

Transportation Information Update*

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AIR TRANSPORTATION

1. CAE to provide training centre operations services for Air Canada

CAE and Air Canada announced on July 31, 2007 that they have signed a series of contracts that give CAE the responsibility for training centre operation services for the airline's Toronto and Vancouver centres. CAE will also market excess training capacity to third parties. The contracts are valued at C\$60 million over 15 years. Air Canada's Toronto simulators will be relocated to a 14-bay CAE-Air Canada facility in Toronto. Air Canada, however, will continue to conduct its own pilot training, including curriculum and instructors.

2. WestJet Announces Agreement With Boeing to Purchase 20 Additional Aircraft

WestJet announced on July 31, 2007 that it has signed an agreement with the Boeing Company for the purchase of 20 Boeing 737 Next-Generation aircraft. This is one of the company's largest orders in its history to meet the needs of its customers and the growing demand.

3. Air Canada scales back Aeroplan

Air Canada is cutting in half the number of Aeroplan miles that it awards to buyers of discounted Tango fares. This critics say make the plan less popular. Planners for the scale back argue that Tango fares currently account for only half of aeroplan miles.

4. Latest Aeroplan changes add fuel to clients' ire

Consumer advocates say they're irked by a steady erosion of the Aeroplan program, complaining that travellers are finding it increasingly difficult to reap their rewards. Harry Gow, co-founder of consumer advocacy group Transport 2000, said "It's not good psychology to give lower fares with one hand but take away Aeroplan miles with the other hand."

5. British Airways fined for cargo price-fixing

On August 1, 2007, British Airways, Europe's third-largest airline agreed to pay a fine of \$300 million to the U.S. Department of Justice for colluding with rivals over cargo and passenger fuel surcharges. Korean Air Lines, the world's biggest air-cargo carrier, was also fined \$300 million. Lufthansa, the world's second-largest cargo carrier after Korean Air, agreed in September 2006 to pay \$85 million to settle 80 class suits by U.S. shippers over cargo price-fixing. As a result, it received conditional immunity from prosecution in the U.S. and the EU. Earlier in the day, the carrier BA was fined a record \$247 million by the UK's Office of Fair Trading for colluding over passenger fuel surcharges. Investigations, which began in February 2006, targeted leading carriers.

6. U.K. fines British Airways £121.5 million for price-fixing

British Airways has been fined a record £121.5 million (\$247 million) by the United Kingdom's Office of Fair Trading after admitting to price-fixing passenger fuel surcharges. The airline admitted that from August 2004 to January 2006, it colluded on at least six occasions with Virgin Atlantic over the surcharges. During that period, surcharges rose from £5 (\$10.16) to £60 (\$121.99) per ticket for a typical long-haul return flight. The fine doled out by the OFT represents slightly more than 1 percent of British Airways turnover. Virgin, having blown the whistle, is not expected to

Current Developments in Brief

Air Transportation

CANADA

1. CAE to provide training centre operations services for Air Canada, July 31, 2007, www.aircanada.ca
2. WestJet Announces Agreement With Boeing to Purchase 20 Additional Aircraft, July 31, 2007, www.westjet.com
3. Air Canada scales back Aeroplan, August 1, 2007, www.globeandmail.ca
4. Latest Aeroplan changes add fuel to clients' ire, August 2, 2007, www.globeandmail.ca
5. British Airways fined for cargo price-fixing, August 1, 2007, www.joc.com
6. U.K. fines British Airways £121.5 million for price-fixing, August 1, 2007, www.americanshipper.com
7. WestJet Announces Strong Second Quarter Operating Results, August 1, 2007, www.westjet.com
8. WestJet profit battered by cancellation, August 2, 2007, www.globeandmail.ca
9. Price-fixing fines push KAL into the red, August 3, 2007, www.joc.com
10. Aeroplan has little reason to fret, August 6, 2007, www.globeandmail.ca
11. Air Canada reports July traffic, August 7, 2007, www.aircanada.ca
12. WestJet's Record Year Continues, August 7, 2007, www.westjet.ca
13. WestJet planes fuller in July, August 7, 2007, www.globeandmail.ca
14. Aeroplan profit jumps 56%, August 9, 2007, www.globeandmail.ca
15. Jazz Air trumpets earnings increase, August 9, 2007, www.nationalpost.ca
16. Air Canada reports second quarter results, August 10, 2007, www.aircanada.ca
17. Air Canada profit climbs 2% on domestic demand, August 13, 2007, www.globeandmail.ca
18. Galileo and Air Canada announce technology breakthrough providing Galileo agents in Canada with desktop access to Air Canada's full range of products, August 15, 2007, www.aircanada.ca
19. Buenos Dias Mexico! WestJet Adds Scheduled Service to Mazatlan and San Jose del Cabo/Cabo San Lucas, August 15, 2007, www.westjet.com

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face any fines as it had full immunity under OFT's leniency policy.

7. WestJet Announces Strong Second Quarter Operating Results

On August 1, 2007, Westjet announced its second quarter 2007 financial results. Compared to the same quarter in 2006, it reported: net earnings of \$11.5 million compared to \$22.4 million, a decrease of 95 per cent; revenue of \$504.8 million, compared to \$424 million, an improvement of 19 per cent; capacity or available seat miles of 3.4 9 billion compared to 3.002 billion, an increase of 16 per cent; load factor of 80.9 per cent, compared to 77.5 per cent, a 3.4 points increase; revenue passenger miles of 2.8 billion compared to 2.3 billion, an increase of 21 per cent; and revenue per available seat mile of 14.47 cents, compared to 14.12 cents, an increase of 2.5 per cent. Sean Durfy commented, "We produced record load factors and improved RASM while increasing our capacity significantly...."

8. WestJet profit battered by cancellation

WestJet Airlines Ltd.'s quarterly profit tumbled 49 per cent, weighed down by a hefty charge stemming from a cancelled electronic reservation system. WestJet shares lost 38 cents or 2.5 per cent and traded at \$15.12.

9. Price-fixing fines push KAL into the red

On August 2, 2007, Korean Air reported a quarterly net loss after it agreed to pay \$300 million in fines for conspiring to fix flight prices. The U.S. Justice Department said on August 1, 2007 that British Airways and KAL agreed to pay separate criminal fines of \$300 million for their roles in conspiracies to fix the prices of passenger and cargo flights.

10. Aeroplan has little reason to fret

A commentary in the *Globe and Mail* indicates that investors have little to worry that the recent reduction in miles for tango flights will lower the Aeroplan franchise because it lowers the number of miles sold. First of all, only a third of Aeroplan's billings come from airlines, the vast majority of that being Air Canada. Of that third, a smallish fraction would be affected by such a change.

11. Air Canada reports July traffic

Air Canada reported a record load factor of 82.5 percent for July 2007, a 1.1 decrease from July 2006. The mainline carrier flew 1.3 percent more revenue passenger miles (RPMs) in July 2007 than in July 2006. Air Canada's capacity increased by 2.7 percent for July 2007. Jazz's capacity for July 2007 increased by 6 per cent, resulting in a load factor of 74.4 percent, compared to 72.7 percent in July 2006, an increase of 1.7 percentage points. On a combined basis (Air Canada and Jazz), system traffic rose 1.9 per cent on a capacity increase of 2.9 percent, resulting in a load factor of 81.8 percent for June 2007. International traffic (RPMs) increased by 1.4% for the same period.

12. WestJet's Record Year Continues

WestJet announced on August 7, 2007, its seventh consecutive month of record load factors. Its traffic for July 2007 featured a record load factor of 82.6%, compared with 81.5% in July 2006. Revenue passenger miles (RPMs) and available seat miles (ASMs) for July 2007 increased by 17% and 16% over July 2006, respectively. Sean Durfy WestJet's president said "The cornerstone of our brand is a people-driven service experience at great value fares. Our operational performance remains strong with on-time performance of 89.5 per cent in July."

13. WestJet planes fuller in July

WestJet Airlines Ltd. said on August 7, 2007 that its planes were more crowded in July 2007, the seventh straight month of gains, as passenger loads climbed even as capacity increased. On the other hand, WestJet's bigger competitor, Air Canada, said on August 6, 2007 that its load factor fell last month to 82.5 per cent, a drop of 1.1 percentage point from July 2006.

14. Aeroplan profit jumps 56%

On August 9, 2007, loyalty marketing firm Aeroplan Income Fund says its second-quarter earnings jumped 56 per cent to \$49.5 million as revenue rose more than 20 per cent. The Aeroplan limited partnership, owned by the fund, posted earnings of 24.79 cents a unit for the quarter ended June 30, up from 15.88 cents per unit a year ago.

20. Aircraft movement statistics, August 16, 2007, www.statcan.ca
21. "Here comes the sun" on Air Canada with expansion of flight passes to U.S., Caribbean and Mexico sun destinations for Canadians coast to coast, August 16, 2007, www.aircanada.ca
22. ATAC Calls upon Government to Eliminate the Air Travellers Security Charge in Light of Continued Surplus, August 17, 2007, www.atac.ca
23. Air Canada increases service on key Western Canada routes; boosts Edmonton-London Heathrow service to daily year-round; adds new seasonal sun destinations from Vancouver, August 20, 2007, www.aircanada.ca
24. Air Canada increases Ottawa service on Canadian and seasonal sun routes as part of Eastern Canadian expansion this winter, August 22, 2007, www.aircanada.ca
25. India's Jet prepares to take flight in Canada, August 23, 2007, www.globeandmail.ca
26. British Airways pleads guilty to price-fixing, August 24, 2007, www.joc.com
27. Airports Across Canada Adopt WestJet's Electronic Boarding Pass, August 24, 2007, www.westjet.com
28. IATA Issues 'Last Call' for Paper Tickets - 16.5 million tickets to fill need until deadline, August 27, 2007, www.iata.org
29. Airlines turn interiors into flying billboards, August 28, 2007, www.nationalpost.ca
30. Canada's New Government Invests over \$1 Million in the Eastmain and Wemindji Airports, in Northern Quebec, August 28, 2007, www.tc.gc.ca
31. WestJet Moves to Terminal 2 at LAX, August 29, 2007, www.westjet.ca
32. Industry Registers Record Traffic Volumes, Load Factors in July, August 31, 2007, www.iata.org
33. Public Notice: Canadian Transportation Agency to Hold Oral Hearing, August 2007, www.cta-otc.gc.ca
US
1. Fixing the UK's Airports, July 9, 2007, www.iata.org
2. May 2007 Airline Traffic Data: Five-Month 2007 System Traffic Up 1.8 Percent From 2006, August 16, 2007, www.dot.gov
3. BTS Releases June Passenger Airline Employment Data; June 2007 Employment Up 2.3 Percent from June 2006, August 21, 2007, www.dot.gov
4. Observatory of the Air Transport Market, Quarterly report No. 15 - 2nd Quarter 2007 (April to June), August 21, 2007, www.europa.eu

15. Jazz Air trumpets earnings increase

Jazz Air Income Fund reported second-quarter earnings of \$41-million, or \$0.33, on August 9, 2007 up 14% from the period a year earlier and ahead of analyst estimates. Operating revenue came in at \$375-million, a 10% increase from the period a year earlier.

16. Air Canada reports second quarter results

Air Canada reported on August 10, 2007 its second quarter results with the Air Canada Services (i.e., excluding Jazz). It reported that: passenger revenues were up \$74 million over the second quarter of 2006; the passenger load factor was at 82.7 per cent, a 0.6 increase; the operating income was \$88 million compared to an operating income of \$113 million in the second quarter of 2006, a decline of \$25 million; and net income was \$155 million in the second quarter of 2007 compared to a net income of \$152 million for the same quarter in the 2006. Montie Brewer, Air Canada's President and Chief Executive Officer said "Our revenue performance for the quarter was encouraging mainly due to strong domestic Canada and Asia Pacific markets."

17. Air Canada profit climbs 2% on domestic demand

Strength in domestic flights helped Air Canada boost its second-quarter profit by 2 per cent, offsetting weakness on transatlantic routes. The Montreal-based carrier posted a profit of \$155-million, or \$1.55 a share, for the three months ended June 30, compared with \$152-million, or \$1.72, in the same period last year. Revenue rose to \$2.62-billion from \$2.56-billion.

18. Galileo and Air Canada announce technology breakthrough providing Galileo agents in Canada with desktop access to Air Canada's full range of products

Galileo, a leading global distribution system (GDS) and subsidiary of Travelport, and Air Canada announced on August 15, 2007 a multi-year agreement for a revolutionary graphical agency desktop solution that will provide Galileo-connected Canadian travel agents access to the full range and attributes of Air Canada's innovative à-la-carte fare products and Flight Passes. Galileo plans to make their system available to travel agents in Canada in the fourth quarter of 2007.

19. Buenos Dias Mexico! WestJet Adds Scheduled Service to Mazatlan and San Jose del Cabo/Cabo San Lucas

WestJet announced on August 15, 2007, the introduction of seasonal non-stop service to two new international destinations in Mexico: Mazatlan from Calgary and Edmonton; and San Jose del Cabo/Cabo San Lucas from Vancouver, Calgary and Edmonton. Further, a new seasonal non-stop route from Vancouver to Kona (Hawaii) was also added.

20. Aircraft movement statistics [July 2007 Preliminary]

The 42 Canadian airports with NAV CANADA air traffic control towers reported 481,756 aircraft take-offs and landings in July 2007, up 9.2% (i.e., 441,021 movements) compared with July 2006. This marked the fourteenth consecutive increase in year-over-year monthly comparisons.

21. "Here comes the sun" on Air Canada with expansion of flight passes to U.S., Caribbean and Mexico sun destinations for Canadians coast to coast

On August 16, 2006, Air Canada has expanded its popular Sun Passes to include more than 40 of the sun destinations it flies to in the United States, Caribbean and Mexico, from all 63 airports it serves together with Jazz across Canada. Sun Pass holders enjoy the benefits of price predictability and savings of up to 15 per cent off corresponding Tango Plus fares, with one-way trips starting as low as \$279 plus GST, including airport fees and surcharges. Two versions of Sun Passes are available.

22. ATAC Calls upon Government to Eliminate the Air Travellers Security Charge in Light of Continued Surplus

Audited financial statements of the Air Travellers Security Charge (ATSC) by the Department of Finance show a surplus of revenues over expenses of \$80 million. In view of this surplus, the Air Transport Association of Canada (ATAC) on August 17, 2007 expressed its profound disappointment with the federal government's continued over-taxation of the Canadian travelling public. ATAC therefore called upon the government to eliminate this charge and fund aviation security the way it does all national security initiatives, out of general revenues.

23. Air Canada increases service on key Western Canada routes; boosts Edmonton-London Heathrow service to daily year-round; adds new seasonal sun destinations from Vancouver

On August 20, 2007, Air Canada announced that it is increasing frequencies on key Western Canada routes this winter including offering the only daily, non-stop flights from Edmonton to London Heathrow, and daily, non-stop flights from

Calgary to Halifax. Air Canada will also introduce new, non-stop seasonal services from Vancouver to Ixtapa and Los Cabos in Mexico.

24. Air Canada increases Ottawa service on Canadian and seasonal sun routes as part of Eastern Canadian expansion this winter

On August 22, 2007, Air Canada announced that it is offering Ottawa and Eastern Canadian residents more choice this winter, to six new Canadian and leisure sun destinations from Canada's capital.

25. India's Jet prepares to take flight in Canada

Beginning September 5, 2007, Jet Airways will offer service from Toronto to New-Delhi. Jet has introductory round-trip fares as low as \$1,074, plus taxes and other charges. It faces competition from Air India, British Airways, Air France and Air Canada's Star Alliance partners Swiss International and Lufthansa.

26. British Airways pleads guilty to price-fixing

British Airways on August 22, 2007, pleaded guilty to U.S. charges of taking part in an international cartel that fixed airfreight fuel surcharges for cargo and passengers. The Federal Judge in Washington upheld the fine imposed by the Justice Department in early August. The ruling likely will pave the way for a class action. Federal prosecutors have said fines could have been as high as \$900 million if BA had not cooperated in their investigation. Britain's Office of Fair Trading fined BA \$246 million in early August after it admitted colluding with rival Virgin Atlantic over passenger surcharges. Virgin was granted immunity after it tipped off the OFT.

27. Airports Across Canada Adopt WestJet's Electronic Boarding Pass

On August 23, 2007, Westjet announced electronic boarding passes will be accepted at all 26 Canadian airports at which the airline operates. WestJet is the first airline in North America to use this innovative paperless format to check in and board guests.

28. IATA Issues 'Last Call' for Paper Tickets - 16.5 million tickets to fill need until deadline

The International Air Transport Association (IATA) announced on August 27, 2007, that it has placed its final order for paper tickets. Some 16.5 million paper tickets were ordered from 7 specialised printers. E-ticketing went from 16% in June 2004 to 84% today, since IATA launched the drive for 100% e-ticketing as part of IATA's Simplifying the Business initiative. It would result in a cost saving of US\$9 for every e-ticket compared to a paper ticket this adds up to US\$3 billion in annual savings for the industry. And eliminating paper will save the equivalent of 50,000 mature trees each year.

29. Airlines turn interiors into flying billboards

Airlines are turning the interiors of their planes into flying billboards to earn more revenue from every flight and to help offset soaring fuel costs. While this is happening on some European airlines, it has not happened on Canadian airlines yet. However, Canadian airlines are considering new advertising business opportunities to keep prices low.

30. Canada's New Government Invests over \$1 Million in the Eastmain and Wemindji Airports, in Northern Quebec

On August 28, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced the award of two contracts totalling more than \$1 million for various repair works at the Eastmain and Wemindji airports in Northern Quebec.

31. WestJet Moves to Terminal 2 at LAX

WestJet announced on August 29, 2007 that it will be moving its operations at Los Angeles International Airport from Terminal 3 to Terminal 2 effective September 4, 2007 as more amenities will be available to its customers.

32. Industry Registers Record Traffic Volumes, Load Factors in July

The International Air Transport Association (IATA) released traffic results for July 2007. The highlights for July 2007 compared to July 2006 were: 1) Year-on-year passenger demand was up 5.9%; 2) The average passenger load factor was up 0.3%, reaching 81%; 3) Passenger demand grew 6.2% during the January-July period over the same period in 2006. Freight demand rebounded with a 5.5% growth in July, up from 4.9% growth in June. The Middle East demand and its carriers did the best. Efficiency is the story of the summer of 2007.

33. Public Notice: Canadian Transportation Agency to Hold Oral Hearing

The Canadian Transportation Agency will hold a public hearing in Ottawa beginning October 29, 2007 to continue its investigation into 25 complaints against Canada's two major airlines regarding persons with disabilities who require medical oxygen when flying.

WATER TRANSPORTATION

1. Port activity [January to June 2005]

Canadian ports handled 213.6 million metric tonnes of cargo between January and June 2005, up 0.4% from the same six-month period in 2004. International cargo, which accounted for 71% of the total, increased 1.0% to 152.4 million tonnes, while domestic freight declined 1.2% to 61.2 million tonnes. Overall, shipments increased at 12 of the nation's top 20 ports. At Vancouver, the nation's busiest port, shipments continued their upward trend, 4.4% up for the first six months of 2005 compared to the same period in 2004.

2. Canada ports gets anti-nuke radiation scanners

Canada has deployed eight new radiation portals to scan 1,200 containers entering the Port of Montreal each day. Portals are also being installed at the ports of Vancouver and Halifax, as the Canada Border Services Agency deploys the first batch of 36 radiation scanners. Each scanner cost's C\$220,000 (US\$210,000).

3. Federal and Provincial Measures Boost Stability of Port Trucking Operations

The governments of Canada and British Columbia on August 1, 2007 announced a joint initiative to maintain stable wages and working conditions for independent owner-operator truckers serving Lower Mainland ports. The Government of Canada has passed a regulation directed at the Vancouver and Fraser River Port Authorities. The regulation will ensure that independent owner-operator truckers are compensated at no less than the rates of remuneration set out in the Memorandum of Agreement. Other changes to the regulation include: the specific exclusion of owner-operator truckers engaged in the long-haul industry, the requirement that collective agreements be posted on the Vancouver Port Authority's website, and the requirement that this measure be reviewed by the Minister within two years of its coming into force. BC will develop and manage a fair and effective dispute resolution mechanism to support the new federal regulations.

4. World's top Container Ports

The ten largest ports in the world are in: China (Hong Kong, Shanghai and Shenzhen) and South East Asia (Singapore and Taiwan), Europe (Rotterdam and Hamburg), Middle East (Dubai) and U.S. (Los Angeles). The ranking could change in the next few years based on the previous years change. Shanghai could become the largest port displacing Singapore and Dubai could climb up the ranks. Two ports in China not shown in the list that could eventually end up on the list are Qingdao and Ningbo-Zhoushan given their change in the previous year of 22.1% and 37%. A smaller port that recorded an impressive year-to-year change (74.8%) was Port Said on the Mediterranean.

5. Port of Vancouver, Accumulated Traffic Report [July 2007]

The Port of Vancouver released its accumulated container traffic report for July 2007. Total year-to-date traffic was 1,288,586 TEUs for July an increase of 5 percent over July 2006. Year-to-date imports (TEUs) increased by 7% and exports increased by 3%.

6. Port of Vancouver, Containerized Cargo Statistics [2006]

The Port of Vancouver released containerized cargo statistics for 2006. For 2006, containerized cargo in metric tonnes was: 7,957,749 inbound and 9,682,275 outbound. The most important inbound commodities were: machinery/equipment & misc. cargo (53.5%); iron, steel and alloys (10.65); base metal products and other ores (6.57%); cement and related products (6.36%); and fruit vegetable and food products (4.6%). The most important outbound commodities were: woodpulp (28.92%); lumber and sawn timber (15.5%); fodder and feed (incl. soya beans) (10.77%); machinery/equipment & misc. cargo (8.07%); and fruit vegetable and food products (8.4%).

Water Transportation

Canada

1. Port activity [January to June 2005], July 31, 2007, www.tc.gc.ca
2. Canada ports gets anti-nuke radiation scanners, 2007, www.joc.com
3. Federal and Provincial Measures Boost Stability of Port Trucking Operations, August 1, 2007, www.tc.gc.ca
4. World's top Container Ports, *The Journal of Commerce*, July 30, 2007, pp. 43-54.
5. Port of Vancouver, Accumulated Traffic Report [July 2007], www.portvancouver.com
6. Port of Vancouver, Containerized Cargo Statistics[2006], August 13, 2007, www.portvancouver.com
7. Port of Vancouver, Containerized Cargo Statistics by Country [2006], August 13, 2007, www.portvancouver.com
8. Dredging set to resume at Vancouver, August 14, 2007, www.joc.com
9. Port of Halifax Monthly Statistics (YTD to end of June 2007), August 13, 2007, www.portofhalifax.ca
10. Transport Canada Proposes Amendments to Collision Regulations and Canal Regulations, August 14, 2007, www.tc.gc.ca
11. Transport Canada Proposes Commercial River Rafting Regulations, August 14, 2007, www.tc.gc.ca
12. Transport Canada Proposes Vessel Operation Restriction Regulations, August 21, 2007, www.tc.gc.ca
13. Aussie regulators accuse terminal operators of price fixing, August 27, 2007, www.americanshipper.com
14. Who is making money, July 2007, www.americanshipper.ca
15. National & Regional Study looks at transload facilities to spur Halifax container traffic, August 27, 2007, www.canadiansailing.com

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1. Record peak not expected to jam U.S. ports, August 6, 2007, www.joc.com
2. Port Tracker: More TEU records on the way, August 6, 2007, www.americanshipper.com
3. Europe ports avoid rail strike, August 8, 2007, www.joc.com
4. Asia remains the hot spot, but growth is mainly on inter-Asia and Europe-Asia routes, *The Journal of Commerce*, August 6, 2007, pp. 22-23.
5. Tacoma's big win, *The Journal of Commerce*, August 6, 2007, pp. 24-25.
6. Carrier's remain bullish on South America trade, despite downturn, *The Journal of Commerce*, August 6, 2007, pp. 31-38.
7. Imports continue slow growth at Calif. ports, August 15, 2007, www.joc.com
8. Congestion surcharges loom in Europe, August 15, 2007, www.joc.com
9. Container ship orders hit record high, August 21, 2007, www.joc.com
10. Weak peak start for Tacoma, August 22, 2007, www.joc.com
11. AAPA study: Ports add \$2 trillion to U.S. economy, August 29, www.americanshipper.ca
12. Northwest Passage open for business, experts report, August 27, 2007, www.nationalpost.ca

7. Port of Vancouver, Containerized Cargo Statistics by Country [2006]

The Port of Vancouver released containerized cargo statistics by country for 2006. The most important trading countries were: China, Japan, Korea (South), Taiwan, and Hong Kong. Inbound and outbound statistics in metric tonnes for these countries were: 4.94m and 3.49m; 0.324m and 2.37m; 0.612m and 0.675m; 0.373m and 0.837m; and 0.526m and 0.436m. These statistics suggest the major trade flows.

8. Dredging set to resume at Vancouver

Dredging to build a third berth for the Deltaport container terminal at Vancouver, British Columbia, is about to resume after work was halted for two weeks over environmental concerns with the disposal of the dredged material. The third berth is being built at an estimated cost of C\$272 million (US\$258.4 million), to bring Deltaport's annual capacity from 900,000 TEUs to 1.3 million TEUs, when completed in the fall of 2009.

9. Port of Halifax Monthly Statistics (YTD to end of June 2007)

The Port of Halifax released its statistics for the first six months of 2007. The number of TEUs declined 6.7% to 241,421 from 258,804 in 2006. Containerized cargo in metric tonnes was 2.116m a decline of 2.8% from 2.178m. Containerized imports declined by 13.4% to 859,861 from 993,350 and containerized exports increased by 6.1% to 1,256,785 from 1,184,922.

10. Transport Canada Proposes Amendments to Collision Regulations and Canal Regulations

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on August 14, 2007 proposed amendments to the Collision Regulations and the Canal Regulations to ensure consistency with the *Canada Shipping Act, 2001* (CSA 2001), which came into effect on July 1, 2007. The Collision Regulations provide uniform measures to ensure the safe conduct of vessels.

11. Transport Canada Proposes Commercial River Rafting Regulations

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on August 14, 2007 proposed Special-Purpose Vessels Regulations to establish comprehensive and consistent standards for commercial river rafting across Canada. The proposed regulations will establish minimum standards for commercial river rafting, and apply them to all waters in Canada, instead of limiting the regulatory regime to the waters specified in the Boating Restriction Regulations.

12. Transport Canada Proposes Vessel Operation Restriction Regulations

On August 21, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, proposed Vessel Operation Restriction Regulations to ensure consistency with the *Canada Shipping Act, 2001*. "The new restrictions included in the proposed regulations will maintain the safety of navigation, both commercial and recreational, by restricting the type or speed of vessels that may use the various waterways."

13. Aussie regulators accuse terminal operators of price fixing

Antitrust authorities in Australia filed charges against a number of marine terminal operators and executives for colluding on truck operations to suppress competition. The Australian Competition and Consumer Commission alleges that P&O and Patrick agreed to share truck compounds around the country and jointly acquire other facilities in order to reduce drayage competition in Sydney, Brisbane, Melbourne and Adelaide. The companies created Australian Amalgamated Terminals to pursue their strategy. The regulatory body said the companies tried to fix the prices of stevedoring services from shared facilities. It said it is seeking to end the agreements and issue penalties.

14. Who is making money

In this survey of shipping lines for 2006, the author (Simon Heaney) finds that: all carriers made lower profits or losses in 2006; overcapacity and higher costs were the main factors behind the slump; prospects are brighter as the supply/demand gap narrows; industry consolidation is possible; and the industry is facing environment, security and infrastructure concerns.

15. National & Regional Study [Reaching Out: Transload Extends the Accessible Market in Halifax] looks at transload facilities to spur Halifax container traffic

According to new research made public by the Atlantic Institute of Market Studies (AIMS), a stronger focus on transload (i.e., the unloading of a container transported by ship onto a truck) facilities could be pivotal to increasing container traffic through the Port of Halifax. The authors propose that Halifax could increase its traffic by 25 per cent if it targeted more transload shipments. They suggest an improved transload strategy would result in 132,000 additional TEUs or

roughly 66,000 containers annually. The Port of Halifax currently has two transload operations with CN and is expected to develop a similar facility near the port's Fairview Cove terminal.

RAIL TRANSPORTATION

1. Canadian Transportation Agency Announces Interim Revenue Cap Inflation Factor for Crop Year 2007-2008

The Canadian Transportation Agency, in a recent decision (No. 388-R-2007) set an interim volume-related composite price index of 1.0884 for railway-specific revenue caps for the movement of Western grain for the upcoming 2007-2008 crop year. This interim index, takes effect on August 1, 2007 and is essentially an inflation factor to cover Canadian National Railway (CN) and Canadian Pacific Railway (CPR's) price changes for railway labour, fuel, material and capital inputs. This decision varies the Agency's April 2007 decision (No. 211-R-2007) that determined the volume-related composite price index for crop year 2007-2008 to be 1.1611. It was developed prior to the recent amendments to the *Canada Transportation Act*. These amendments now call for an adjustment to reflect the costs incurred by prescribed railway companies for the maintenance of hopper cars used for the movement of Western grain.

2. Canadian Pacific Railway Limited declares dividend

On July 31, 2007, the Board of Directors of Canadian Pacific Railway Limited declared a quarterly dividend of twenty two and one half cents (\$0.225) Canadian per share on its outstanding Common Shares. The dividend is payable on October 29, 2007.

3. Canadian Pacific launches process for sale of Windsor Station

Canadian Pacific on August 1, 2007, announced that it is going to market Windsor Station and associated real estate assets through a Request For Proposals (RFP) process. The RFP will provide the company with a clear understanding of market interest and value for this unique and high profile asset of Montreal.

4. CP signs agreements for capability upgrading in I.T.

Canadian Pacific on August 2, 2007, announced agreements with IBM and Infosys Technologies Ltd. to manage the railway's I.T. application development and support. The agreements will provide considerable capability and quality enhancement. They will focus on the application development associated with management and maintenance of CP's operations.

5. Brookfield abandons plan to buy CPR

Brookfield Asset Management Inc. has shelved a planned takeover of Canadian Pacific Railway Ltd. as funding for leveraged buyouts has fallen. Brookfield may consider acquiring CPR next year.

6. Railway Safety Act Review Consultations Wrap up – Minister Cannon Looks Forward to Report

The *Railway Safety Act* review advisory panel concluded its public consultations. However, written submission for the panel's consideration can be made to the end of this month.

7. Governments and Go Transit Announce Extended Rail Service to Aldershot Go Station

Canada's New Government, Ontario's Government and GO Transit announced on August 29, 2007 the start of extended rail service at Aldershot Station on GO Transit's Lakeshore West rail corridor. This extended rail service is part of the GO Transit Rail Improvement Program. This new service will cost \$72 million split equally between the federal, provincial and municipal governments.

Rail Transportation

Canada

1. Canadian Transportation Agency Announces Interim Revenue Cap Inflation Factor for Crop Year 2007-2008, August 1, 2007, www.cta-otc.gc.ca
2. Canadian Pacific Railway Limited declares dividend, July 31, 2007, www.cpr.ca
3. Canadian Pacific launches process for sale of Windsor Station, August 1, 2007, www.cpr.ca
4. CP signs agreements for capability upgrading in I.T., August 2, 2007, www.cpr.ca
5. Brookfield abandons plan to buy CPR, August 21, 2007, www.globeandmail.ca
6. *Railway Safety Act* Review Consultations Wrap up – Minister Cannon Looks Forward to Report, August 22, 2007, www.tc.gc.ca
7. Governments and Go Transit Announce Extended Rail Service to Aldershot Go Station, August 29, 2007, www.tc.gc.ca

US

1. Proposed Federal Regulations Expected to Improve Safety of Passenger Trains; Afford Passengers and Crew Better Crash Protection, August 1, 2007, www.dot.gov
2. BTS Special Report: A Decade of Growth in Domestic Freight Rail and Truck Ton-Miles Continue to Rise, August 6, 2007, www.dot.gov
3. Rail strike threatens Europe port container traffic, August 7, 2007, www.joc.com

HIGHWAY TRANSPORTATION

1. Canadian Trucking Alliance Will Be Watching US Cabotage Enforcement

The US Federal Motor Carrier Administration has renewed efforts to enforce cabotage by enlisting state troopers, local police forces and other US law enforcement agencies to pay increased attention to the enforcement of truck cabotage rules. The cabotage regimes in the United States and Canada are similar. In the late 1990's, customs rules governing the permissible use of trucking equipment in international commerce were liberalized and harmonized in both Canada and the US. These rule changes applied only to trucks and trailers, and the prohibitions against drivers operating in the domestic market of either country remain unchanged to this day. Canadian truckers believe that the enforcement of the rules has always been much stronger in the US than Canada. So, any mention of even tougher enforcement of the rules in the United States has the Canadian trucking industry worried that Canadian trucking companies may be placed at a competitive disadvantage in doing business across the border. This has called for increased enforcement in Canada to level the competitive playing field.

2. Canadian infrastructure could be in danger, reports suggest

The condition of Canada's infrastructure have raised concerns according to a 2006 Statistics Canada report which suggests that Canadian bridges have reached 49% of their useful life. Roads and highways have also reached 59% of their useful life.

3. McGuinty Government Helps Ontario Drivers Go Green

Ontario's Transportation Minister Donna Cansfield and Ontario's Environment Minister Laurel Broten announced three new initiatives on August 7, 2007 to encourage commuters and businesses to reduce greenhouse gases, the latest step in the government's climate change plan. The initiatives are: first, stakeholder consultations with vehicle manufacturers and environmental groups to develop a green vehicle program that will rate cars, light trucks and commercial vehicles using environmental criteria together with an Eco-licence plate, to be launched the summer of 2008; second, investing \$15 million over

four years for a pilot project to help businesses convert to more environmentally-friendly technologies, such as hybrid power; third, a pilot project to help businesses convert to more environmentally-friendly technologies, such as hybrid power together with installing two new ethanol fuelling stations in the province.

4. Innovative Bridge Replacement Saves Commuters Time, Reduces Traffic Delay

The Island Park Bridge is being replaced on August 11, 2007. For the first time in Ontario, groundbreaking technology that can easily lift and move 500 tonne bridges is being used to remove and replace a bridge overnight, according to Transportation Minister Donna Cansfield.

5. Windsor-Detroit Border Solution A Step Closer

Ontario Trucking Association President David Bradley on August 14, 2007 welcomed the announcement by the Detroit River International Crossing (DRIC) study team of a recommended access route leading to new bridge crossing from Windsor to Detroit.

6. Highway 7 Improvements Planned

Transportation Minister Donna Cansfield announced on August 20, 2007 major changes to improve traffic flow in Marmora. The McGuinty government is repaving, adding new turning lanes and a truck-climbing lane to improve traffic flow along Highway 7.

7. Large urban transit [June Preliminary]

Combined ridership on 10 large urban transit systems in Canada was 3.0% higher in June 2007 compared to the same month last year. Approximately 118.8 million passenger trips were taken on these transit systems and generated \$195.9 million in revenue (excluding subsidies), a 5.3% increase over June 2006.

8. Driver shortage escalating CTHRC [Canadian Trucking Human Resources Council] research concludes

New studies conducted on behalf of the CTHRC have identified an escalating shortage of qualified commercial truck drivers across Canada. Each year there is a shortage of 12,000 jobs for Class 1/A drivers or 12% of drivers after taking

Highway Transportation

Canada

1. Canadian Trucking Alliance Will Be Watching US Cabotage Enforcement, July 31, 2007, www.cantruck.ca
2. Canadian infrastructure could be in danger, reports suggest, August 6, 2007, www.ctl.ca
3. McGuinty Government Helps Ontario Drivers Go Green, August 7, 2007, www.mto.gov.on.ca
4. Innovative Bridge Replacement Saves Commuters Time, Reduces Traffic Delay, August 11, 2007, www.mto.on.gov
5. Windsor-Detroit Border Solution A Step Closer, August 14, 2007, www.ontruck.ca
6. Highway 7 Improvements Planned, August 21, 2007, www.mto.gov.on
7. Large urban transit, August, 21, 2007, www.statcan.ca
8. Driver shortage escalating CTHRC research concludes, August 28, 2007, www.ctl.ca
9. Go Transit Expands Bus Service to the University of Guelph, August 29, 2007, www.tc.gc.ca
10. Couriers and Messengers Services Price Index [July 2007], August 30, 2007, www.statcan.ca
11. New Park Bridge Opens at Kicking Horse Canyon, August 30, 2007, www.tc.gc.ca

US

1. BTS Releases North American Surface Trade Numbers for May: May Surface Trade with Canada and Mexico Rose 5.2 Percent from May 2006, July 31, 2007, www.dot.gov
2. BTS Releases Freight Transportation Services Index (TSI); Freight Index Fell 0.7 Percent in June from May, August 8, 2007, www.dot.gov
3. BTS Releases North American Surface Trade Numbers for June: June Surface Trade with Canada and Mexico Rose 3.9 Percent from June 2006, August 30, 2007, www.dot.gov

into account new drivers hired.

9. Go Transit Expands Bus Service to the University of Guelph

Canada's New Government, Ontario's Government and GO Transit, announced on August 29, 2007 the start of extended GO Transit bus service on the Milton Corridor to the University of Guelph. The expansion is part of the GO Transit Rail Improvement Program. This new service will cost \$4 million split between the Federal government and the Ontario government.

10. Couriers and Messengers Services Price Index [July 2007]

The Couriers and Messenger Services Price Index increased 0.1% to 125.7 (2003=100) in July. The courier portion advanced 0.1% on a monthly basis, while the local messengers component fell 0.3%.

11. New Park Bridge Opens at Kicking Horse Canyon

Federal and provincial government officials announced on August 30, 2007 that the new Park Bridge along the Trans-Canada Highway in Kicking Horse Canyon has been completed ahead of schedule.

Conferences

1. IATA Cargo in Emerging Market Series, September 18-19, 2007, Warsaw, Poland. See www.iata.org
2. East Coast Maritime Conference, September 24-25, 2007, Virgin Beach, Virginia, US.
3. CBA Annual Fall Conference on Competition Law at the Hilton Lac Leamy, Gatineau, Quebec, October 11-12, 2007. See www.cba.org
4. Maritime Logistics Conference will take place on Oct. 15-16, 2007, at the Hyatt Regency Baltimore Hotel in Baltimore, Md., US. See www.joc.com/conferences
5. CTRF/CITL Joint Conference, Sheraton Hotel, 150 Albert Street, Ottawa, October 26, 2007, www.ctrf.ca
6. "Maximizing Value in Supply Chains", November 14-15, Vancouver. See www.westac.com

Publications

1. WESTAC 'Take 5' Update available, August, 8, 2007, www.westac.com
2. The Airport Voice, News and Views, July/August, 2007, www.cacairports.ca