industry groups in 2006. This is about 11% of the 16.8 million jobs. About 509,000 jobs in the sector could be directly attributed to tourism demand, according to the National Tourism Indicators. The remaining 1.3 million jobs were attributed to non-tourism demand, such as local spending on taxis, restaurants, hotels and casinos. The number of jobs in tourism industries increased 2.1% in 2006.

#### 6. Strategic Review of Canada Post Announced

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, and Minister responsible for Canada Post, announced on April 21, 2008 that the Government of Canada will conduct a strategic review of Canada Post Corporation. The panel will be guided by the following four principles: Canada Post will not be privatized and will remain a Crown corporation; Canada Post must maintain a universal, effective and economically viable postal service; Canada Post will continue to act as an instrument of public policy through the provision of postal services to Canadians; and Canada Post will continue to operate in a commercial environment and is expected to attain a realistic rate of return on equity.

#### 7. Canada's Harper warns U.S. candidates not to reopen NAFTA

Canadian Prime Minister Stephen Harper warned U.S. presidential candidates who have threatened to renegotiate the North American Free Trade Agreement that they should drop such plans as Canada would drive a tougher bargain in any revised treaty because it is America's biggest energy supplier.

#### 8. House panel calls for national freight transportation policy

U.S. Congressional leaders in transportation policy and industry executives agreed on April 24, 2008 that the country needs a national freight transportation policy.

#### Publications

1. Fly Smart, 5th edition, Canadian Transportation Agency, April 2, 2008, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)
2. Energy and Transportation in Europe Digest, No. 261, April 4, 2008, [www.europa.eu](http://www.europa.eu)
3. European Energy and Transport – Trends to 2030 - Update 2007, April 15, 2008, [www.europa.eu](http://www.europa.eu)
4. Newsletter - Moving Ahead: Spring 2008, April 18, 2008, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)
5. Energy and Transportation in Europe Digest, No. 265, April 25, 2008, [www.europa.eu](http://www.europa.eu)

#### Conferences

1. 4th East Coast Maritime Conference, June 3-5, 2008, Georgia, Savannah, [www.joc.com](http://www.joc.com)

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