

Transportation Information Update*

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AIR TRANSPORTATION

1. Strong 2007 Traffic Growth Set to Slow - Credit Crunch, Oil Prices To Dampen Demand

Giovanni Bisignani, IATA's Director General and CEO said that "Strong passenger traffic growth of 7.4% was a key component of the industry's US\$5.6 billion profit in 2007—the first black number since 2000." International passenger traffic demand grew 7.4% for the full-year 2007 up considerably from the 5.9% increase recorded during 2006. Average international passenger load factors reached an industry record 77.0% in 2007, up from 76.0% in 2006 and 75.1% in 2005. But it wasn't all good news. The trend in load factors will likely end in 2008 as demand growth is forecast to slow to 5% while capacity rises 5.2%. In addition, air freight traffic slowed to 4.3%, below the 4.6% recorded in 2006. It was also below the 7.5% at which global trade expanded.

2. Air Canada reports record January traffic

Air Canada reported a load factor of 78.7 percent for January 2008, 0.1 points higher than that recorded in January 2007. The main line carrier flew 3.4 percent more revenue passenger miles (RPMs) in January 2008 than in January 2007. Air Canada's capacity increased by 3.3 percent for January 2008. Jazz's capacity for January 2008 increased by 7.8 per cent, resulting in a load factor of 64.4 percent, compared to 64.3 percent in January 2007; an increase of 0.1 percentage points. On a combined basis (Air Canada and Jazz), system traffic rose 3.8 per cent on a capacity increase of 3.7 percent, resulting in a load factor of 77.9 percent for January 2008. International traffic (RPMs) increased by 4.6% for the same period on a capacity increase of 5.6%.

3. Air Canada reports record fourth quarter and full year operating income

For 2007, Air Canada reported: operating revenue of \$10.6 billion, a 4 per cent increase (excluding special charges in 2006); record operating income of \$433 million compared to operating income of \$236 million in 2006 (excluding special charges) an improvement of \$197 million; net income of \$429 million (which included net gains on foreign currency monetary items of \$317 million) compared to a net loss of \$74 million in 2006, (which included the special charges for Aeroplan miles and labour restructuring of \$122 million and net gains on foreign currency monetary items of \$12 million); and earnings per share of \$4.27 (diluted). For the fourth quarter of 2007, Air Canada (excluding Jazz) reported: operating income of \$72 million compared to an operating loss (excluding special charge) of \$13 million in 2006, an improvement of \$85 million; operating revenue increase of 4% to \$2.5 billion; passenger revenue increase of 6%; unit cost reduction by 2.0% over 2006, excluding fuel expense and special charges, unit cost decline of 3.9% from 2006; and earnings per share (basic and diluted) of \$0.35.

4. Air Canada soars after earnings beat Street

Shares of Air Canada soared on February 7, 2008 after the airline reported better-than-expected fourth-quarter results and a strong demand for the early part of 2008. It recovered most of its 30% decline in its A-class shares gaining nearly 18%, or \$1.47, to close at \$9.66 on the Toronto Stock Exchange. This was the largest single-day gain since the airline emerged from bankruptcy protection and was re-listed on the TSX in November, 2006.

Current Developments in Brief

Air Transportation

CANADA

1. Strong 2007 Traffic Growth Set to Slow - Credit Crunch, Oil Prices To Dampen Demand, Jan. 31, 2008, www.iata.org
2. Air Canada reports record January traffic, Feb. 5, 2008, www.aircanada.ca
3. Air Canada reports record fourth quarter and full year operating income, Feb. 7, 2008, www.aircanada.ca
4. Air Canada soars after earnings beat Street, Feb. 7, 2008, www.nationalpost.ca
5. WestJet Reports Record January Load Factor of 76.2 Per Cent, Feb. 5, 2008, www.westjet.ca
6. WestJet load factor hits another high, Feb.5, 2008, www.globeandmail.ca
7. Vancouver International Airport Approved for International Air Cargo Transshipment Program ..., Feb. 7, 2008, www.tc.gc.ca
8. Civil Aviation Operating Statistics, Feb. 7, 2008, www.statcan.ca
9. Presentation to the Standing Committee on Finance, Feb. 7, 2008, www.cacairports.ca
10. Air Canada soars on sale talk, Feb. 8, 2008, www.globeandmail.ca
11. WestJet Announces Record Fourth Quarter and Year-End Results, Feb. 13, 2008, www.westjet.ca
12. WestJet wings to record profit, Feb. 13, 2008, www.globeandmail.ca
13. Minister Expands Zoom Airlines' United Kingdom Designation to Include Bermuda, Feb. 14, 2008, www.tc.gc.ca
14. Government of Canada Signs Agreement with the Greater Toronto Airports Authority, Providing Long-term Rent Reduction, Feb. 15, 2008, www.tc.gc.ca
15. Canada's Airports Urge Swift Passage of Customs Act Amendment, Feb. 15, 2008, www.cacairports.ca
16. Air Canada's fleet renewal ensures travellers superior comfort when flying this summer season, Feb. 18, 2008, www.aircanada.ca
17. Aircraft movement statistics: Small airports (May 2007), May 20, 2008, www.tc.gc.ca
18. Ottawa to hold off making decision on foreign airline ownership, Feb. 20, 2008, www.nationalpost.ca
19. Government of Canada Provides Funding for Airport Safety Equipment in Eastern Quebec, Feb. 21, 2008, www.tc.gc.ca
20. Air Canada launches 'Spring Getaway Pass' to fly as much as you want with super savings; plus bonus offer trip to Shanghai,

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5. WestJet Reports Record January Load Factor of 76.2 Per Cent

WestJet announced on February 5, 2008, that its traffic for January 2008 featured a record load factor to 76.2%, compared with 75.9% in January 2007. Revenue passenger miles (RPMs) and available seat miles (ASMs) for January 2008 increased by 16.2% and 15.7% over January 2007, respectively. Sean Durfy WestJet's president said "Our strategy of seasonally adjusting the deployment of our capacity continues to produce improved year-over-year results. We turned what was traditionally the slowest demand period in the Canadian airline industry into a strong and rewarding time for our airline."

6. WestJet load factor hits another high

WestJet Airlines Ltd. had a record January 2008, reaching a record load factor as paying customers filled 76.2 per cent of the seats available on its flights for the month up from 75.9 per cent a year earlier. This performance, the 13th monthly record in a row, came even as the Calgary company boosted its capacity by 15.7 per cent from a year earlier to 1.357 billion available seat miles.

7. Vancouver International Airport Approved for International Air Cargo Transshipment Program ...

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on February 7, 2008, the approval of Vancouver, Abbotsford and Moncton International Airports participation in the international air cargo transshipment program. The program simplifies air carrier access to the airport for air cargo transshipment, allowing the airport to seek new market opportunities and further develop its air cargo transshipment activity.

8. Civil Aviation Operating Statistics

Statistics Canada reported that in 2006, Canadian air carriers (levels I-III) reported an increase of 1.26 billion dollars (9.0%) in total operating revenues over 2005. In 2006, Canadian air carriers (levels I-III) reported an increase of 3.8 million enplaned passengers (7.9%) over 2005, while passenger kilometres increased by 1.12 billion (10.2%).

9. Presentation to the Standing Committee on Finance

The Canadian Airports Council in its brief to the Standing Committee indicated that to be on a even playing field with US airports, Canada needs a domestic policy that recognizes the costs of imposing rents on airports. So far, Canadian airports have paid 2.5 billion in rents and over \$300 million each year. At the same time, US airports do not pay any rent. As a result, it is affecting our competitiveness leading to diversion to neighbouring airports such as Buffalo International and Bellingham in Washington State. It is also affecting our tourism competitiveness placing Canada at the 110th rank instead of the 7th rank. The CAC therefore believes that first, airport rents should be eliminated. As an interim measure, the CAC suggests that the definition used to calculate rents should be reformed so as to exclude airport improvement fees and revenue raised to cover debt servicing costs in calculating rent. Second, government policy is also needed to support the essential role of airports in smaller communities being essential links and sources of tourism to the outside world. Third, the Canadian Border Services Agency also needs additional resources together with arrivals duty free which would repatriate \$50 million in duty free sales and increased jobs.

10. Air Canada soars on sale talk

On February 8, 2007, Robert Milton said he's seeking to sell a stake in Air Canada to potential buyers ranging from private equity firms to pension funds to U.S. carriers. This led to an increase in the price of Air Canada class B share by 18 per cent to \$10.72 on the news, but they are still down 49 per cent since November, 2006, when the airline's initial public offering was priced at \$21 a share.

11. WestJet Announces Record Fourth Quarter and Year-End Results

WestJet announced on Feb. 13, 2007 that its fourth quarterly net earnings for 2007 increased to \$75.4 million from \$26.7 million. Fourth quarter revenue grew 22.4% to \$553.4 million compared to \$452.1

Paris or London for \$150, Feb. 21, 2008, www.aircanada.ca

21. Countdown to Last Paper Ticket - 100 days until 100% ET, Feb. 22, 2008, www.iata.org

22. CHC Helicopter sold for \$3.7-billion Canadian Press, Feb. 22, 2008, www.globeandmail.ca

23. Chopper companies CHC and Bristow flying high, Feb. 25, 2008, www.nationalpost.ca

24. Government of Canada Funds New Airport Safety Projects Across Canada, Feb. 22, 2008, www.tc.gc.ca

25. Fund with Thomson ties gives upstart airline a lift, Feb. 26, www.globeandmail.ca

26. Aircraft movement statistics: Major airports (January 2008), Feb. 28, 2008, www.statcan.ca

27. WestJet Celebrates Its Twelfth Birthday With \$39 Sale, Feb. 28, 2008, www.westjet.ca

28. WestJet Celebrates Its Twelfth Birthday With \$12 Sale on Eastern Triangle Flights, Feb. 28, 2008, www.westjet.ca

29. Funds for Border and Aviation Security Good Steps, Airports Say, Feb. 26, 2008, www.cacairports.ca

30. Air Canada expands service to India, Feb. 28, 2008, www.aircanada.ca

US/EU

1. BTS Releases Third-Quarter 2007 Air Fare Data; Average Third-Quarter Air Fares Fell 0.8 Percent from 2006; Top 100 Airports: Highest Fare in Cincinnati, Lowest Fare at Lihue, Hawaii, Jan. 30, 2008, www.dot.gov

2. Flight Delays, Mishandled Bags, Consumer Complaints Increase in 2007, Feb. 5, 2008, www.dot.gov

3. BTS Releases November 2007 Airline Traffic Data; 11-Month 2007 System Traffic Up 3.2 Percent From 2006, Feb. 14, 2008, www.dot.gov

4. U.S. Transportation Secretary Peters Announces New Open-Skies Aviation Agreement with Australia, Feb. 14, 2008, www.dot.gov

5. The Race for Industry Leadership Opportunities and Challenges for Asia, www.iata.org

6. IATA joins forces with Solar Impulse, Feb. 15, 2008, www.iata.org

7. BTS Releases December Passenger Airline Employment Data; December 2007 Employment Up 3.7 Percent from December 2006, Feb. 20, 2008, www.dot.gov

8. January Traffic Could Signal Start of Slowdown, Feb. 26, 2008, www.iata.org

9. IATA Partners With Flight Safety Foundation To Tackle Pilot Shortage, Feb. 28, 2008, www.iata.org

million in the fourth quarter of 2006. Its load factor for the quarter was 77.7 percent an increase of 2.2 points compared to the year earlier. Available seat miles increased 15.2% and revenue seat miles increased 18.6% compared to the year earlier. For 2007 (entire calendar year) net earnings were \$192.8 million, a 68.2% increase compared to \$114.7 million in 2006. Its revenue for 2007 increased to \$2.15 billion compared to \$1.76 billion in 2006, an increase of 21.9%. Its load factor for the quarter was 80.7 percent an increase of 2.7 points compared to the year earlier. Available seat miles increased 16.1% and revenue seat miles increased 19.9% compared to the year earlier.

12. WestJet wings to record profit

Despite soaring fuel prices, continued high passenger loads, along with cost controls and market share increases lifted WestJet Airlines Ltd. to a record profit of \$75.4-million in the fourth quarter of 2007, nearly triple its year-earlier showing of \$26.7-million. This translated to a profit of 57 cents a share, up from 21 cents a year earlier for the quarter or \$1.47 a share, up more than 67 per cent from 2006.

13. Minister Expands Zoom Airlines' United Kingdom Designation to Include Bermuda

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on February 14, 2008 that Zoom Airlines' designation to operate scheduled international air services between Canada and the United Kingdom will be expanded to include Bermuda, an overseas territory of the United Kingdom.

14. Government of Canada Signs Agreement with the Greater Toronto Airports Authority, Providing Long-term Rent Reduction

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, and the Honourable Jim Flaherty, Minister of Finance and Minister Responsible for the Greater Toronto Area, announced on February 15, 2008 that an agreement on airport rent has been reached between the Government of Canada and the Greater Toronto Airports Authority (GTAA). This new agreement, which came into effect on January 1, 2008, reduces the rent payable by approximately \$12 million in 2008 and \$18 million in 2009.

15. Canada's Airports Urge Swift Passage of Customs Act Amendment

The Canadian Airports Council urged the government to quickly pass amendments to the *Customs Act* tabled in the House of Commons on February 15, 2008 as it will improve border security and the efficient passage of travellers through Canada's borders. A secure and efficient border is essential to ensuring Canada's competitiveness in the world today according to the Council.

16. Air Canada's fleet renewal ensures travellers superior comfort when flying this summer season

On February 18, 2008, Air Canada announced that with its aircraft refurbishment program substantially complete, travellers taking advantage of the airline's expanded summer schedule will travel in greater comfort than ever before.

17. Aircraft movement statistics: Small airports (May 2007)

In May 2007, the number of landings and take-offs at Canadian airports without NAV CANADA air traffic control towers and flight service stations totalled 71,995. Guelph, Ontario was the most active station overall.

18. Ottawa to hold off making decision on foreign airline ownership

The federal government has been actively looking at raising foreign ownership limits on Canadian airlines, but will wait until the current review of Canada's competition and foreign ownership laws is complete before making a decision according to *the Financial Post*. This matter has been of interest to encourage foreign investment in Canadian airlines and due to an announcement by ACE Aviation Holdings Inc. that it is considering selling part of its interest in Air Canada.

19. Government of Canada Provides Funding for Airport Safety Equipment in Eastern Quebec

The airports of Mont-Joli and Alma in Eastern Quebec will receive close to \$842,100 for new equipment, under the Government of Canada's 2008-2009 Airports Capital Assistance Program. Government officials made the announcement on Feb. 21, 2008.

20. Air Canada launches 'Spring Getaway Pass' to fly as much as you want with super savings; plus bonus offer trip to Shanghai, Paris or London for \$150

Air Canada on February 21, 2008 launched a special Flight Pass promotion, offering attractive savings with the freedom of unlimited travel this spring to destinations across Canada and between Canada and the United States. Its price starts as low as \$549 for a single traveller pass. Passengers who purchase a two month flight pass are eligible for a bonus to purchase an International Sample Pass valid for a round trip flight to Shanghai, Paris or London for only \$150.

21. Countdown to Last Paper Ticket - 100 days until 100% ET

On February 22, 2008, the International Air Transport Association indicated its last 100 days to 100% e-ticketing. The e-ticketing reduces that cost per ticket to US\$1 from \$10. It saves the industry over \$3 billion a year.

22. CHC Helicopter sold for \$3.7-billion Canadian Press

U.S.-based private equity firm First Reserve Corp. has made a bid for Vancouver's CHC Helicopter Corp. that values the global helicopter operator at \$3.7-billion. First Reserve is an investment company with deep knowledge of the energy industry. CHC is the world's biggest provider of helicopter transportation to oil companies, with its aircraft used to fly people and equipment to locations where oil and gas are drilled, such as offshore oil rigs and remote oilfields. The deal requires regulatory approval both in Europe and in Canada.

23. Chopper companies CHC and Bristow flying high

Shares of Bristow Group Inc., have risen (7.5% to US\$55) after CHC Helicopter Corp. agreed to a US\$1.5-billion buyout by private equity firm First Reserve Corp. Bristow Group Inc. is also a provider of helicopter services to the offshore energy industry.

24. Government of Canada Funds New Airport Safety Projects Across Canada

The Government of Canada indicated on February 22, 2008 that airports across Canada will enhance their safety through the 2008-2009 Airports Capital Assistance Program. Forty-nine projects will share close to \$40 million in funding. Since its creation, the program has distributed over \$466 million for 562 projects at 164 airports.

25. Fund with Thomson ties gives upstart airline a lift

A new carrier NewAir and Tours Group is planning to enter the air charter market. The new company is being set up by a few former WestJet executives. The airline hopes to carve its own niche with charter flights from smaller Canadian cities to U.S. or Mexican vacation destinations in the winter and to larger Canadian centres in the summer.

26. Aircraft movement statistics: Major airports (January 2008)

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations (95) increased in January 2008 from 416,026 movements to 394,874 movements in January 2007, an increase of 5.4%.

27. WestJet Celebrates Its Twelfth Birthday With \$39 Sale

In celebration of its twelfth birthday, WestJet on Feb. 28, 2008 announced a one-day \$39 birthday sale for guests travelling between Toronto and Saint John, Moncton, Charlottetown and Halifax; between Hamilton and Halifax or Moncton; between Halifax and St. John's; and as low as \$69 between Toronto and St. John's. Guests can take advantage of these fares by booking on February 28 for travel between April 1 and June 25, 2008.

28. WestJet Celebrates Its Twelfth Birthday With \$12 Sale on Eastern Triangle Flights

In celebration of its twelfth birthday, WestJet on Feb. 2008 announced a one-day \$12 birthday sale within the Eastern triangle. Guests travelling between Toronto and Montreal or Ottawa (both directions), can take advantage of the \$12 fares by booking on February 28 for travel between March 1 and June 25, 2008.

29. Funds for Border and Aviation Security Good Steps, Airports Say

The Canadian Airport Councils said on February 26, 2008 that the Budget allocations for border services and aviation security (\$147 million) are positive steps but important competitive reforms are still needed.

30. Air Canada expands service to India

Air Canada has expanded its network to India from three to four destinations and significantly increased access to India from across Canada year-round with its cooperation with Indian carrier Jet Airways through its daily codeshare service to Mumbai and Chennai on February 28, 2008.

WATER TRANSPORTATION

1. European regulators raid classification societies

European competition investigators have launched surprise inspections on shipping classification societies. Competition authorities have visited the offices of Lloyd's Register in the United Kingdom, Germanischer Lloyd in Germany, Bureau Veritas in France, RINA in Italy, and Det Norske Veritas in Norway. International Association of Classification Societies (IACS) said more than 90 percent of the world's cargo carrying tonnage is covered by the classification design, construction and through-life compliance rules and standards set by the 10 member societies and one associate of IACS. Other IACS members include the Houston-based American Bureau of Shipping, the China Classification Society, Korea Register, Japan's Nippon Kaiji Kyokai and the Russian Maritime Register of Shipping. The Indian Register of Shipping is an associate member.

2. Maritime executive Tilden predicts cargo diversion to Mexico, Canada

Douglas Tilden, chief executive of Ports America said that U.S. ports' inability to expand infrastructure to keep up with growing trade volumes means more cargo from Asia will shift to Mexican and Canadian ports of entry rather than the U.S. West Coast.

3. Port of Vancouver Accumulated Traffic Report [Year to Date - January 2008]

The Port of Vancouver released its accumulated container traffic report for January 2008. Total year-to-date traffic was 170,315 TEUs for January 2008, a decrease of 3% over January 2007. Year-to-date imports (TEUs) decreased by 6% and exports increased by 1%.

RAIL TRANSPORTATION

Canada

1. Final Adjusted Revenue Cap Inflation Factor for Western Grain Crop Year 2007-2008 to be Released February 2008

On January 30, 2008, the Canadian Transportation Agency announced that there will be a short delay in providing an adjusted volume-related composite price index for railway revenue caps for the movement of Western grain for the crop year 2007-2008. The Agency expects to release its decision as soon as possible in February 2008.

2. Signing of the Canada-Quebec Agreements...

On February 1, 2008, the Governments of Canada and Quebec announced the signing of the Canada-Quebec Agreement. It supported the restoration of the Charlevoix Railway, evaluated at \$10.6 million; the Lanaudière and Ottawa Valley railways, evaluated at more than \$2.6 million; the Ottawa Central Railway, evaluated at more than \$2.4 million; the Matapedia and Gulf Railway (MGR), evaluated at \$14.6 million; the Quebec-Gatineau Railway (QGRY), evaluated at more than \$21 million; and the St. Lawrence and Atlantic Railroad (SL&A) and the Montreal, Maine and Atlantic Railroad (MMA), evaluated at more than \$22.8 million.

3. CN investments strengthen national rail network and support Canada's competitive position in the global marketplace

E. Hunter Harrison, president and chief executive officer of CN said on Feb. 1, 2008 that the Company's investments in recent acquisitions, continued infrastructure improvements and new locomotives strengthen Canada's domestic rail network and bolsters its position in the international market place.

4. CPR signs \$500-million deal

Canadian Pacific Railway Co. and trucking company Consolidated Fastfrate have extended their long-running intermodal relationship for 10 more years in an agreement valued at \$500-million. The railway and the less-than-truckload freight mover have been doing business together since Consolidated Fastfrate was founded in 1966. Consolidated Fastfrate has 1,600-employees.

Water Transportation Canada

1. European regulators raid classification societies, Jan. 31, 2008, www.americanshipper.com
2. Maritime executive Tilden predicts cargo diversion to Mexico, Canada, Feb. 5, 2008, www.americanshipper.com
3. Port of Vancouver Accumulated Container Traffic Report, February 21, 2008, www.portvancouver.com

US

1. Port Tracker: Fewer boxes in port evidence of slowing U.S. economy, Feb. 8, 2008, www.americanshipper.com
2. FMC to assess impact of European liner conference ban, Feb. 26, 2008, www.americanshipper.com

Rail Transportation

Canada

1. Final Adjusted Revenue Cap Inflation Factor for Western Grain Crop Year 2007-2008 to be Released February 2008, Jan. 30, 2008, www.cta-otc.gc.ca
2. Signing of the Canada-Quebec Agreements ...Feb. 1, 2008, www.tc.gc.ca
3. CN investments strengthen national rail network and support Canada's competitive position in the global marketplace, Feb. 1, 2008, www.cn.ca
4. CPR signs \$500-million deal, Feb. 13, 2008, www.globeandmail.ca
5. Railways scrambling to meet demand, Feb. 14, 2008, www.globeandmail.ca
6. Crossings could be component of rail deal; Canadian National chief says company will share costs if EJ&E line sale OKd, Feb. 13, 2008, *Chicago Tribune*.
7. Agency Decision Lowers Revenue Caps for the Movement of Western Grain, Feb. 19, 2008, www.cta-otc.gc.ca
8. Canadian Pacific Railway Limited declares a 10% dividend increase, Feb. 19, 2008, www.cpr.ca
9. CPR profit will be hurt by grain car change, Feb. 20, 2008, www.globeandmail.ca
10. Over \$1.5 Million to Restore the Ottawa Central Railway, Feb. 20, 2008, www.tc.gc.ca
11. CN implementing new competitive fuel surcharge tariff April 1, Feb. 22, 2008, www.ctl.ca
12. CN, unions clash over pension payouts, Feb. 25, 2008, www.globeandmail.ca
13. Government of Canada Welcomes Grain Revenue Cap Decision, Feb. 25, 2008, www.tc.gc.ca
14. Railway carloadings December 2007 and Annual 2007, Feb. 26, 2007, www.statcan.ca

5. Railways scrambling to meet demand

Canada's two largest railways are adding everything from new tracks to modern locomotives to keep pace with heavy demand for freight hauling across the continent. Customers are clamouring for more space to move their goods on the rails, leaving the carriers scrambling to keep up. James Foote, CN's executive vice-president of sales and marketing, said "Right now we are not meeting our customer demands. The demand for our transportation services is very strong."

6. Crossings could be component of rail deal; Canadian National chief says company will share costs if EJ&E line sale OKd

Canadian National Railway officials on Feb. 12, 2008 acknowledged there are "three or four" points on the Elgin, Joliet & Eastern rail line that runs through Chicago's outlying suburbs where constructing overpasses or underpasses would be warranted, and that the railroad would pay its "fair share" to build them if its plan to buy the EJ&E is approved.

7. Agency Decision Lowers Revenue Caps for the Movement of Western Grain

On February 19, 2008, the Canadian Transportation Agency announced a final adjusted volume-related composite price index (VRCPI) of 1.0639 for railway revenue caps for the movement of Western grain for crop year 2007-2008. This represents a \$72.2 million reduction to 2007-2008 revenue caps, which translates to \$2.59 per tonne based on forecasted tonnage of 27.85 million metric tonnes.

8. Canadian Pacific Railway Limited declares a 10% dividend increase

The Board of Directors of Canadian Pacific Railway Limited declared on February 19, 2008, an increase of 10% in CP's next quarterly dividend to twenty-four and three quarter cents (\$0.2475) Canadian per share on the outstanding Common Shares, from twenty-two and one half cents (\$0.225) per share.

9. CPR profit will be hurt by grain car change

A day after raising its dividend, Canadian Pacific Railway Ltd. reduced its 2008 profit outlook Wednesday because of a federal decision on regulated grain freight rates. Although CPR expected this announcement, the amount of the adjustment is higher and they plan to challenge it.

10. Over \$1.5 Million to Restore the Ottawa Central Railway

The Governments of Canada and Quebec announced on Feb. 20, 2008 that work to restore the Ottawa Central Railway will begin soon. Both levels of government will invest over \$1.5 million for this \$2.4-million project.

11. CN implementing new competitive fuel surcharge tariff April 1

As part of their ongoing fuel surcharge program, effective April 1, CN will be implementing a new fuel surcharge tariff, CN 7403. CN will also be reducing the application slope of its current mileage-based fuel surcharge tariff, CN 7402.

12. CN, unions clash over pension payouts

Canadian National Railway Co. and its unions are clashing over the right of employees to retire with a lump-sum payout from the company pension plan before they turn 55. The matter is being presented to an arbitrator.

13. Government of Canada Welcomes Grain Revenue Cap Decision

On February 25, 2008, government officials welcomed the recent decision of the Canadian Transportation Agency to adjust the revenue caps downward for the movement of Western Canadian grain as it will result in lower freight rates for Western farmers shipping their grain to export markets making the price more competitive. This represents an estimated \$72.2 million reduction (about 8%) to the 2007-2008 revenue caps which translates to \$2.59 per tonne.

14. Railway carloadings December 2007 and Annual 2007

Railways loaded 21.4 million metric tonnes in December 2007, a 12.4% decrease from November 2007 and a 6.0% drop from the December 2006 level. This was the second consecutive monthly decline (due to forestry and paper products). The non-intermodal portion of the freight loaded in December 2007 decreased 11.9% to 19.3 million metric tonnes. The intermodal portion of the freight loaded decreased too, falling 17.0% to 2.1 million metric tonnes. For the year 2007, railways loaded 284.5 million metric tonnes of freight, a 0.9% drop from the 287.0 million metric tonnes loaded in 2006. In contrast to the drop, intermodal loadings increased 1.7% in 2007 to 28.8 million metric tonnes.

HIGHWAY TRANSPORTATION

1. CTA bends government ear over economic concerns

In an appearance before the Commons Standing Committee on Industry, Science and Technology, the Canadian Trucking Alliance told MPs that the trucking industry is being hit hard by current economic conditions in Canada and the U.S., rising fuel prices, excise tax on fuel, and inefficient security programs. In addition, the present high value of the Canadian dollar is adding to the ongoing concerns.

2. Road Fatalities Down: 2006 Canadian Motor Vehicle Traffic Collision Statistics

In 2006, fewer people died on Canada's roads than in 2005. The data shows that fatalities dropped from the previous year by 0.6 per cent, and injuries dropped by 2.6 per cent. Historical information dating back to 1987 is available from

3. Couriers and Messengers Services Price Index [December 2007]

The Couriers and Messengers Services Price Index (CMSPI) increased 0.3% to 126.2 (2003=100) in December 2007. The courier portion advanced 0.3% on a monthly basis, while the local messengers component rose 0.3%.

4. International Bridges and Tunnels Act proposed to be made a trigger for a Federal Environmental Assessment

The Canadian Environmental Assessment Agency (the Agency), in collaboration with Transport Canada, is proposing the addition of the *International Bridges and Tunnels Act* (IBTA) to the *Law List Regulations* of the *Canadian Environmental Assessment Act* (CEAA). These regulations identify federal statutory and regulatory approvals that trigger an environmental assessment (EA). The public is invited to send comments before March 1, 2008.

5. Government of Canada and Durham Region Enter a New Era in Public Transit

As part of the FLOW action plan for the Greater Toronto Area, the Government of Canada on February 4, 2008 formalized its \$2.5 million contribution to the Regional Municipality of Durham for the development of a long-term transit strategy. **6. For-hire motor carriers of freight, all carriers** [2nd Quarter 2007]

In the second quarter of 2007, there were an estimated 3,482 for-hire trucking companies based in Canada with annual revenues of \$1 million or more, down from 3,570 carriers in the second quarter of 2006. Operating revenues for the second quarter totalled \$7.0 billion, down 2.0% from the

second quarter of 2006. Operating expenses reached \$6.6 billion, down 1.5% from the same period in 2006. The operating ratio (operating expenses divided by operating revenues) remained unchanged at 0.94.

7. Mississauga Bus Rapid Transit Keeps Moving Forward

The Mississauga Bus Rapid Transit Project Continued to Move Forward with the Official Signing of Contribution Agreements Between the Government of Canada, the City of Mississauga, Go Transit and the Province of Ontario. The total contribution of the federal government's is \$83 m. and the total contribution of the Province of Ontario's is \$113 m.

8. Large urban transit December 2007 (preliminary)

Combined ridership on 10 large urban transit systems in Canada was 3.4% higher in December 2007 than it was for the same month in 2006. Approximately 111.4 million passenger trips were taken generating \$198.1 million in revenue for December 2007 (a 0.1% decrease over December 2006).

9. For-hire motor carriers of freight, top carriers (Third quarter 2007)

The top 97 for-hire motor carriers of freight (Canadian-based trucking companies earning \$25 million or more annually) generated operating revenues of \$2.5 billion and operating expenses of \$2.4 billion in the third quarter, both up less than 1% from the previous quarter. On a year-over-year basis, operating revenues were up 5.8% while operating expenses increased 6.7%. The operating ratio was 0.95, compared with 0.94 in the third quarter of 2006.

10. Dickson Transport joins Meyers Transportation family

Meyers Transportation Services has announced that Mortrans, its truckload division, has reached an agreement to purchase Dickson Transport in Napanee, Ont. From their hub in Napanee, they offer truckload service between Ontario, Quebec and the US.

11. Couriers and Messengers Services Price Index (January 2008)

The Couriers and Messengers Services Price Index (CMSPI) increased 6.7% to 134.6 (2003=100) in January 2008, as a result of annual price increases and higher prices for fuel. The courier portion rose 8.1%, while the local messengers component rose 0.3%.

12. Acquisitions, diversification help TransForce perform in slowing economy

TransForce concluding a successful year in 2007 and a fourth quarter despite a slowing economy. For 2007 as a whole, TransForce generated \$1.9 billion in revenue, up from \$1.8 billion in 2006. The company attributed the increase to its acquisitions.

Highway Transportation

Canada

1. CTA bends government ear over economic concerns, Jan. 31, 2008, www.todaystrucking.com
2. Road Fatalities Down: 2006 Canadian Motor Vehicle Traffic Collision Statistics, Jan. 31, 2008, www.tc.gc.ca
3. Couriers and Messengers Services Price Index [December 2007], Jan. 31, 2008, www.statcan.ca
4. *International Bridges and Tunnels Act* proposed to be made a trigger for a Federal Environmental Assessment, Feb. 4, 2008, www.tc.gc.ca
5. Government of Canada and Durham Region Enter a New Era in Public Transit, Feb. 4, 2008, www.tc.gc.ca
6. For-hire motor carriers of freight, all carriers [2nd Quarter 2007], Feb. 12, 2008, www.statcan.ca
7. Mississauga Bus Rapid Transit Keeps Moving Forward, Feb. 20, 2008, www.tc.gc.ca
8. Large urban transit December 2007 (preliminary), Feb. 20, 2008, www.statcan.ca
9. For-hire motor carriers of freight, top carriers (Third quarter 2007), Feb. 21, 2008, www.statcan.ca
10. Dickson Transport joins Meyers Transportation family, Feb. 21, 2008, www.ctl.ca
11. Couriers and Messengers Services Price Index January 2008, Feb. 28, 2008, www.statcan.ca
12. Acquisitions, diversification help TransForce perform in slowing economy, Feb. 28, 2008, www.ctl.ca

US

1. BTS Releases North American Surface Trade Numbers for November 2007: Surface Trade with Canada and Mexico Rose 8.6 Percent from November 2006, Jan. 31, 2007, www.dot.gov
2. BTS Releases Freight Transportation Services Index (TSI); Freight Index Fell 1.3 Percent in December from November, Feb. 13, 2007, www.dot.gov

GENERAL

1. Study: The age of public infrastructure, a provincial perspective

According to a new study published by Statistics Canada the average age of public infrastructure has been falling almost steadily in most provinces for the past seven years. This rejuvenating trend was fuelled mainly by large investments in highways and roads in Quebec and Ontario.

2. Government of Canada Teams up with Cities to Help Canadians Travel Cleaner and Greener

On February 14, 2008, the Government of Canada announced that it will invest \$4 million over three years in ecoMOBILITY initiatives. This funding is part of a \$10-million program that was announced last year to help Canadians protect their health and environment by giving them more sustainable transportation choices.

3. Regulatory Amendments Enhance Safety in the Transportation of Dangerous Goods

On February 20, 2008, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced that the Transportation of Dangerous Goods Regulations have been amended, in the interest of public safety, to reflect the re-classification of anhydrous ammonia (fertilizer) from non-flammable, non-toxic gas, to toxic gas.

4. Travel between Canada and other countries

For 2007 as a whole, Canadians took a record number of trips to the United States, up 6.1% from 2006. It was the second annual record in a row. For trips by Canadians to other countries it was up 9.9%. Travel to Canada from United States was down 9.9% and from other countries it was up 3.6% for 2007 compared to 2006. From November 2007 to December 2007, trips to the United States from Canada were down 7.8% mainly due to the weather and exchange rate.

5. New Credentials for Transport Canada Inspectors

Transport Canada announced on February 21, 2008 the implementation of a new format for credentials for its inspectors. The credentials will have a common look for easy identification.

6. International travel account (Annual 2007)

Canada's international travel deficit (the difference between spending by Canadians abroad and spending by foreigners in Canada) hit a record high of \$10.3 billion in 2007, up from the previous record high of \$6.7 billion in 2006.

Canada

1. Study: The age of public infrastructure, a provincial perspective, Feb. 13, 2007, www.statcan.ca
2. Government of Canada Teams up with Cities to Help Canadians Travel Cleaner and Greener, Feb. 14, 2008, www.tc.gc.ca
3. Regulatory Amendments Enhance Safety in the Transportation of Dangerous Goods, Feb. 20, 2008, www.tc.gc.ca
4. Travel between Canada and other countries, Feb. 20, 2008, www.statcan.ca
5. New Credentials for Transport Canada Inspectors, Feb. 21, 2008, www.tc.gc.ca
6. International travel account Annual 2007, Feb. 28, 2008, www.statcan.ca

US

1. \$68 Billion Budget Request for U.S. Department of Transportation Provides Vital Funding for Safety Programs, Road Congestion Relief, and Air Traffic Improvements, Feb. 4, 2008, www.dot.gov

Publications

1. Social developments in the EU air transport sector - Summary, Feb. 1, 2008, www.europa.eu

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