

Transportation Information Update*

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AIR TRANSPORTATION

1. Aircraft movement statistics, Major Airports

Canadian airports with NAV CANADA air traffic control towers reported 510,235 aircraft take-offs and landings in September 2006, up from 507,078 in September 2005. The September 2006 movements were close to the level recorded in September 2001 (510,311 movements) but still down 9% from September 2000 and 15% lower than the highest September recorded in 1999.

2. Airport Activity, Annual 2005

Preliminary data show that 93.9 million passengers enplaned and deplaned at Canadian airports in 2005, up 7.0% over 2004.

3. Canada's New Government Opens the New Hangar at the Greater Moncton International Airport

The Transport Canada Hangar at the Greater Moncton International Airport was officially opened on November 30, 2006. This new hangar will help the Government of Canada provide essential operational and maintenance support for its fleet of aircraft, which delivers vital safety oversight, policing and aerial surveillance programs.

4. Low-cost airlines flying high

Flyglobespan, the Scottish low-cost airline will begin flying between the United Kingdom and Hamilton, Ont. The four-year-old airline will also offer access to the vast European networks of two of its biggest discount rivals -- Ryanair and EasyJet -- from London's Stansted airport. From there, Flyglobespan says, Canadians will have access to more than 150 European destinations and airfares that are advertised as low as \$2, plus fees and taxes.

5. Scheduled air passenger origin and destination: Canada-United States (2004 Preliminary)

Just over 15.5 million passengers travelled on scheduled services between Canada and the United States in 2004, up 7.8% compared to 2003 (14.4 million passengers). The markets have surpassed the levels reached in 2000.

6. ACE to sell at least 25% of Air Canada stake

ACE Aviation Holdings Inc. will sell at least 25% of its holdings in Air Canada through a common-share offering that places an equity value of \$2.1-billion on the country's largest airline. Air Canada expects to raise \$200-million through the sale of 9.5 million shares priced at \$21 each. The airline's parent company is to raise an additional \$325-million through a secondary sale, bringing the total proceeds to \$525-million. Some of the proceeds will pay for new aircraft.

7. ACE bulks up with El Salvador maintenance unit

Air Canada's parent, ACE Aviation Holdings Inc., will help fund the purchase of a majority stake in the maintenance arm of El Salvador's TACA International Airlines. This will help position Air Canada Technical Services as leader in the Americas.

8. Air Canada reports November traffic - Mainline passenger load factor of 77.2% - highest ever for November

Air Canada reported a system load factor of 77.2 percent for November 2006. The mainline carrier flew 4.1 percent more revenue passenger miles (RPMs) in October 2006 than in November 2005. Overall, capacity increased by 3.0 percent, resulting in a load factor of 77.2 percent, up from 76.4 percent in November 2005. Jazz's capacity increased by 19 per cent, resulting in a load factor of 71.8 per cent, compared to 69.3

Current Developments in Brief

Air Transportation

CANADA

1. Aircraft movement statistics, Major Airports, December 1, 2006, www.statcan.ca
2. Airport Activity, Annual 2005, December 1, 2006, www.statcan.ca
3. Canada's New Government Opens the New Hangar at the Greater Moncton International Airport, November 30, 2006, www.tc.gc.ca
4. Low-cost airlines flying high, December 4, 2006, www.nationalpost.ca
5. Scheduled air passenger origin and destination: Canada-United States, December 4, 2006, www.statcan.ca
6. ACE to sell at least 25% of Air Canada stake, December 5, 2006, www.nationalpost.ca
7. ACE bulks up with El Salvador maintenance unit, December 5, 2006, www.nationalpost.ca
8. Air Canada reports November traffic - Mainline passenger load factor of 77.2% - highest ever for November, December 5, 2006, www.aircanada.ca
9. WestJet Reports a Record November Load Factor of 73.4 Per Cent With a 27 Per Cent Gain in Capacity, December 5, 2006, www.westjet.ca
10. WestJet, Air Canada report record passenger loads, December 6, 2006, www.globandmail.ca
11. The gumshoe who stung Westjet, December 6, 2006, www.globandmail.ca
12. Air Canada voted 'Best Business Class to Canada' by readers of Business Traveler magazine, December 6, 2006, www.aircanada.ca
13. Easy ride over for ticket touts?, December 7, 2006, *National Post*, p. A12.
14. Bill C-257 Threatens to Shut Down Canada's Airports, Industry Warns, December 7, 2006, www.cacairports.ca
15. Canada's New Government Contributes to International Aviation Security Efforts, December 11, 2006, www.tc.gc.ca
16. Canada's New Government Finalizes First Ever Air Agreements with Croatia and Serbia, December 11, 2006, www.tc.gc.ca
17. Remarks by Giovanni Bisignani - Global Press Briefing, Geneva, December 12, 2006, www.iata.org
18. CHC Helicopter's earnings slide sharply after last year's asset sale, December 13, 2006, www.nationalpost.ca

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per cent in November 2005, a increase of 2.5 percentage points. On a combined basis (Air Canada and Jazz) system traffic rose 5.6 per cent on a capacity increase of 4.4 percent, resulting in a load factor of 76.7 percent. North American traffic, on a combined basis, rose 7.4 percent.

9. WestJet Reports a Record November Load Factor of 73.4 Per Cent With a 27 Per Cent Gain in Capacity

WestJet announced its traffic statistics for November 2006 featuring an increase in load factor to 73.4%, compared with 71.9% in November 2005. WestJet's revenue passenger miles (RPMs) increased 29% to 780.4 million for November this year, up from 665.6 million in November 2005. Available seat miles (ASMs) grew 22% to 1,102.7 million in October 2006, up from 604.2 million November 2005. The company reported that "This strong load factor, especially in light of our largest year-over-year monthly capacity growth in 2006, is indicative of our continued momentum. We have progressively improved performance over the past five quarters."

10. WestJet, Air Canada report record passenger loads

WestJet Airlines Ltd. and Air Canada reported record November passenger loads as travellers were undaunted by continuing security restrictions.

11. The gumshoe who stung Westjet

Air Canada fought WestJet's corporate espionage by hiring its own spy. *The Globe and Mail* revealed that the spy was Mr. Stenhouse, a former RCMP staff sergeant. This ultimately led to Air Canada's decision to have other investigators sift through Mr. Hill's trash at his home and ultimately to Air Canada \$220-million espionage lawsuit against WestJet.

12. Air Canada voted 'Best Business Class to Canada' by readers of Business Traveler magazine

Air Canada has been voted 'Best Business Class to Canada' by the readers of the U.S magazine, *Business Traveler*. Star Alliance was chosen as the world's Best Airline Alliance.

13. Easy ride over for ticket touts?

Under proposed changes to the *Canada Transportation Act*, airlines would be required to tell Canadians up-front the true cost of the airfare, including the amount of fees, surcharges and taxes added to the original price of the ticket. This amendment by Mr.

David McGuinty was approved by Committee and added to Bill C-11. It will not only improve the ability of Canadians to make travel plans but will also level the playing field between airlines and travel agencies.

14. Bill C-257 Threatens to Shut Down Canada's Airports, Industry Warns

Canada Airports expressed concern that Bill C-257 could result in a shut down in the event of a strike. Due to a vital role of airports in the country, they indicated that the Bill is not needed. Federal law must strengthen not weaken Canada's infrastructure.

15. Canada's New Government Contributes to International Aviation Security Efforts

Government officials reiterated the New Canadian Government's commitment to support global counter-terrorism and security initiatives and announced that it is contributing \$405,000 to the International Civil Aviation Organization's (ICAO) Security Awareness Training Program.

16. Canada's New Government Finalizes First Ever Air Agreements with Croatia and Serbia

Government officials announced on December 11, 2006, Canada's first air transport agreements with the Republics of Croatia and Serbia for scheduled air service.

17. Remarks by Giovanni Bisignani - Global Press Briefing, Geneva

Mr. Bisignani indicated that profitability in the world airline business is improving. He then addressed how IATA is making a difference by 1) improving safety and 2) simplifying the business. Regarding the first, in 10 years IATA cut the accident rate in half with global standards, harmonization and hard work; and for the future it is going to implement the IATA Operational Safety Audit. In security, IATA had some successes in 2006 and for 2007, the target is to bring

19. Aircraft movement statistics: Small airports, December 13, 2006, www.statcan.ca
20. CHC Helicopter sees opportunity in air ambulance, search-and-rescue, December 14, 2006, www.globeandmail.ca
21. Onex group wins Qantas with new bid, December 14, 2006, www.globeandmail.ca
22. Airlines exploring merger options, December 14, 2006, www.globeandmail.ca
23. Air Canada suddenly Pearson fan, December 14, 2006, www.nationalpost.ca
24. Air Canada offers big savings to sample subscription air travel passes this winter season December 14, 2006, www.aircanada.ca
25. Aircraft movement statistics: Major Airports, December 14, 2006, www.statcan.ca
26. Federal Government Shares Blame for Pearson Fee Increases, December 13, 2006, www.atac.ca
27. BA lays out welcome mat for WestJet, December 15, 2006, www.globeandmail.ca
28. Air Canada Inaugurates Daily Non-Stop Seasonal Flights from Calgary to Palm Springs, California, December 16, 2006, www.aircanada.ca
29. Canada's New Government Invests in Safety Improvements at Lethbridge County Airport, December 18, 2006, www.tc.gc.ca
30. New Approach for Commercial Pilot Training, December 20, 2006, www.tc.gc.ca
31. Aircraft movement statistics, December 20, 2006, www.statcan.ca
32. Air Canada launches the only seasonal non-stop flights from Edmonton to Cancun, December 20, 2006, www.aircanada.ca
33. Makeover, December 26, 2006, www.globeandmail.ca
34. WestJet Signs Support Agreement with Navitaire, Nov. 27, 2006, www.westjet.ca
35. ACE sets up \$856-million Aeroplan payout, December 28, 2006, www.globeandmail.ca
36. Porter Airlines is facing a steep climb, December 29, 2006, www.globeandmail.ca

government on board. Regarding the second, five projects were launched: bar coded boarding passes; common-use self-service kiosks for check-in; radio frequency identification for baggage; e-freight; and e-ticketing. However, there are problems from place to place and though efficiency is improving there are other concerns for example: airport fee increases, taxes, passenger duty to combat environmental concerns and blocks to liberalization (eg., the US decision on ownership).

18. CHC Helicopter's earnings slide sharply after last year's asset sale

CHC Helicopter Corp. reported sharply lower second-quarter earnings on December 12, 2006, a fall from a year-before profit that was boosted by an asset sale. Revenue rose to \$276.5-million in the 2nd quarter from \$256.5-million last year as demand for helicopter services remained robust. Operating income was also up, at \$32.8-million, from \$28.3-million last year. CHC said it added 25 new aircraft to its fleet.

19. CHC Helicopter sees opportunity in air ambulance, search-and-rescue

CHC Helicopter Corp. won a seven-year emergency medical service contract with the Ambulance Service of New South Wales, beginning next year, for five aircraft in the Sydney area. It sees opportunity for long-term growth in air ambulance and search-and-rescue contracts. "It is a growing area that is going to take a lot of capacity." The vast majority of CHC's business is with the offshore oil and gas industry.

20. Aircraft movement statistics: Small airports

In August 2006, the number of landings and take-offs at airports without traffic control towers numbered 49,665. This was a 3.5 percent increase over August 2005. The year to date increase, however, was much less 0.4 percent. Guelph was the most active airport.

21. Onex group wins Qantas with new bid

Onex Corp. and a group of U.S. and Australian buyout firms operating as Airline Partners Australia was successful in its bid to obtain Quantas Airways Ltd. Onex will own 12.5% of the airline.

22. Airlines exploring merger options

Talks among US airlines may signal an impending round of mergers within the struggling industry according to analysts. But they are not sure whether consolidation is a sure — or even a good — thing. Some of the airlines involved are UAL Corp.'s United Airlines and Continental Airlines Inc.; and AirTran Holdings Inc. and Midwest Air Group Inc., etc.

23. Air Canada suddenly Pearson fan

Air Canada's CEO, said the soon-to-be-completed Terminal 1 will allow the country's largest airline to finally put all of its operations under one roof at the airport, paving the way for seamless connections for passengers who want to use Toronto as a North American hub. It will also benefit from a recent decision by Ottawa to allow international travellers bound for the United States to avoid clearing Canadian customs upon arriving at the airport, according to Mr. Brewer. "This means Toronto, for the first time, will be as competitive a gateway to the U.S. marketplace from Asia and Europe as any airport in the U.S."

24. Air Canada offers big savings to sample subscription air travel passes this winter season

Air Canada is offering a special version of its new subscription flight passes that provide the freedom of unlimited air travel. On sale December 14, 2006 to January 3, 2007, Air Canada's "Welcome Aboard" flight pass promotion starts at only \$229 per month. It provides access to book flights exclusively on Tuesdays and Saturdays in Canada and the continental US.

25. Aircraft movement statistics: Major Airports

Aircraft movement at Canadian airports with NAV CANADA air traffic control towers reported 385,200 aircraft take-offs and landings in October 2006, up 2.7% compared with October 2005 (374,974 movements). Itinerant movements (flights from one airport to another) increased by 3.1% (+8,028 movements) in October 2006 compared with the same month a year earlier. Local movements (flights that remain in the vicinity of the airport) increased by 2% (+2,198 movements) over 12

US/EU

1. U.S. Department of Transportation Withdraws International Investment Rule – Commits to Working on Open Skies Agreement, December 5, 2006, www.dot.gov
2. Airline On-Time Performance Declines in October, December 6, 2006, www.dot.gov
3. BTS Releases Transportation Services Index (TSI); October Index was Unchanged from September, December 6, 2006, www.tc.gc.ca
4. John F. Kennedy International Airport Was Top International Freight Gateway by Value in 2005, According to Bureau of Transportation Statistics, December 6, 2006, www.tc.gc.ca
5. US air cargo growth slows, December 11, 2006, www.joc.com
6. September 2006 Airline Traffic Data: Nine-Month System Traffic Up 0.3 Percent From 2005, December 15, 2006, www.dot.gov
7. BTS Releases Third-Quarter 2006 System Airline Financial Data; Passenger Airlines Report Largest Third-Quarter Profit Margin Since 2000, December 18, 2006, www.dot.gov
8. BTS Releases October Passenger Airline Employment Data; October 2006 Employment Down 2.2 Percent from October 2005, December 18, 2006, www.dot.gov
9. DOT Tentatively Approves Antitrust Immunity For Expanded Star Alliance, December 19, 2006, www.dot.gov
10. Virgin America must Give up International Ownership and Control to Meet Citizenship Test for U.S. Carrier Status, According to Tentative Finding, December 27, 2006, www.dot.gov

months from October 2005.

26. Federal Government Shares Blame for Pearson Fee Increases

The Air Transport Association of Canada (ATAC) is calling on the new government to reduce the airport rent burden at Toronto Pearson International or risk undermining the Minister of Transport's air liberalization and gateway agenda. The President and CEO of ATAC, stated: "The good news is that the Greater Toronto Airports Authority made significant strides in addressing its cost structure ... The bad news is that fees should be decreasing, not increasing.

27. BA lays out welcome mat for WestJet

The head of *British Airways PLC* said on December 14, 2006 that he admires *WestJet Airlines Ltd.*, and would welcome WestJet to the Oneworld alliance of carriers. WestJet is working to introduce a new computer reservations system next year which will provide it with the ability to connect to Oneworld in 2008. WestJet may also pursue strategic alliances, involving so-called "interlining and code sharing," with British Airways, Cathay Pacific Airways Ltd. and others. Though this is not part of WestJet's business model at the moment, it could change in the future. This would expand WestJet's reach and increase competition with Air Canada.

28. Air Canada Inaugurates Daily Non-Stop Seasonal Flights from Calgary to Palm Springs, California

Air Canada continued its transborder U.S. expansion from western Canada with the inauguration of daily, non-stop flights to Palm Springs, California on December 16, 2006. Air Canada Jazz operates the flights with next-generation, made-in-Canada Bombardier CRJ-705 aircraft, featuring 10 Executive Class and 65 Economy seats. This seasonal service will operate until April 10, 2007.

29. Canada's New Government Invests in Safety Improvements at Lethbridge County Airport

Government officials announced the completion of a project at the Lethbridge County Airport on December 18, 2006. Canada's New Government contributed \$960,000 under the Airports Capital Assistance Program

30. New Approach for Commercial Pilot Training

Transport Canada has amended the Canadian Aviation Regulations to provide commercial pilot trainees with an alternative to the traditional pilot training course. With this amendment, commercial trainees will be able to choose the type of instruction they prefer: traditional course structure or integrated pilot training courses.

31. Aircraft movement statistics

Aircraft take-offs and landings at the 42 Canadian airports with NAV CANADA air traffic control towers was 6.9% higher in November 2006 compared with November 2005. This marks the sixth consecutive increase in year-over-year monthly comparisons. Take-offs and landings reached 341,695 movements in November 2006 compared with 319,636 movements the same month a year earlier.

32. Air Canada launches the only seasonal non-stop flights from Edmonton to Cancun

On December 20, 2006, Air Canada launched non-stop flights from Edmonton to Cancun. This seasonal service will operate every Wednesday until April 11, 2007.

33. Air Canada will unveil new plane interiors in 2007 to gain a competitive edge over its competitive rival WestJet. The project named *Extreme Makeover* includes touch-screen panels on seatbacks. Passengers will use their fingers to press options displayed on the screens, then sit back and enjoy beefed-up video and audio.

34. WestJet Signs Support Agreement with Navitaire

On December 22, 2006, WestJet announced that it has extended its agreement with Navitaire for its OpenSkies reservation system through to December 31, 2008. The agreement with Navitaire will provide them with an upgraded and supported product in OpenSkies according to WestJet's President. It will also provide WestJet with the functionality required to deliver their growth strategy and business plans for 2007.

35. ACE sets up \$856-million Aeroplan payout

Air Canada parent ACE Aviation Holdings Inc. on December 28, 2006, indicated that it will distribute about \$856-million worth of Aeroplan Income Fund units to its shareholders in January 2007 after winning a crucial court ruling. **36. Porter Airlines is facing a steep climb**

Porter launched Toronto-Ottawa service in October 2006, then added the Toronto-Montreal route in December. To succeed, it must make a name on transborder routes to the United States from downtown Toronto. The list of targeted destinations are within 925 kilometres of Toronto. Service is expected first to NY, Chicago and Boston, then Philadelphia and Washington. Later, it plans to focus on Thunder Bay, Quebec City and Windsor.

WATER TRANSPORTATION

1. New State-of-the-art Aerial Surveillance Technology Will Better Protect Canada's Marine Environment

A newly equipped Transport Canada Dash 8 pollution surveillance aircraft was officially launched in St. John's on December 1, 2006. The aircraft, equipped with state-of-the-art aerial surveillance equipment, will increase Transport Canada's ability to detect marine polluters better than ever before.

2. Revenge of the East Coast Ports

The China boom has to some extent distorted the cargo market share of ports on US West Coast vs. US East Coast. As a result, volumes on US East Coast ports have grown a little more than half as fast as their West Coast counterparts. The recent decision to widen the Panama Canal will enable East Coast ports to increase its market share (by 3-3.5%) as the expansion will allow transit of container ships of up to 12,000 TEUs compared with today's limit of 4,500 TEUs. While the above relates to US ports a similar pattern of re-adjustment could occur in Canada with respect to the port of Halifax.

3. Port of Vancouver - Accumulated Container Traffic Report - Year to Date October 2006

Year-to-date container traffic statistics were released by the Port of Vancouver. For the period January to October 2006, the total number of containers were 1,071,913, an increase of 27% over the same period in 2005. Imports did slightly better than exports, recording an increase of 29% compared to 24%.

4. Port of Vancouver - Quarterly Cargo Statistics Report - January to September 2006

The Port of Vancouver reported that cargo tonnage of all commodities for the first three quarters of 2006 increased by 3% compared to the same period in 2005. Total container TEUs increased 26%; cruise ship passengers and voyages decreased by 7% and 9% compared to the same period in 2005.

5. Port of Montreal - Accumulated Container Traffic - Year to Date October 2006

Year-to-date container traffic statistics released by the Port of Montreal indicates that

for the period January to October 2006, the number of metric tonnes and TEUs moved were 9,457,336 and 1,080,737. This represents a 1.7% and a 2.9% increase over the same period in 2005.

6. Port of Montreal - Quarterly Cargo Statistics - January to September 2006

For the first three quarters of 2006, the cumulative traffic handled at the Port of Montreal was 18,732,774 a 2.8% increase over the same period in 2005. The quarterly statistics at the port indicate that for the third quarter of 2006 the metric tonnes handled were 6,750,938, a 1.5% increase over the previous quarter.

7. Port of Halifax - Accumulated Container Traffic - Year to Date October 2006

Year-to-date container statistics released by the Port of Halifax indicates that for the period January to October 2006, the number of TEUs moved were 443,910, a decrease of 2.85% over the same period in 2005. Total cargo (i.e. bulk, containerized, ro/ro and breakbulk) indicate that the port handled 11,234,794 metric tonnes, a decrease of 1.18% over the same period in 2005.

8. Port of Halifax - Quarterly Cargo Statistics - January to June 2006

For the first six months of 2006, the Port of Halifax reported that container tonnage was up slightly (0.6%). Total port tonnage was up 1.6% to 6,753,984 metric tonnes.

9. Japan Shipping Groups' Cartel Faces Shake-Up

Water Transportation

Canada

1. New State-of-the-art Aerial Surveillance Technology Will Better Protect Canada's Marine Environment, December 1, 2006, www.tc.gc.ca
2. Revenge of the East Coast Ports, *The Journal of Commerce*, November 20, 2006.
3. Port of Vancouver - Accumulated Container Traffic Report - Year to Date October 2006, November 10, 2006, www.portvancouver.com
4. Port of Vancouver - Quarterly Cargo Statistics Report - January to September 2006, November 10, 2006, www.portvancouver.com
5. Port of Montreal - Accumulated Container Traffic - Year to Date October 2006, December 1, 2006, www.portofmontreal.ca
6. Port of Montreal - Quarterly Cargo Statistics - January to September 2006, December 1, 2006, www.portofmontreal.ca
7. Port of Halifax - Accumulated Container Traffic - Year to Date October 2006, December 1, 2006, www.portofhalifax.ca
8. Port of Halifax - Quarterly Cargo Statistics - January to June 2006, December 1, 2006, www.portofhalifax.ca
9. Japan Shipping Groups' Cartel Faces Shake-Up, *Financial Times*, December 7, 2006.
10. Asian shipper group lauds latest EC decision on liner conferences, December 8, 2006, www.americanshipper.ca

US

1. AIG buys DP World US terminals, December 12, 2006, www.joc.com

Japan's transport ministry is to launch a review of the shipping groups' exemption from anti-monopoly rules. The move is part of a global push to eradicate liner conferences. "This is a tremendous step for us," said a director at Japan's Fair Trade Commission."

10. Asian shipper group lauds latest EC decision on liner conferences

The Asian Shippers' Council said on December 6, 2006 that it concurs with the European Commission over its assessment of the latest European Liner Affairs Association (ELAA) proposal to replace the conference with a system of information exchange. The EC turned down ELAA's proposal to replace the conference with an industry organization for pro-competitive information exchange on the grounds it would harm "the pro-competitive impact of abolishing the block exemption." The Global Shippers' Forum (GSF), of which ASC is a main component, noted, that the information exchange could be used to perpetuate the existing collusive behavior and practices embodied in the liner shipping conferences and discussions agreements.

RAIL TRANSPORTATION

Canada

1. CN buys northwestern Alberta shortline from Savage Companies for C\$25 million

CN announced on December 1, 2006, the purchase of Savage Alberta Railway, Inc. (SAR), a 345-mile short-line railway, from Savage Companies of Salt Lake City, Utah, for C\$25 million. The acquisition represents an opportunity for CN to solidify its freight franchise in resource-rich northwestern Alberta. The SAR transported about 35,000 carloads of freight last year. The SAR's primary connection with CN is at Swan Landing, Alberta

2. Good time to ride the rails

Despite some of the challenges facing the railways including the economic slowdown, analysts are bullish on the prospects for the North American rail industry. Analysts indicate they have a buy rating on the entire industry. At the top of the list

is CN followed by Norfolk Southern and then CP. It has been pointed out that solid pricing power and operational improvements should more than offset 'little softness' in volume increases. CN and CP expects growth in earnings next year of 10% and 13%, respectively.

3. Canadian Pacific Railway Limited declares dividend

Canadian Pacific Railway Limited on December 13, 2006 declared a quarterly dividend of 18.75 cents Canadian per share on the outstanding Common Shares.

4. CP Rail boosts spending

Canadian Pacific Railway indicated on December 14, 2006 that it plans to boost spending next year to take advantage of the busy Asian trade. The company plans to spend as much as \$895-million in 2007 on plans that include buying more land and trains, a 5.9 per cent increase from 2005.

5. Canada's New Government Takes Steps to Improve Canadian Rail Safety

The Minister of Transport, Infrastructure and Communities, announced a full review of the *Railway Safety Act* on December 14, 2006. A strong and safe rail industry is vital to our economy and environment said the Minister.

6. Railway carloadings

Railways across Canada loaded more than 24.7 million metric tonnes of freight in October 2006, about 3% more than what was reported in September 2006. Non-intermodal loadings increased by 2.8% from September 2006 and intermodal loadings increased 4.9%. Crop-related freight such as wheat and cereal grains rose sharply in October 2006.

7. Governments and Go Transit to Make Significant Investments to Improve

Canada's New Government, the Province of Ontario and GO Transit announced on December 20, 2006, the restoration of Sunfish Pond, the addition of a third mainline track between Burlington and Bayview Junction, and improvements to GO Transit's Aldershot and Burlington stations in the Lakeshore West rail corridor. Since 1995, GO Transit's ridership

Rail Transportation

Canada

1. CN buys northwestern Alberta shortline from Savage Companies for C\$25 million, December 1, 2006, www.cn.ca
2. Good time to ride the rails, *National Post*, December 11, 2006, p. FP3.
3. Canadian Pacific Railway Limited declares dividend, December 14, 2006, www.cpr.ca
4. CP Rail boosts spending, December 14, 2006, www.globeandmail.ca
5. Canada's New Government Takes Steps to Improve Canadian Rail Safety, December 14, 2006, www.tc.gc.ca
6. Railway carloadings, December 20, 2006, www.statcan.ca
7. Governments and Go Transit to Make Significant Investments to Improve, December 20, 2006, www.tc.gc.ca

has grown by more than 50 per cent and it now carries 48 million riders each year. Construction on the Lakeshore West corridor is valued at \$ 72 million.

HIGHWAY TRANSPORTATION

1. Increased volumes aim to bring down transportation costs in Northern Manitoba

The provincial government of Manitoba unveiled a new pilot project using longer vehicles to help lower the costs of bringing supplies to northern communities in that province. The one year project will collect data.

2. Canadian Trucking Alliance Applauds Flaherty's Advantage Canada Plan

According to the Canadian Trucking Alliance, the November economic and fiscal update from federal finance minister, Jim Flaherty, is consistent with its recent proposals put forward. *Advantage Canada* the title of the plan echoes CTA's urging that a "Canadian advantage" be created.

3. Canada's New Government Approves Annual Adjustment to Toll Rates for the Confederation Bridge

The Minister of Transport, Infrastructure and Communities announced on December 6, 2006, the approval of the annual adjustment to toll rates for the Confederation Bridge submitted by Strait Crossing Development Inc., the bridge operator. The adjustment for inflation results in a \$0.25 increase for all types of vehicles for 2007, except for motorcycles, pedestrians and cyclists.

4. For-hire motor carriers of freight, top carrier

In the third quarter of 2006, the top 91 for-hire motor carriers of freight (\$25 million or more annually) generated operating revenue of \$2.4 billion and operating expenses of \$2.3 billion both almost unchanged from the preceding quarter. Average per-carrier revenue increased 5.0% from the third quarter of 2005 to \$26.4 million, while average per carrier expenses increased 5.5% to \$24.7 million. The operating ratio (operating expenses divided by operating revenue) was 0.94, compared with 0.93 in the third quarter of 2005.

5. Container truckers race against Vancouver port license deadline

More than 390 container trucking companies serving the western Canadian ports of Vancouver and Fraser River are racing to apply for new port licenses before the current ones expire next month. The new stricter licensing requirements were designed to prevent undercutting of rates in the British Columbia harbor trucking market.

6. Two Occupants Proving Better Than One

One year after opening, the first provincial high occupancy vehicle (HOV) lanes have proven to be a success. Carpoolers and transit users are spending less time in traffic saving 14 to 17 minutes per trip compared to their travel time before HOV lanes opened. People are enjoying a faster, more reliable commute.

7. Completion of Highway Infrastructure Projects in Newfoundland and Labrador

The completion of seven highway infrastructure projects along the Newfoundland and Labrador Trans-Canada Highway was announced on December 15, 2006 by government officials. The total value of the highway construction component was \$23 million of which the federal government contributed over \$11 million.

8. Large urban transit

Combined ridership on 10 large urban transit systems in Canada was 2.7% higher in October 2006 than it was for the same month in 2005. Approximately 119.7 million passenger trips were taken on these transit systems in October accounting for about 80% of total urban transit in Canada. The trips generated \$180.2 million in revenue in October 2006 (excluding subsidies), a 1.7% increase over October 2005.

9. Couriers and Messengers Services Price Index

The Couriers and Messengers Services Price Index decreased 1.4% to 118.1 (2003=100) in November 2006. The courier portion fell 1.7% while the local messengers component fell .7% due to fuel charge increases.

Highway Transportation

Canada

1. Increased volumes aim to bring down transportation costs in Northern Manitoba, Dec. 4, 2006, www.ctl.ca
2. Canadian Trucking Alliance Applauds Flaherty's Advantage Canada Plan, Nov. 30, 2006, www.cantruck.ca
3. Canada's New Government Approves Annual Adjustment to Toll Rates for the Confederation Bridge, December 6, 2006, www.tc.gc.ca
4. For-hire motor carriers of freight, top carrier, December 7, 2006, www.statcan.ca
5. Container truckers race against Vancouver port license deadline, December 14, 2006, www.joc.com
6. Two Occupants Proving Better Than One, December 14, 2006, www.mto.gov.ca
7. Completion of Highway Infrastructure Projects in Newfoundland and Labrador, Dec 15, 2006, www.tc.gc.ca
8. Large urban transit, Dec. 18, 2006, www.statcan.ca
9. Couriers and Messengers Services Price Index, October 31, 2006, www.statcan.ca

US

1. BTS Releases North American Surface Trade Numbers for September 2006: September Surface Trade with Canada and Mexico Rose 3.5 Percent from September 2005, December 1, 2006, www.dot.gov
2. [US] Highway Traffic Up in 2005 New Data Reveal America's Traffic Congestion Getting Worse, December 11, 2006, www.dot.gov

GENERAL

1. Canadian Travel Survey: Domestic travel, 2004

Tourist activity by Canadian residents in Canada and foreign countries regained strength in 2004 following a decline in 2006, reaching 216.3 million trips, a 2.6% increase. Of these trips, 80.7% or 175.1 million were made in Canada. Of the domestic trips, 153.5 million had a destination in the province of residence of the travellers.

2. Transat reports lower fourth-quarter profit

Holiday-travel company Transat A.T. Inc., parent of airline Air Transat, reported on December 15, 2006 that its 4th quarter profit dropped from the quarter a year earlier, when it benefited from one-time gains. The company said it earned C\$13.6 million

or 39 Canadian cents a share, down from a profit of C\$18 million, or 44 Canadian cents a share, a year earlier. Transat said revenue for this year's quarter rose 25 percent to C\$619.5 million, boosted by robust results from its Airline Seat Co. and Canadian tour operators segments. Acquisitions are at the top of the list of things that the company is doing with the free cash. It is also looking at purchasing tour operators in US, and adding hotels to destinations in the Caribbean, Mexico, and Central America; and is targeting the acquisition of tour operators in Spain and Italy.

3. 'Open skies' agreements will work if Canadian travel and tourism firms can compete internationally

International travel is booming. It is on the rise in virtually all countries (up 5.5% globally) except Canada. Canada, once a market darling, is facing a monumental challenge and the leading tour business in Canada indicates that they expect more strategic vision and leadership from the federal government. The federal government now wants more new "open-skies" agreements. But increased liberalization will benefit Canada only if the government acknowledges that the Canadian travel and tourism industry is at a big disadvantage, and takes action to level the playing field and avoid major economic harm. An example is airport cost (i.e., rents) which are being passed directly to the airline industry and its customers. Another example is the proposed elimination of the GST/HST Visitors' Rebate Program introduced in the 1990s. The rebate abolition will effectively apply a new 6% tax on travel packages sold abroad by Canadian tour operators, thus rendering Canada even less competitive globally.

4. Transat shows interest in Signature Vacations

Tour operator Transat A.T. Inc. would bid for Signature Vacations, should the Canadian unit be put up for sale by its British parent, First Choice Holidays PLC. National Bank Financial Inc. estimates that Transat holds the lead among tour operators in Canada, with a market share of 32.5 per cent. Toronto-based Sunquest Vacations, owned by MyTravel, holds 18 per cent while Signature has 13.2 per cent. Rounding out the top five in market share are Air Canada Vacations at 10.3 per cent and Sunwing Travel Group, owned by Toronto's Hunter family, at 6.8 per cent.

5. Travel between Canada and other countries

Travel from the United States to Canada reached its lowest monthly level on record in October, as same-day car travel from the United States continued its downward trend falling by 18.8% from last October. Visitors from other countries to Canada declined to 370,000 falling by 0.7%.

Canada

1. Canadian Travel Survey: Domestic travel, 2004, December 6, 2006, www.statcan.ca
2. Transat reports lower fourth-quarter profit, December 15, 2006, www.globeandmail.ca
3. 'Open skies' agreements will work if Canadian travel and tourism firms can compete internationally, December 15, 2006, www.nationalpost.ca
4. Transat shows interest in Signature Vacations, December 2006, www.globeandmail.ca
5. Travel between Canada and other countries, Dec. 20, 2006, www.statcan.ca

Publications

1. Benefiting from Globalisation: Transport Sector Contribution and Policy Challenges 17th International ECMT/OECD Symposium on Transport Economics & Policy, Berlin, 25-27 October 2006 - For Papers presented see www.cemt.org
2. Post "Rolling Report" on the Pacific Gateway, www.westac.com
3. Trucking & Triumphs: 80 Years of the Ontario Trucking Association, www.ontruck.ca
4. *Senior Access to Transportation* in Canadian Social Trends, www.statcan.ca

Conferences

1. 11th International Conference on Mobility and Transport for Elderly and Disabled Persons (Transed), June 18-21, 2007 Palais des congrès de Montréal Convention Centre, Montreal.
2. Airports Canada 2007, Conference and Exhibition, April 25 - 26, 2007 at the Hilton Lac-Leamy Hotel & Casino in Ottawa-Gatineau, www.cacairports.ca