

Transportation Information Update*

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AIR TRANSPORTATION

1. Air Canada expands service to China with second daily Vancouver-Beijing
Air Canada announced on February 1, 2007 that it is smoothing the route to Asia this summer by doubling its daily Vancouver-Beijing service and increasing the frequencies of its Toronto-Shanghai non-stop flights. The added Vancouver-Beijing daily flight will operate between July 1 and September 30. The Toronto-Shanghai service will begin April 6 with service three days a week. Effective June 30, it will increase daily service starting for the summer peak and continue as a three-day-a-week service for the 2007-2008 winter schedule.

2. Canada and Japan Expand Air Services Agreement

On February 5, 2007, government officials announced the conclusion of air services negotiations between Canada and Japan, resulting in expanded bilateral agreement on January 25, 2007. The Agreement provides for expanded air services rights for flights operating between the two countries. It also provides more flexibility to adjust capacity of their services and aircraft types. Airlines will also have greater route flexibility for the operation of code-sharing services.

3. Air Canada and Air Canada Vacations launch seasonal non-stop flights from Edmonton to Montego Bay, Jamaica

Air Canada marked the launch of new, non-stop, scheduled flights from Edmonton to Montego Bay, one the most popular sun destinations in Jamaica on February 6, 2007. This seasonal service will operate every Tuesday until April 17, 2007.

4. Air Canada reports January [2007] traffic

Air Canada reported a system load factor of 78.6 percent for January 2007 up from 78.1 percent in January 2006. The mainline carrier flew 2.7 percent more revenue passenger miles (RPMs) in January 2007 than in January 2006. Air Canada's capacity increased by 2.0 percent for January 2007. Jazz's capacity for January 2007 increased by 14.1 per cent, resulting in a load factor of 69.3 percent, compared to 66.2 per cent in January 2006; an increase of 3.1 percentage points. On a combined basis (Air Canada and Jazz), system traffic rose 6.9 per cent on a capacity increase of 2.9 percent, resulting in a load factor of 77.8 percent for January 2007. International traffic increased by 0.3% for the same period. Montie Brewer, President and Chief Executive Officer said "Air Canada recorded its best ever load factor for the month of January, marking a continuation of the strong traffic trends of the last quarter of 2006,"

5. WestJet Reports Traffic Statistics With a Record January Load Factor of 75.9 Per Cent

WestJet announced that its traffic for January 2007 featured a record load factor of 75.9%, compared with 75.5% in January 2006. Revenue passenger miles (RPMs) and available seat miles (ASMs) for January 2007 increased by 20% and 19% over January 2006, respectively. Sean Durfy, WestJet's President commented, "January's record load factor is particularly satisfying when considering our 19 per cent growth in capacity. Our seasonal deployment strategy showed significant year-over-year improvements from winter 2005 to 2006. As we execute this strategy in 2007, we are pleased our year-over-year revenue per available seat mile (RASM) for January is favourable and is tracking on target with our expectations."

* The CTRF is not responsible for the information provided in this Update.

** The information provided is from the Authors and neither the Competition Bureau or Industry Canada is responsible for it.

Current Developments in Brief

Air Transportation

CANADA

1. Air Canada expands service to China with second daily Vancouver-Beijing, February 1, 2007, www.aircanada.ca
2. Canada and Japan Expand Air Services Agreement, February 6, 2007, www.tc.gc.ca
3. Air Canada and Air Canada Vacations launch seasonal non-stop flights from Edmonton to Montego Bay, Jamaica, February 6, 2007, www.aircanada.ca
4. Air Canada reports January [2007] traffic, January 6, 2007, www.aircanada.ca
5. WestJet Reports Traffic Statistics With a Record January Load Factor of 75.9 Per Cent, January 6, 2007, www.westjet.com
6. WestJet, Air Canada post best-ever January passenger loads, January 6, 2007, www.globeandmail.ca
7. Are You A Valentine? WestJet Offers Free Day of Flights to Guests With the Last Name Valentine, February 8, 2007, www.westjet.com
8. WestJet Reports Operational Results for 2006, February 9, 2007, www.westjet.com
9. Aeroplan profits move higher, February 8, 2007, www.globeandmail.ca
10. Air Canada and Air Canada Vacations launch seasonal non-stop flights from Halifax to Holguin, Cuba, February 11, 2007, www.aircanada.ca
11. ATAC Welcomes C.D. Howe Institute Study on Airline Taxation, February 8, 2007, www.atac.ca
12. ATAC Joins the Greater Toronto Airports Authority in Calling on the Federal Government to Reduce Airport Rent, February 12, 2007, www.atac.ca
13. Air Traffic Management Efficiency = Environmental Responsibility, February 13, 2007, www.iata.org
14. Tax high, fly low, *Financial Post*, February 13, 2007, p. FP15.
15. WestJet Announces Record Year-End Results With Net Earnings of \$114.7 Million, February 14, 2007, www.westjet.ca
16. Order 2006-12-17, February 13, 2007, www.dot.gov
17. WestJet Aiming to Bulk Up, *Financial Post*, February 15, 2007, p. FP4.
18. More Choices for Europe-bound Travellers, February 19, 2007, www.tc.gc.ca
19. CAC Urges Federal Government to Fulfill Commitment to International Air Policy Liberalization, February 21, 2007, www.cacairports.ca
20. Air Canada offers exceptional savings with U.S. Sample Passes, February 23, 2007, www.aircanada.ca
21. Aircraft movement statistics: Small airports, February 27, 2007, www.statcan.ca

6. WestJet, Air Canada post best-ever January passenger loads

Canada's two major airlines posted their best January passenger load factors in history, filling a higher percentage of its seats than a year earlier despite increases in capacity. Both saw higher demand for air travel outstrip growth in their network.

7. Are You A Valentine? WestJet Offers Free Day of Flights to Guests With the Last Name Valentine

WestJet announced on February 8, 2007 a free flight within Canada on Wednesday, February 14, 2007 for all guests with the last name Valentine. Guests can fly up to a maximum of two one-way trips free on Valentine's Day and all flights must be booked on Monday, February 12, 2007 to fly Wednesday, February 14, 2007.

8. WestJet Reports Operational Results for 2006

On February 9, 2007, WestJet announced its operational performance measures for 2006. It achieved top-five North American status in three key measures: on-time performance, completion and baggage handling. The results were based on 20 airlines in the U.S. that report operational performance. According to the company, their 63 Boeing Next-Generation 737 aircraft are on average only 2.5 years old, which helps them achieve their performance measures.

9. Aeroplan profits move higher

On February 8, 2007, Aeroplan Income Fund, the loyalty points company spun off by Air Canada's parent, announced that its fourth-quarter net income rose to \$38.5-million from \$29.7-million in 2006 compared to 2005. Total revenue increased to \$208.4-million from \$154-million. Aeroplan indicated that its gross billings from the sale of Aeroplan Miles grew 15.3 per cent to \$226.7-million in the quarter "as a result of general growth in consumer spending and continued momentum in the travel industry."

10. Air Canada and Air Canada Vacations launch seasonal non-stop flights from Halifax to Holguin, Cuba

The departure on February 10, 2007 of AC1824 marked the beginning of Air Canada's new, non-stop scheduled flights from Halifax to Holguin, Cuba's popular northern destination. This seasonal service will operate every Saturday until May 12, 2007.

11. ATAC Welcomes C.D. Howe Institute Study on Airline Taxation

On February 8, 2007, the Air Transport Association of Canada (ATAC) welcomed a report published by the C.D. Howe Institute that labelled the Federal Government's taxation regime imposed on the airline industry as "inequitable and inefficient." The President and CEO of ATAC said "This report from a respected Canadian economic think tank echoes the concerns we have been raising as an industry. Airlines are not looking for a hand out, but we would like a hand out of our pockets." He went on to say that "Canada's airline industry fully supports further liberalization, but we need to level the playing field. A top priority should be a significant reduction in the high levels of airport rent charged by the Federal Government."

12. ATAC Joins the Greater Toronto Airports Authority in Calling on the Federal Government to Reduce Airport Rent

On February 12, 2007, the Air Transport Association of Canada (ATAC) joined the Greater Toronto Airports Authority (GTAA) in launching a Campaign For A Fair Rent Deal. The campaign is designed to encourage the Conservative Government to act on its commitment to significantly reduce the federal airport rent charged to Toronto Pearson International. The CEO of ATAC said "This tax structure is undermining the global competitiveness of Canadian airlines and destinations. Our top priority to improve the situation is a significant and immediate reduction in the exorbitant rent the Federal Government charges Toronto Pearson."

13. Air Traffic Management Efficiency = Environmental Responsibility

Giovani Bisignani, Director General of the International Air Transport Association (IATA) called for improvements in air traffic management to further improve aviation's good environmental performance in a speech delivered to a Civil Air Navigation Services Organization (CANSO) conference in Maastricht, The Netherlands.

14. Tax high, fly low

According to Ben Cherniavsky and Associates, their recent research shows that the effective tax rate on costs for Canadian domestic air travel is higher than that of other transport modes and higher than that faced in US airlines in their market. Major Canadian airports pay to the federal government ground rent rather than corporate income tax. Ground rent unlike corporate tax is calculated as an escalating percentage of total airport revenue with a maximum rate of 12% on revenue over \$250 million. The airport rent formula reduces incentives for airports to raise revenue other than the

US 1. Flight Delays and Mishandled Bags Up, Consumer Complaints Down in 2006 From Previous Year, February 7, 2007 www.dot.gov 2. DOT Awards New Daily U.S.-China Flight to United Airlines, February 8, 2007, www.dot.gov 3. BTS Releases Transportation Services Index (TSI); Index Fell 0.4 Percent in 2006, February 14, 2007, www.dot.gov 4. November 2006 Airline Traffic Data: Eleven-Month System Traffic Up 0.7 Percent From 2005, February, 16, 2007, www.dot.gov 5. November 2006 Airline Traffic Data: Eleven-Month System Traffic Up 0.7 Percent From 2005, February 15, 2007, www.dot.gov 6. BTS Releases December Passenger Airline Employment Data; December 2006 Employment Down 1.1 Percent from December 2005, February 22, 2007, www.dot.gov 7. EU, U.S. launch last-ditch air talks, February 26, 2007, www.joc.com 8. Early Resolution Needed on EU-US Passenger Data Issue, February 23, 2007, www.iata.org

highest yielding ones, as a result Canadian airports have been slow in expanding ancillary services. Further, the airport rent formula increases the cost of debt, making long term construction projects that rely on debt financing more expensive. Accordingly, the authors suggest changes to the rent formula. They indicate that the guiding principle in steering reforms must be tax and subsidy neutrality between modes. Such reforms would improve the economic performance between modes and improve Canada's air industry.

15. WestJet Announces Record Year-End Results With Net Earnings of \$114.7 Million

On February 14, 2007, WestJet announced its fourth quarter and full year financial results for 2006. The Company achieved record net earnings of \$26.7 million for the fourth quarter of 2006 compared to \$1.0 million in 2005, an impressive 26-fold increase. For 2006, net earnings were a record \$114.7 million compared to \$24.0 million in 2005, an increase of 377.8 per cent. For the fourth quarter, the revenue was \$459.6 million, compared to \$366.8 million in the fourth quarter of 2005 an improvement of 25.3 per cent. For 2006, the revenue was \$1,773.7 million compared to \$1,392.8 million in the same period 2005, a increase of 27.4 per cent.

16. Order 2006-12-17, February 13, 2007

US DOT grants approval of, and antitrust immunity for, alliance agreements between and among Air Canada, Austrian, bmi, LOT, Lufthansa, SAS, Swiss, TAP, and United.

17. WestJet Aiming to Bulk Up

WestJet's President, indicated that they plan to capture 45% of the domestic air market by 2010. At present, it has about 34% of the market. Since the market is growing by about 3%, WestJet can achieve that share assuming that Air Canada does not capture any of the growth. Air Canada's market share has fallen steadily from 75% after their merger with Canadian Airlines to about 60% at the beginning of 2007.

18. More Choices for Europe-bound Travellers

On February 19, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced the designation of Skyservice to operate Scheduled International Air Services between Canada and the European countries of Belgium, Croatia, France and Serbia.

19. CAC Urges Federal Government to Fulfill Commitment to International Air Policy Liberalization

The Canadian Airports Council urged the government to fulfill its commitment to the new Blue Skies International Air Policy, to pursue more open skies agreement and to consider consumer and airport interest. It urged the government to adopt a framework that would encourage competition and the development of new and expanded services.

20. Air Canada offers exceptional savings with U.S. Sample Passes

Air Canada launched a special Flight Pass promotion offering exceptional savings to most points across its extensive U.S. network on February 23, 2007. It went on sale March 31, 2007 and is valid for travel until May 15, 2007.

21. Aircraft movement statistics: Small airports

In October 2006, the number of landings and take-offs at airports without traffic control towers numbered 47,803. This was a 13.9 percent increase over October 2005. The year to date increase, however, was much less 3.1 percent. Guelph was the most active airport.

WATER TRANSPORTATION

1. Government of Canada Presents the Long-term Strategy to Revitalize Marine Atlantic Inc.

On February 6, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, released the long-term strategy to revitalize the passenger and freight ferry service operated by Marine Atlantic Inc. in Newfoundland and Labrador. The strategy consists of two phases: the first deals with tariff increases, fuel surcharges, five year plans; fleet renewal and additional funding; and the second deals with capital projects.

2. Port of Vancouver seeks partner for expansion

With the rapid increase in global trade, container terminals are looking for ways to increase capacity. Massive increases in container traffic have resulted in congestion and delays in west coast ports over the last few years. In light of this, the Port of Vancouver is seeking to expand its capacity to 5 million TEUs by 2020. It is therefore seeking expressions of interest for a long planned \$1 billion expansion project and hopes to draw international players. Groups such as Dubai Ports World, Australia's Macquarie Group, Infrastructure Group and the Ontario Teachers Pension Plan, and shipping lines such as Moeller-Maersk A/S are expected to be bidding for the project.

3. Shipowners, builders make waves over import tariff

The Canadian Shipowners Association (CSA) want to convince the government to eliminate the 25 percent levy on imported foreign ships. President of the CSA says that removing the foreign ship duty will help ship owners remain competitive with foreign flagged and US flagged vessels also plying local waters. On the other hand, the President of Canada's Shipbuilding Association says that they want the ship tariff to be retained to boost demand for Canadian-made ships. In its free trade discussion with some European countries on civilian vessels the government is contemplating scrapping the tariff with .

4. Port of Halifax YTD December 2006

The Port of Halifax reports that tonnage in 2006 decreased in the container sector. It was down 1.6% to 4,572,020 tonnes. TEUs decreased 3.6% for a total of 530,722 TEU (twenty foot equivalent units), compared to a record year of 550,462 TEU in 2005. However, overall port tonnage registered a small increase of 0.13% to 13,679,787 metric tonnes in 2006 from the previous year's level of 13,661,775 metric tonnes.

5. Proposed Changes to the Port Authorities Management Regulations

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on February 19, 2007 the publication of proposed amendments to the Port Authorities Management Regulations. The proposal is based on the recommendations of the Canada Marine Act Review Report in 2003. According to it, amalgamation presents an opportunity to make CPAs more modern, efficient, competitive and responsive to emerging global opportunities and challenges.

6. Port of Montreal YTD December 2006 and Quarterly Statistics

The Port of Montreal reports that tonnage in 2006 increased in the container sector by 1.8% to 11,137,562 metric tonnes from 2005. The total number of containers increased by 2.7% to 1,288,910 over the same period, outbound containers increased 4.1% compared to an increase of inbound containers 1.3%. For the last quarter of 2006, the tonnage in containers increased to 2,932,375 from 2,735,457. Total tonnage ((bulk (i.e., liquid and dry) and general cargo (i.e., containerized and non-container)) increased 3.1% to 25,106,417 metric tonnes in 2006 from 24,344,014 in 2005.

7. CN strike hammers Port of Vancouver

According to the Port of Vancouver, the United Transportation Union's strike against Canadian National Railway has resulted in a fall of cargo volumes through the Port by an estimated 50 percent. In the first 10 days of the strike, an estimated \$730 million in cargo has been held up.

Water Transportation

Canada

1. Government of Canada Presents the Long-term Strategy to Revitalize Marine Atlantic Inc. February 6, 2007, www.tc.gc.ca
2. Port of Vancouver seeks partner for expansion, *Globe and Mail*, February 9, 2007, p. B5.
3. Shipowners, builders make waves over import tariff, *Globe and Mail*, February 9, 2007, p. B1/B5.
4. Port of Halifax YTD December 2006, Feb. 14, 2007, www.portofhalifax.ca
5. Proposed Changes to the Port Authorities Management Regulations, February 19, 2007, www.tc.gc.ca
6. Port of Montreal YTD December 2006 and Quarterly Statistics, February 20, 2006, www.portofmontreal.ca
7. CN strike hammers Port of Vancouver, February 21m, 2007, www.joc.com
8. TUI sells 80% stake in Montreal terminal, February 23, 2007, www.joc.com
9. Arctic marine polluter M.T. Mokami fined \$15,000, February 21, 2006, www.tc.gc.ca
10. Advantage: Vancouver, The Journal of Commerce, February 19, 2007.

US

1. West Coast container traffic surged in 2006 [15.4 million TEUs in 2006, an 8% increase], February 2, 2007, www.joc.com
2. Panama Canal to raise container tolls 12%, February 2, 2007, www.joc.com
3. Shippers, carriers in Europe talks, February 8, 2007, www.joc.com
4. Port of Halifax YTD December 2006, Feb. 14, 2007, www.portofhalifax.ca
5. TACA announces rate hikes, February 20, 2007, www.joc.com

8. TUI sells 80% stake in Montreal terminal

TUI AG, the German travel and shipping company that owns Hapag-Lloyd, said it has reached agreement to sell 80 percent of its Montreal Gateway Terminal to Morgan Stanley's infrastructure fund group.

9. Arctic marine polluter *M.T. Mokami* fined \$15,000

A territorial court in Iqaluit, Nunavut fined the *M.T. Mokami* \$15,000 for the unlawful discharge of a pollutant into Arctic waters.

10. Advantage: Vancouver

In 2006, of the four northwest Pacific container ports, Vancouver has overtaken the other three - Tacoma, Seattle and Portland. This was because container growth was 25% in 2006 second to Portland, which recorded growth of 33.7%. The number of containers moving through the four ports were: 2.2m, 2.067, 1.987m, and 214,484. Until 2006, Seattle led the other ports in growth and number of TEUs, its downfall was due to a 4.8% decline in container volume. The piece of news that has attracted the greatest attention is a proposal by Washington state that would impose a fee on every container passing through the state. The proposal has been opposed by several groups as it would raise costs.

RAIL TRANSPORTATION

1. CN to invest C\$12 million in major capacity improvements at Toronto-area intermodal terminal

On February 2, 2007, CN announced a C\$12-million program to increase the container-handling capacity of its Brampton Intermodal Terminal (BIT) by a quarter. BIT, Canada's largest intermodal facility, handled about 660,000 intermodal units in 2006.

2. CN prepares for potential UTU strike

The Canadian National Railway is activating its strike contingency plan to maintain national freight operations after the United Transportation Union (consisting of approximately 2,800 CN conductors and yard-service employees in Canada) announced that it plans to strike CN's Canadian rail operations on February 10. CN will continue to provide service in the event of a strike. It is possible that the strike could be averted if an agreement is reached before the strike deadline.

3. CN says UTU demands out of line with private sector wage settlements

CN said on February 11, 2007 that the United Transportation Union (UTU) demanded excessive wage increases during negotiations that broke off Feb. 9, 2007. The UTU's final offer on wages was 40 per cent higher than the increases CN negotiated in recent collective agreements for a comparable three-year period.

4. CN wants strike ruled illegal

On February 13, Canadian National Railway sought to have a strike by 2,800 workers declared illegal. It is pointed out that the UTU international president was not consulted about the Canadian decision to call the strike. Mr. King disputed CN's statement that the strike is illegal, claiming that the UTU was in a strike position under the laws of Canada.

5. CN and union diverge on strike's impact

CN applied on February 13, 2007 to the Canada Industrial Relations Board to declare the strike by one of its unions, the United Transportation Union (UTU), illegal. The Canadian Wheat Board is also seeking a way to end the strike and has asked the federal labour minister to intervene. This is not surprising as strikes in network organizations as large as CN can be costly. An idea of the possible impact can be got by considering the fact that CN carries \$102 million worth of commodities

on its Toronto-Montreal corridor daily or delays to ships on the West Coast can cost the Canadian Wheat Board a penalty of \$175,000 a day. CN says that it is running at 75%-80% of capacity, whereas the union says it is closer to 25%.

Rail Transportation

Canada

1. CN to invest C\$12 million in major capacity improvements at Toronto-area intermodal terminal, February 2, 2007, www.ctl.ca
2. CN prepares for potential UTU strike, February 7, 2007, www.ctl.ca
3. CN says UTU demands out of line with private sector wage settlements, February 11, 2007, www.cn.ca
4. CN wants strike ruled illegal, February, 12, 2007, www.globeandmail.ca
5. CN and union diverge on strike's impact, *Globe and Mail*, February 13, 2007, p. B4.
6. CN maintains freight operations as UTU strike continues; CIRB to reconvene hearing on legality of UTU strike Feb. 19, February 13, 2007, www.cn.ca
7. Shippers feel effects of CN rail strike, February 16, 2007, www.joc.com
8. Rail workers strike ruled legal, February 20, 2007, www.globeandmail.ca
9. CN, striking employees resume talks, February 20, 2007, www.joc.com
10. Minister Cannon Announces Panel to Conduct Review of the Railway Safety Act, February 19, 2007, www.tc.gc.ca
11. CN Workers get back-to-work notice, *Globe and Mail*, February 22, 2007, p. B5.
12. CN Dispute Shaves Growth, *Financial Post*, February 22, 2007, p. FP3.
13. Monthly Railway Carloadings, February 23, 2007, www.statcan.ca
14. Railway Carloadings 2006, February 23, 2007, www.statcan.ca
15. CN and UTU reach tentative settlement, February 24, 2007, www.cn.ca

6. CN maintains freight operations as UTU strike continues; CIRB to reconvene hearing on legality of UTU strike Feb. 19

On February 13, 2007, CN announced that the Canada Industrial Relations Board (CIRB) will continue its hearing on the company's application for a declaration that the United Transportation Union (UTU) launched an illegal strike against CN on Feb. 19. The CIRB hearing began on February 13, 2007.

7. Shippers feel effects of CN rail strike

The strike at CN is beginning to have effect on some customers. For example, Lumber producer Canfor Corp. announced production curtailments at three British Columbia mills; and Ford shut down its auto assembly plant at St. Thomas, Ont. Canadian National said "We're trying to provide the best service that we can under the circumstances, and given the severe winter weather conditions. We understand the importance of just-in-time delivery."

8. Rail workers strike ruled legal

On February 19, 2007, the Canada Industrial Relations Board ruled that the Canadian National Railway Co. workers was legal.

9. CN, striking employees resume talks

Canadian National Railway said talks with the union representing 2,800 striking freight train conductors and switch yard employees resumed on February 20 under the supervision of a federally appointed mediator. Talks broke off on Feb. 9, 2007.

10. Minister Cannon Announces Panel to Conduct Review of the *Railway Safety Act*

Canada's New Government announced on February 19, 2007 that an advisory panel has been appointed to conduct a review of the *Railway Safety Act*.

11. CN Workers get back-to-work notice

The Federal Labour Minister Jean-Pierre Blackburn plans to introduce back-to-work legislation on February 23, 2007. The Minister indicated that he would prefer for both parties to reach an agreement rather than any kind of law. He pointed to the fact that a number of industries have shut or slowed down. Even before the back-to-work notice was issued a number of striking employees reported back to work.

12. CN Dispute Shaves Growth

The two-week rail strike is beginning to have an impact on the Canadian economy. It is estimated that real GDP will be affected by .3% to .4% if the strike lasts an entire month. Not surprisingly, it has resulted in a call for more oversight from the Government.

13. Monthly Railway Carloadings

For December 2006, Canadian railways loaded a total of 22.7 million metric tonnes down 7.9% from November 2006, and a 3.8% decline from December 2005. Loadings of non-intermodal goods in December 2006 dropped 7.8% from November 2006 to 20.5 million tonnes. Intermodal loadings followed suit, declining 8.6%. The above statistics exclude movements to or from the US.

14. Railway Carloadings 2006

For 2006 (annual) railway carriers loaded a total of 287.0 million metric tonnes of goods (excluding movements to or from the US) down 0.5% from the record high of 288.5 million tonnes in 2005. Canadian rail carriers reported loading about 3.1 million TEUs in 2006, an increase of 162,000 from 2005. This growth is expected to continue as more and more goods, even those traditionally moved in bulk, are now shipped in containers. Traffic received from the United States in 2006 set a new high record.

15. CN and UTU reach tentative settlement

On February 24, 2007, CN announced that it has reached a tentative settlement with the United Transportation Union.

HIGHWAY TRANSPORTATION

1. 2005 Canadian motor vehicle traffic collision statistics

On February 1, 2007, Transport Canada released traffic collision statistics. The statistics reveal that the number of drivers in Canada continues to increase yearly. There are over 21.9 million licenced drivers and over 18 million passenger vehicles on Canadian roads. From 2004 to 2005, the number of road fatalities increased 7%. Road fatalities represent over 90% of all transportation-related fatalities, however, Canada's road safety record has steadily improved from 1982 declining by almost 30%.

2. *The International Bridges and Tunnels Act* Receives Royal Assent

Canada's New Government announced on February 1, 2007 that the *International Bridges and Tunnels Act*, formerly known as Bill C-3, received Royal Assent. This legislation will provide the federal government with the legislative authority to ensure effective oversight of the existing 24 international vehicular bridges and tunnels and nine international railway bridges and tunnels, as well as any new international bridges or tunnels built in the future. The highlights also include: the G-I-C power to make regulations; the authority to issue an emergency directive; the authority to construct new international bridges without the need for special legislation; and the approval of the minister where it involves changes in ownership or operation of international bridge or tunnel.

3. Hire motor carriers of freight, all carriers (Second quarter 2006)

There were an estimated 3,336 for-hire trucking companies based in Canada with annual revenues of \$1 million or more in the second quarter of 2006, almost unchanged from the same quarter in 2005. Operating revenues totalled \$7.1 billion, up 7.5% from the second quarter of 2005. Operating expenses reached \$6.5 billion, up 8.8% from the same period in 2005. The operating ratio deteriorated to 0.93 from 0.92 in the second quarter of 2005. Transportation revenues from domestic movements increased by 9.7% to \$4.6 billion and revenues from international movements increased by 3.2% to \$2.6 billion from \$2.1 billion a year ago.

4. Couriers and Messengers Services Price Index

The Couriers and Messengers Services Price Index decreased 0.2% to 118.0 (2003=100) in December 2006. The courier portion fell 0.3% on a monthly basis, while the local messengers component was up 0.3%.

5. OTA Policy Helps Create Incentives for FAST and E-Manifest Carriers at the Port of Buffalo

On February 1, 2007, US Customs and Border Protection in Buffalo and Lewiston working in cooperation with the Niagara Falls Bridge Commission, the Peace Bridge Authority and the Ontario Trucking

Association introduced an incentive program for FAST registered drivers submitting e-Manifests -- a policy that was endorsed by the Ontario Trucking Association in November 2006. Each bridge will have their own special advantages to offer such as dedicated fast lane, preferential access, etc.

6. Province Announces CEO Of Greater Toronto Transportation Authority

On February 7, 2007, Ontario Transportation Minister Donna Cansfield announced the appointment of Michael Fenn as chief executive officer for the Greater Toronto Transportation Agency (GTTA).

7. For-hire motor carriers of freight, annual supplement: Financial statistics

Highway Transportation

Canada

1. 2005 Canadian motor vehicle traffic collision statistics, February 1, 2007, www.tc.gc.ca
2. *The International Bridges and Tunnels Act* Receives Royal Assent, February 1, 2007, www.tc.gc.ca
3. Hire motor carriers of freight, all carriers (Second quarter 2006), February 1, 2006, www.statcan.ca
4. Couriers and Messengers Services Price Index, February 2, 2007, www.statcan.ca
5. OTA Policy Helps Create Incentives for FAST and E-Manifest Carriers at the Port of Buffalo, February 2, 2007, www.ontruck.ca
6. Province Announces CEO Of Greater Toronto Transportation Authority, February 9, 2007, www.ogov.newswire.ca
7. For-hire motor carriers of freight, annual supplement: Financial statistics, February 9, 2007, www.statcan.ca
8. Make Canada Post Private: C.D. Howe, *Financial Post*, February 13, 2007, p. FP5.
9. Government of Canada Teams up with Cities to Help Canadians Leave Their Cars at Home, February 13, 2007, www.tc.gc.ca
10. Step Closer to Four-lane Widening from B.C. to U.S. Border, February 19, 2007, www.tc.gc.ca
11. Agriculture Inspection Program Delayed Once Again, February 20, 2007, www.ontruck.ca
12. Large urban transit, February 21, 2007, www.statcan.ca
13. Trucking Association Says Members Feeling Impact of Fuel Shortage February 21, 2007, www.ontruck.ca
14. Province And Municipalities Partner To Reduce Transit Costs, February 23, 2007, www.ogov.newswire.ca
15. Couriers and Messengers Services Price Index, February 27, 2007, www.statcan.ca
16. Diesel Fuel Shortage Could Soon Get Desperate for Truckers: OTA, February 27, www.ontruck.ca

US

1. BTS Releases North American Surface Trade Numbers for November: November Surface Trade with Canada and Mexico Rose 3.0 Percent from November 2005, January 31, 2007, www.dot.gov
2. Growing Economy Making it Easier for Fort Worth Industries to Add Jobs, U.S. Transportation Secretary Peters Says on Day Government Announced More Than 111,000 Payroll Jobs Were Created in January, February 2, 2007, www.dot.gov
3. President's Budget Recommends \$1.4 Billion for Major Transit Projects, February 6, 2007, www.tc.gc.ca

Statistics Canada revealed that the 3,400 for-hire motor carriers of freight in Canada (earnings of at least \$1 million) had operating revenues totalling \$26.1 billion and operating expenses totalling \$25.0 billion in 2005. In 2005, profitability declined since net operating revenues were just over \$1 billion, down nearly 30% from 2004.

8. Make Canada Post Private: C.D. Howe

The C.D. Howe Institute calls for the Canadian government to end Canada Post's monopoly. It states "We believe the case for de-monopolizing the Canadian postal sector and moving to some substantial degree of private ownership is compelling and consistent with developments in jurisdictions beyond Canada." Despite the fact Canada Post made profit in each of the last eleven years, it claims that volumes have been decreasing while addresses continue to grow. It is also facing increased competition in international shipping and delivery. It claims that opening the market to private sector competitors would force Canada Post to be more efficient and lead to increased profits. It also pointed to the success of countries that have adopted postal liberalization.

9. Government of Canada Teams up with Cities to Help Canadians Leave Their Cars at Home

Government officials announced on February 13, 2007 that the Government will invest up to \$10 million over four years in the ecoMobility program. The ecoMobility program will help Canadians make more environmentally friendly transportation choices and will help reduce urban passenger transportation emissions by encouraging increased transit ridership together with the use of other sustainable transportation options.

10. Step Closer to Four-lane Widening from B.C. to U.S. Border

On February 19, 2007, government officials announced that work has begun to complete the widening of the Highway 15 corridor, from Surrey, British Columbia to the United States border. This \$15.4-million project is the latest component of the joint federal-provincial program to improve the movement of goods and people to and from the Lower Mainland's border crossings.

11. Agriculture Inspection Program Delayed Once Again

The United States Animal and Plant Health Inspection Service (APHIS) will delay (90 days) its plan to move forward with increased inspections and fees for agricultural products on the Canada – US land border, according to information received by the Canadian Trucking Alliance.

12. Large urban transit

Combined ridership on 10 large urban transit systems in Canada was 3.1% higher in December 2006 than it was for the same month in 2005. The 120.3 million trips generated \$198.2 million in revenue in December 2006 (excluding subsidies), a 8.2% increase. These systems account for about 80% of total urban transit in Canada.

13. Trucking Association Says Members Feeling Impact of Fuel Shortage

The Ontario Trucking Association says the current fuel supply problems at Imperial Oil are starting to have an impact on trucking companies in the province. Some members of the Association have not been able to find fuel and others are seeing prices rise by as much as 10% to 20%. The shortage has arisen because of a fire at the Nanticoke refinery.

14. Province And Municipalities Partner To Reduce Transit Costs

On February 23, 2007, Ontario Transportation Minister Donna Cansfield announced that the Province of Ontario has partnered with six municipalities on the purchase of new transit buses which will save municipalities an estimated \$15,000 per bus.

15. Couriers and Messengers Services Price Index

The Couriers and Messengers Services Price Index increased 3.1% to 122.5 (2003=100) in January 2007. The courier portion rose 3.9% on a monthly basis, while the local messengers component was up 0.2%.

16. Diesel Fuel Shortage Could Soon Get Desperate for Truckers: OTA

The Ontario Trucking Association (OTA) says that the shortage of fuel appears to be growing worse day by day. A survey of OTA member companies conducted on February 26, 2007 found: a) A growing number of trucking companies are reporting that their bulk storage facilities are empty or very close to being empty and that their fuel suppliers are informing them that relief may not come for days. b) The trucking companies caught in this situation report that they cannot find relief from other fuel suppliers. c) The cost of diesel fuel increase has been dramatic rising by up to 20% over the past several weeks.

Other Transportation

1. European tour giant created

KarstadtQuelle AG will merge its Thomas Cook unit, Europe's second-largest travel company, with Britain's MyTravel Group PLC. The combined company, Thomas Cook Group PLC, will be based in the UK. This merger is valued at \$6.8 billion. Tour operators have started consolidating. Combining with MyTravel brings Thomas Cook closer to TUI AG, Europe's largest travel operator, which had sales of euro 18.2 billion. The new company is expected to compete with Montreal based tour operator Transat AT Inc.

2. Governments Break Ground on First Gateway Project

Government officials announced on February 9, 2007, that Canada's New

Government and the Government of British Columbia have agreed to cost-share the construction of a new seven-lane bridge across the Pitt River. Canada's New Government is providing \$90 million in funding for costs associated with the construction of the bridge and a new grade-separated interchange at Lougheed Highway and Mary Hill Bypass. The Province is providing \$108 million.

3. Ecotransport -- Canada's New Government Delivers over \$100m to Promote Clean, Sustainable Transportation Choices for Canadians

On February 16, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, unveiled the ecoTransport Strategy by providing over \$100 million in funding. He indicated that "The ecoTransport Strategy is part of this government's ambitious and realistic agenda to protect our environment and the health of Canadians, as well as to promote economic growth. This strategy demonstrates that Canada's New Government understands the importance of addressing climate change."

4. International travel account (Annual 2006 and fourth quarter 2006)

Canada's international travel deficit soared to an all-time high in 2006. The deficit, the difference between spending by Canadians abroad and spending by foreigners in Canada, jumped \$1.4 billion to an estimated \$7.2 billion in 2006. The travel deficit has increased every year since 2002.

5. Characteristics of international travellers (Third quarter 2006)

Canada's attraction as a travel destination continued to slide last summer, as the number of overnight trips from both the United States and overseas nations declined between July and September 2006. Overnight trips to Canada in the third quarter of 2006, by visitors from the United States and overseas were under 7.5 million an overall decline of 4.2% compared to the same period in 2005.

Other Transportation

1. European tour giant created, *Financial Post*, February 13, 2007, p. FP5.
2. Governments Break Ground on First Gateway Project, February 9, 2007, www.tc.gc.ca
3. Ecotransport -- Canada's New Government Delivers over \$100m to Promote Clean, Sustainable Transportation Choices for Canadians, February 16, 2007, www.tc.gc.ca
4. International travel account (Annual 2006 and fourth quarter 2006), February 26, 2007, www.statcan.ca
5. Characteristics of international travellers, February 26, 2007, 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

Publications

1. *Canadian Motor Vehicle Traffic Collision Statistics: 2005*, Transport Canada, February 1, 2007.
2. *Excess Baggage, Measuring Air Transportation's Fiscal Burden*, February 7, No. 242, www.cdhowe.org