

# Transportation Information Update\*

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## **Canada Transportation Act Amendments Introduced in Parliament**

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, tabled amendments to the rail freight provisions of the *Canada Transportation Act* in the House of Commons on May 30, 2007. The proposed amendments would clarify and strengthen the Act's current provisions that protect rail shippers from the potential abuse of market power by railways. The proposed amendments include: removing the substantial commercial harm test; extending final offer arbitration to groups of shippers; allowing for the suspension of any final offer arbitration process, if both parties consent to pursue mediation; permitting the Agency, upon complaint by a shipper, to investigate charges; increasing the notice period for rate increases; requiring railways to publish a list of rail sidings and providing notice before removing such sidings from operation; and ensuring that the abandonment and transfer provisions apply to lines including the obligation to honour contracts with public passenger service providers; etc.

*Canada Transportation Act Amendments Introduced in Parliament, May 30, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)*

### **1. Air Canada gives customers option to help the environment - Airline teams with Zerofootprint to let passengers buy carbon offsets for travel**

Air Canada is offering customers the choice to reduce the environmental impact of their travel in cooperation with Zerofootprint, a not-for-profit organization that operates carbon offset programs. They will have an option to purchase a carbon offset for their trip. For example, it will cost \$19.20 for a customer to offset their share of carbon emissions on a return flight from Toronto to London, U.K. and \$12.80 for a return flight from Vancouver to Montreal.

### **2. More Choices for Travellers Heading to Jamaica**

On May 30, 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 Jamaica.

### **3. Passenger Demand Strong, Cargo Remains Sluggish**

The International Air Transport Association (IATA) released traffic results for the first four months of the year on May 30, 2007 showing year-on-year international passenger demand growth of 6.7%, freight demand grew significantly slower at 2.6%, with average load factors for the period at 75.4%. Passenger traffic is better than expected, supported by a relatively strong global economy. Freight demand is showing much more price sensitivity than previously. The cargo business is still growing, but competition with other modes of transport is severe.

### **4. Airline announces Toronto to India flights by summer**

A leading Indian airline, JetAirways (India) Ltd., will begin five flights a week from Toronto through Brussels, destined for New Delhi beginning Aug. 23.

### **5. Ottawa under fire over landing fees**

Mr. Bisignani, the head of IATA, indicated that Canada's pursuit of Open Skies agreements is futile if it operates under a lease regime like that in Ecuador and Peru. The payment of rent to the Crown which translates to higher landing fees has made Toronto the most expensive airport to land an aircraft. GTAA spokesman said that while the airport authority supports open skies agreements it is in agreement with Mr. Bisignani's views.

### **6. Air Canada to Launch Non-Stop Service Between Ottawa and Las Vegas**

On May 31, 2007, Air Canada announced that it is expanding its service to Las Vegas by adding year-round, non-stop twice-weekly flights from Ottawa starting September 6, 2007.

\* 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 gives customers option to help the environment - Airline teams with Zerofootprint to let passengers buy carbon offsets for travel, May 28, 2007, [www.aircanada.ca](http://www.aircanada.ca)
2. More Choices for Travellers Heading to Jamaica, May 30, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
3. Passenger Demand Strong, Cargo Remains Sluggish, May 30, 2007, [www.iata.org](http://www.iata.org)
4. Airline announces Toronto to India flights by summer, May 31, 2007, [www.financialpost.ca](http://www.financialpost.ca)
5. Ottawa under fire over landing fees, *National Post*, May 31, 2007, p. FP4.
6. Air Canada to Launch Non-Stop Service Between Ottawa and Las Vegas, May 31, 2007, [www.aircanada.ca](http://www.aircanada.ca)
7. Minister Cannon Highlights Canada's Global Competitiveness at International Air Transport Association Conference, June 4, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
8. Canada's Airports Applaud EU Air Talks Progress, June 4, 2007, [www.cacairports.ca](http://www.cacairports.ca)
9. ATAC Welcomes Prime Minister's Intent to Negotiate Air Services Agreements with EU, June 4, 2007, [www.atac.ca](http://www.atac.ca)
10. Air Canada reports record May traffic, June 6, 2007, [www.aircanada.ca](http://www.aircanada.ca)
11. WestJet Announces May Load Factor of 80 Per Cent Marking the Fifth Consecutive Record Month, June 6, 2007, [www.westjet.com](http://www.westjet.com)
12. A.T. Transat profit rises 26%, June 7, 2007, [www.globeandmail.ca](http://www.globeandmail.ca)
13. Air Canada Jazz launches two new routes from Calgary, inaugurates non-stop services to Prince George and Seattle, June 1, 2007, [www.aircanada.ca](http://www.aircanada.ca)
14. Airlines On-Time Performance in April Better Than March But Slips From Previous Year, June 4, 2007, [www.dot.gov](http://www.dot.gov)
15. Air Canada's new Ontario and Quebec passes offer unlimited flying this summer for only \$999, June 5, 2007, [www.aircanada.ca](http://www.aircanada.ca)

## 7. Minister Cannon Highlights Canada's Global Competitiveness at International Air Transport Association Conference

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities addressed the International Air Transport Association Conference in Vancouver on June 4, 2007. His speech focused on two key areas: 1) How Canada's New Government is modernizing Canada's international air transportation policy (Blue Skies) to reflect the evolving nature of the global aviation market; and 2) How the Asia-Pacific Gateway and Corridor Initiative helps strengthen Canada's competitive position in international commerce.

## 8. Canada's Airports Applaud EU Air Talks Progress

Canadian Airports Council applauded the Federal governments progress with the European Union on the new air regime across the Atlantic. The EU is Canada's second biggest trading partner after the US with approximately \$70.1 billion in exports and imports. Traffic has doubled between 2000 and 2005 and the EU is Canada's second largest source of tourist travellers. According to a study by the EU, the number of passengers would increase from 8 to 14 million by 2011. The EU estimates that it would generate consumer benefits of \$110 million to passengers in the form of lower fares and could generate 3,700 jobs in the first year. The government is expected to consult with industry on upcoming talks with the EU.

## 9. ATAC Welcomes Prime Minister's Intent to Negotiate Air Services Agreements with EU

On June 4, 2007, the Air Transport Association of Canada (ATAC) welcomed Prime Minister Harper's announcement that Canada intends to begin negotiations on a comprehensive Air Services Agreement with the EU.

## 10. Air Canada reports record May traffic

Air Canada reported a record load factor of 83.8 percent for May 2007, the highest for the month, up from 83.2 percent in May 2006. The mainline carrier flew 2 percent fewer revenue passenger miles (RPMs) in May 2007 than in May 2006. Air Canada's capacity decreased by 1 percent for May 2007. Jazz's capacity for May 2007 increased by 16.9 per cent, resulting in a load factor of 74.6 percent, compared to 72.8 percent in May 2006; an increase of 1.8 percentage points. On a combined basis (Air Canada and Jazz) system traffic rose 1.3 per cent on a capacity increase of 0.6 percent, resulting in a load factor of 82.8 percent for May 2007. International traffic (RPMs) decreased by 1.5% for the same period.

## 11. WestJet Announces May Load Factor of 80 Per Cent Marking the Fifth Consecutive Record Month

WestJet announced on June 6, 2007, its best record to date for the month of May 2007. Its traffic for May 2007 featured a record load factor to 80%, compared with 76.9% in May 2006. Revenue passenger miles (RPMs) and available seat miles (ASMs) for May 2007 increased by 20% and 15% over May 2006, respectively. Sean Durfy WestJet's president said "What makes this more impressive is our year-to-date ASM growth of 18 per cent. In May, we transitioned a further 15 per cent of our capacity to domestic routes in order to meet summer demand. Quarter-to-date revenue per available seat mile (RASM) is slightly positive over last year."

## 12. A.T. Transat profit rises 26%

On June 7, 2007, Vacation travel provider Transat A.T. Inc. reported a revenue increase of 15 per cent to \$911.4-million for its February-April quarter, and a rise of 18 per cent to \$1.6-billion for the full winter tourism season. Profit in the quarter was \$53.9-million (\$1.58 per share) up from a year-earlier profit of \$42.8-million (\$1.24 per share).

16. State of the Air Transport Industry, June 7, 2007, [www.iata.org](http://www.iata.org)
17. IATA Calls for a Zero Emissions Future, June 4, 2007, [www.iata.org](http://www.iata.org)
18. Airline Industry Profitability Improves - Turning Peanuts into Sustainable Profits-, June 4, 2007, [www.iata.org](http://www.iata.org)
19. Commit to a Single European Sky - IATA Urges Chancellor Merkel to Bring Real Environmental Results to the G-8 Table, June 4, 2007, [www.iata.org](http://www.iata.org)
20. Taking Action for Families: Passenger Protect Exemption Announced for Travellers under 18, June 7, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
21. Air Canada to introduce the only daily non-stop flights from Vancouver-Yellowknife, June 8, 2007, [www.aircanada.ca](http://www.aircanada.ca)
22. Transat experience turbulence, *Globe and Mail*, June 8, 2007, p. B 11.
23. WestJet Receives National Award, June 8, 2007, [www.westjet.com](http://www.westjet.com)
24. WestJet goals soaring to 'lofty' heights, *The Globe and Mail*, June 12, 2007, p. B4.
25. WestJet eyes more U.S. runways, June 13, 2007, [www.globeandmail.ca](http://www.globeandmail.ca)
26. Air fare [2004 preliminary], June 14, 2007, [www.statcan.ca](http://www.statcan.ca)
27. Canada's Transport Minister Meets European Commission Counterpart to Advance Canada-European Union Transport Issues, June 20, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
28. Porter Air says cleared to fly to U.S. cities, June 20, 2007, [www.nationalpost.ca](http://www.nationalpost.ca)
29. More Choices for Air Travellers Heading to Mexico, June 22, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
30. WestJet Comments on Canadian Government Designation for Mexico, June 22, 2007, [www.westjet.ca](http://www.westjet.ca)
31. Aircraft movement statistics [May 2007 Preliminary], June 22, 2007, [www.statcan.ca](http://www.statcan.ca)
32. CHC Helicopter may be worth a flyer, June 25, 2007, [www.nationalpost.ca](http://www.nationalpost.ca)
33. WestJet Launches Paperless Boarding Pass, June 26, [www.tc.gc.ca](http://www.tc.gc.ca)
34. Additional On-board Safety Equipment for Aircraft, June 27, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
35. Aircraft movement statistics: Major airports [May 2007], Jun2 27, 2007, [www.statcan.ca](http://www.statcan.ca)
36. Air Canada named favourite carrier by Canadian travel agents, June 27, 2007, [www.aircanada.ca](http://www.aircanada.ca)
37. WestJet Expands Its International Network With the Addition of Three New Sun Destinations, June 27, 2007, [www.westjet.com](http://www.westjet.com)
38. Canada's New Government Reiterates its Commitment to Passenger Protect, June 28, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
39. Competition: Commission ends block exemption for IATA passenger tariff conferences for routes between the EU and non-EU countries, June 29, 2009, [www.europa.eu](http://www.europa.eu)

## US

1. BTS Releases First-Quarter 2007 System Airline Financial Data; Passenger Airlines Report First Profitable First Quarter Since 2000, June 25, 2007, [www.dot.gov](http://www.dot.gov)
2. BTS Releases April Passenger Airline Employment Data; April 2007 Employment Up 1.3 Percent from April 2006, June 26, 2007, [www.dot.gov](http://www.dot.gov)

### **13. Air Canada Jazz launches two new routes from Calgary, inaugurates non-stop services to Prince George and Seattle**

On June 1, 2007, Air Canada Jazz inaugurated two new non-stop flights from Canada's energy center to Prince George, BC and to Seattle, WA. Jazz operates both services with 50-seat, made-in-Canada, Bombardier CRJ regional jet aircraft.

### **14. Air Canada inaugurates non-stop seasonal service between Montreal and Rome**

On June 1, 2007, Air Canada flight AC 892 marked the launch of non-stop seasonal summer service between Montreal and Rome.

### **15. Air Canada's new Ontario and Quebec passes offer unlimited flying this summer for only \$999**

On June 5, 2007, Air Canada introduced two new flight passes that allow unlimited flying in Ontario or Quebec during July and August for only \$999.

### **16. State of the Air Transport Industry**

At their Annual General Meeting in Vancouver, IATA indicated that tremendous progress was made in the past year. Generally, simplifying the business has been a winner; improving safety has been big success; and turning the industry around from a loss has been a success. However, certain challenges exist. Security; Infrastructure costs; Liberalisation; and Environment. The way forward is marked by four short-term challenges: The first challenge is for governments and air navigation service providers (i.e., to eliminate the 12% inefficiency in air traffic management and cut this in half by 2012 to save 35 million tonnes of CO<sub>2</sub> annually); the second challenge is for ICAO and its 190 member States (i.e., to deliver a global emissions trading scheme); the third is for the aircraft industry (i.e., to build a zero emissions aircraft in the next 50 years); and the fourth is for the airlines (i.e., to implement green strategies). IATA will provide the leadership and industry and government leaders must share a common view.

### **17. IATA Calls for a Zero Emissions Future**

The International Air Transport Association (IATA) issued four challenges to drive the air transport industry towards its vision of zero emissions. The four challenges are: to eliminate inefficiencies in air traffic management; to introduce innovative technology (i.e., build a zero emissions aircraft in the next fifty years); to develop global businesses to deal with climate change; and to implement green strategies across businesses.

### **18. Airline Industry Profitability Improves -Turning Peanuts into Sustainable Profits-**

The International Air Transport Association (IATA) announced a US\$5 billion projected profitability for airlines in 2007 at their Annual General Meeting in Vancouver. Labour productivity is up 56%. Distribution costs are down 13%. Non-fuel unit costs dropped 15% and load factors are at record highs—76% in 2006. While the results are encouraging, G. Bisignani indicated that a profit of US\$5 billion is not enough. Airlines are a US\$470 billion industry and the industry needs US\$40 billion to cover the cost of capital. IATA outlined six priorities for the industry: Safety; Security; Simplifying the business; Infrastructure costs; Liberalisation; and Environment.

### **19. Commit to a Single European Sky - IATA Urges Chancellor Merkel to Bring Real Environmental Results to the G-8 Table**

The International Air Transport Association (IATA) called on German Chancellor Angela Merkel, as the host of the G-8 Summit, to save 12 million tonnes of unnecessary CO<sub>2</sub> annually by making a political commitment to deliver a Single European Sky (SES) within five years.

### **20. Taking Action for Families: Passenger Protect Exemption Announced for Travellers under 18**

On June 7, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced a temporary exemption to the Passenger Protect Program. Under this program, travellers in Canada who appear to be between 12 and 17 years of age will require only one piece of government-issued identification (ID), with or without photo, before boarding an aircraft. On September 18, the exemption will be lifted and new Identity Screening Regulations will be in place. The new regulations will require air passengers who appear to be 12 years of age or older to present one piece of government-issued photo ID that shows name, date of birth and gender or two pieces of government-issued ID without photo - one of which shows name, date of birth and gender - before boarding an aircraft.

### **21. Air Canada to introduce the only daily non-stop flights from Vancouver-Yellowknife**

On June 7, 2007, Air Canada announced that it will launch daily, non-stop service from Vancouver to Yellowknife. Jazz will begin seasonal service on December 1, ending April 2008, with 50-seat, made-in-Canada Bombardier CRJ aircraft.

### **22. Transat experience turbulence**

After soaring for more than 18 months, Transat is expecting turbulence in the summer of 2007 due to fierce fare wars in the important transatlantic market. Rivals on transatlantic air routes include Air Canada, British Airways PLC, Zoom Airlines, Air France-KLM, Lufthansa and Flyglobespan. Rivals in the packaging of tours include Sunquest Vacations,

Air Canada Vacations and the Sunwing Travel Group. Industry observers say Transat may eventually bid for Sunquest which is owned by Thomas Cook and Signature. Thomas Cook recently purchased Britain's My Travel PLC, while TUI purchased Britain's First Choice Holidays PLC. Transat has a fleet of four 362 Airbus A330 aircraft and a dozen 259-seat A 310's.

### **23. WestJet Receives National Award**

WestJet Airlines announced its recent selection by the Canadian Forces Liaison Council (CFLC) as recipient of the National Award for Most Supportive Employer in Ontario on June 8, 2007.

### **24. WestJet goals soaring to 'lofty' heights**

WestJet President, Sean Durfy, told analysts at the first 'investor day' webcast that he is striving to turn the company into a leading international carrier by 2016 and has ambitions to run an extensive schedule of foreign routes. He hopes to make it one of the top five airlines internationally. The first international destinations are likely to be in the Caribbean. The airline will also be free to start its own frequent flier plan when its partnership with the Air Miles loyalty program ends in 2009. Mr. Durfy also plans to increase ancillary revenue by charging consumer fees for extras.

### **25. WestJet eyes more U.S. runways**

On June 13, 2007, WestJet president Sean Durfy, said during a transportation conference that WestJet Airlines Ltd. plans to expand further into the United States, looking beyond leisure destinations. It already flies to 11 U.S. markets, including five in Florida, but it has now set its sights on attracting business travellers to cities such as Chicago, Houston and Dallas. WestJet also sees opportunities to provide new scheduled service to Mexico and the Caribbean, he added.

### **26. Air fare [2004 preliminary]**

In 2004, the average domestic and international air fare (all types) paid by passengers was \$250, up 1.4% from \$247 in 2003, in contrast to the decline last year. This increase followed the strong annual decline reported between 2002 and 2003 (-11.8%). A record 97.2% of the passengers on domestic and international scheduled services flew on discount fares, up 1.8 percentage points from 95.4% in 2003 and 1.5 percentage points from the previous record level of 95.7% set in 2002.

### **27. Canada's Transport Minister Meets European Commission Counterpart to Advance Canada-European Union Transport Issues**

On June 20, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, and Mr. Jacques Barrot, Vice-President of the European Commission met in Ottawa to discuss joint transportation initiatives between Canada and the European Union. At the meeting, both parties reaffirmed their commitment to launch formal negotiations on a comprehensive air services agreement this fall. Canada currently has bilateral agreements with 19 of the 27 European Union Member States. Under a Canada – European Union Agreement, Canada's air transport relations with Member States would be governed by a single regime - further strengthening the bilateral aviation relationship.

### **28. Porter Air says cleared to fly to U.S. cities**

Porter Airlines Inc., which offers commuter flights out of Toronto's City Centre Airport, on June 20, 2007 indicated that the U.S. Department of Transportation had cleared it to offer scheduled and charter flights and it plans to fly to as many as nine U.S. cities.

### **29. More Choices for Air Travellers Heading to Mexico**

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities announced on June 22, 2007 that WestJet, Skyservice Airlines Inc., and Sunwing Airlines Inc. are now designated to operate scheduled international air services between Canada and Mexico. In addition, Air Transat is now designated to operate additional scheduled air services between the two countries, in accordance with the existing bilateral air transport agreement.

### **30. WestJet Comments on Canadian Government Designation for Mexico**

WestJet commented on the federal government's decision to grant designation for WestJet to provide scheduled service to Mexico (i.e., San Jose del Cabo, Mazatlan, Ixtapa/Zihuatanejo and Manzanillo from Edmonton and Calgary, and to San Jose del Cabo and Manzanillo from Vancouver) on June 22, 2007. Sean Durfy, WestJet President said "We welcome the government's decision and thank Minister Cannon for his vision, this represents a tremendous opportunity for WestJet to bring our fun and friendly service to Mexico on a scheduled basis. This news ensures that our strategic plan of continued international expansion is on course."

### **31. Aircraft movement statistics [May 2007 Preliminary]**

Aircraft take-offs and landings at the 42 Canadian airports with NAV CANADA air traffic control towers were up 17.1%

in May 2007 over May 2006. Take-offs and landings reached 468,802 movements in May 2007 compared with 400,425 movements in May 2006.

### **32. CHC Helicopter may be worth a flyer**

The performance of CHC Helicopter Corp. is uncertain over the next couple of years. Its shares have fallen over the last two years after having risen dramatically since 1999. Cameron Doerksen, an analyst at Versant Partners, believes the key to driving the shares higher is improving operating margins. Right now, those margins are getting squeezed by unfavourable foreign exchange rates and the purchase of new -- and pricey -- helicopters. CHC's direct competitor, Houston-based Brit-stow Group Inc., has enjoyed a far different experience. This experience could also be shared by CHC if the strength of the Canadian dollar weakens and ongoing growth in offshore energy production continues.

### **33. WestJet Launches Paperless Boarding Pass**

On June 26, 2007, WestJet announced the introduction of the paperless boarding pass. WestJet is the first airline in North America to use this innovative e-format to check in and board guests. Starting in Victoria (British Columbia), guests will be able to proceed through security and board their WestJet flight using the paperless boarding pass displayed on their personal mobile device. More destinations will be added to this list. It is also considering check-in and selection of seats 24 hours before.

### **34. Additional On-board Safety Equipment for Aircraft**

To reduce the risk of mid-air collisions Transport Canada has amended the *Canadian Aviation Regulations* by requiring aircraft in Canada to install collision avoidance equipment. The equipment is designed as a safety backup to existing ground-based air traffic control systems. The equipment, known as an airborne collision avoidance system, alerts flight crews when their aircraft is on course to collide with another aircraft. It includes aural and visual alerts.

### **35. Aircraft movement statistics: Major airports [May 2007]**

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers or flight service stations increased in year-over-year monthly comparisons for the 12th consecutive month. These 96 airports reported 593,331 movements in May 2007 compared with 518,505 movements at 97 airports in May 2006, an increase of 14.4%, or 74,826 movements.

### **36. Air Canada named favourite carrier by Canadian travel agents**

Air Canada has been chosen the favourite scheduled airline of Canada's travel agents in the Eighth Annual Agents' Choice Awards for the Canadian travel industry. The 2007 Agents' Choice Awards for the Canadian travel industry are based on a readers' survey for Baxter Travel Media, publisher of Canadian Travel Press and Travel Courier.

### **37. WestJet Expands Its International Network With the Addition of Three New Sun Destinations**

On June 27, 2007, WestJet announced the introduction of seasonal non-stop service to three new International destinations in the Caribbean: Montego Bay (Jamaica), Puerto Plata (Dominican Republic) and Punta Cana (Dominican Republic).

### **38. Canada's New Government Reiterates its Commitment to Passenger Protect**

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, on June 28, 2007 reiterated Canada's New Government's commitment to aviation security, specifically to the Passenger Protect program. Numerous safeguards to ensure accuracy were developed. These include: 1) A Specified Person List - limited in scope; 2) A revision to the list at least every 30 days; 3) A system of accountability i.e., by the Minister of Transport and the Program to Parliament; 4) A Government-issued identification (ID) for all air travellers over 12 years of age; 5) The available 24/7 of a Transport Canada officer to receive calls from airlines about any possible identity matches; and 6) An application for independent assessment of the case to the Office of Reconsideration.

### **39. Competition: Commission ends block exemption for IATA passenger tariff conferences for routes between the EU and non-EU countries**

The European Commission has decided not to renew a Block Exemption Regulation that exempts IATA passenger tariff conferences concerning air routes between the EU and non-EU countries from the EC Treaty's ban on restrictive business practices (Article 81). Tariff conferences allow airlines to agree prices for multi-leg flights on the same ticket that use more than one carrier. The exemption expires on 30 June 2007 for routes between the EU and the US or Australia, and on 31 October 2007 for routes between the EU and other third countries. IATA has not supplied data that would allow the Commission to conclude that an exemption would continue to benefit passengers. IATA is now developing a new interlining system to replace passenger tariff conferences: this will not be covered by a block exemption and, as is the case for other sectors of the economy, it will be for IATA and individual carriers to ensure that their agreements are compatible with the competition rules.

## WATER TRANSPORTATION

### 1. East Coast port plans vie for Asia traffic

Competition for container traffic with the port of Halifax is expected to increase by 2010 with two planned East Coast port projects. One is a deep-water container terminal at Melford, NS, 300 km northeast of Halifax; and the other is at Sydney, NS further north. The first by Melford International Terminals Inc. is expected to move 500,000 TEU's by 2010, the amount moved by Halifax in 2006. The second by Laurentian Energy Corp. is expected to move 600,000 TEU's by 2010. All these proposed projects are based on a *Boston Consulting Report* which estimates a boom in imports from India, Malaysia or Indonesia. Three factors have been attributed for the expected increase in traffic at eastern ports: the lack of capacity at west coast ports to meet demand; the shorter distance from India via the Suez Canal; and the proximity to central Canada.

### 2. Changes to the Port Authorities Management Regulations

On May 30, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced amendments to the Port Authorities Management Regulations. The amendments provide a process for two or more Canada Port Authorities (CPAs) to amalgamate and continue as one integrated CPA.

### 3. Canada's New Government Moves to Resolve First Nations Issues in Prince Rupert

Government officials announced on June 1, 2007, the appointment of Mr. Robert S. Plecas as a special representative to assist the federal government in discussions with First Nations on the Prince Rupert Port Authority's Fairview Container Terminal project. Mr. Plecas will look at their outstanding concerns regarding Phase I of the project including employment and training, business opportunities, and financial considerations. He will also identify issues and protocols for Phase II of the project. Mr. Plecas will submit his recommendations to the Minister of Transport, Infrastructure and Communities within 90 days.

### 4. Retailers: Slower peak-season growth ahead

Container volumes at the top U.S. gateway ports will continue to *increase* each month into the fall peak season, although at a lesser rate of growth than in the same period a year ago, according to the latest Port Tracker published by *Global Insight* and the *National Retail Federation*.

### 5. \$45,000 Fine for Marine Polluter

A Nova Scotia provincial court judge fined the Bahamian registered bulk carrier/tanker, the Motor Vessel (M/V) Nobel Fortuna, \$45,000 for violations under the [Canada Shipping Act](#) associated with the unlawful discharge of an oily substance into Canadian waters.

### 6. Canada's New Government Announces New Marine Personnel Regulations

On June 13, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced new regulations that modernize the certification system for Canadian seafarers, and harmonize their working conditions with international labour standards. They are divided into three parts: the first covers the requirements for individual certificates of competency; the second covers the crewing requirements for vessels; and the third covers the working conditions for crew, including the requirements of the Maritime Labour Convention, 2006.

### 7. Canada's New Government Takes Steps to Integrate B.C. Lower Mainland Port Authorities

On June 18, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced the Government of Canada's intention to amalgamate the British Columbia (B.C.) Lower Mainland port

## Water Transportation

### Canada

1. East Coast port plans vie for Asia traffic, *Financial Post*, May 30, 2007, pp. FP1 /FP3.
2. Changes to the Port Authorities Management Regulations, May 30, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
3. Canada's New Government Moves to Resolve First Nations Issues in Prince Rupert, June 1, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
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5. \$45,000 Fine for Marine Polluter, June 7, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
6. Canada's New Government Announces New Marine Personnel Regulations, June 13, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
7. Canada's New Government Takes Steps to Integrate B.C. Lower Mainland Port Authorities, June 18, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
8. Transport Canada Tables Amendments to the *Pilotage Act*, June 19, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
9. New Regulations to Ensure Stability at B.C. Lower Mainland Ports, June 21, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
10. Canada pol: West Coast ports should ally, June 21, 2007, [www.joc.com](http://www.joc.com)
11. Atlantic dreams [Nova Scotia port wants to build 1.5 million-TEU terminal], June 11, 2007, *The Journal of Commerce*, pp. 29-30.
12. The Final Countdown, June 26, 2007, [www.joc.com](http://www.joc.com)
13. New Regulations Ensure Safer Practices for Cargo Vessels, June 27, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
14. Safer Boating Standards Set by Canada's New Government, June 27, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)

### US

1. New bill would authorize short sea shipping [The Transportation Energy Security and Climate Change Mitigation Act of 2007 (H.R. 2701)], June 14, 2007, [www.joc.com](http://www.joc.com)

authorities of Fraser River, North Fraser and Vancouver.

### **8. Transport Canada Tables Amendments to the *Pilotage Act***

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, tabled five key amendments to the *Pilotage Act* to help ensure the financial self-sufficiency of pilotage authorities while maintaining high levels of safety on June 19, 2007. The amendments were: to include in the objects of an Authority to be financially self-sufficient; to give flexibility to conduct an investigation; to ensure that an arbitrator considers certain factors when selecting a final offer; to require the Canadian Transportation Authority to consider certain factors when making an amendment to a tariff regulation; and to make it possible for an Authority to engage in certain employment practices for provision of pilot services.

### **9. New Regulations to Ensure Stability at B.C. Lower Mainland Ports**

On June 21, 2007, the federal government proposed regulations as a further step in preserving the long-term stability of operations at the ports of Vancouver and Fraser River. The regulations propose to deal with trucking that can have a severe impact on trade. The proposed regulations require non-unionized owner-operator truckers, who are currently subject to the rates of remuneration set out in the Memorandum of Agreement (July 2005), to be compensated at the equivalent of any rate that has been established in a collective agreement that applies to unionized owner-operators.

### **10. Canada pol: West Coast ports should ally**

Canadian and American ports on the West Coast should work together to handle container traffic that is expected to soar in the coming years, according to British Columbia Premier Gordon Campbell. Container traffic from Asia to North America is expected to increase 300 per cent in the next 15 years but there isn't sufficient capacity to handle it. He therefore proposed that the ports work together to establish common environmental and reliability standards rather than compete against each other, the newspaper reported, or risk losing Asia traffic to Atlantic Coast ports.

### **11. Atlantic dreams [Nova Scotia port wants to build 1.5 million-TEU terminal]**

A number of questions are being raised as a consortium of Canadian and US investors [International Terminal Inc.] is contemplating investing in a new (1.5 million TEU) terminal at Melford, N.S., to determine whether the project will be viable. It has some strong partners and the first phase is expected to be completed by 2010. According to their planners, the growth to sustain this port is expected from new business and from increased trade. In addition, it has certain cost and natural advantages.

### **12. The Final Countdown**

Europe's repeal of antitrust immunity could reverberate throughout the global container shipping industry. It could encourage similar moves in Asia and Australia. It could even spark a review of carrier antitrust immunity that liners have enjoyed since the US Ocean Shipping Report Act was passed in 1998. The move to eliminate antitrust immunity is being encouraged by shipper groups. The commission will circulate draft guidelines among its member governments on the type of data that carriers will be allowed to share and exchange. The final guidelines will not be issued till the end of 2008. The next item on EU's regulatory agenda in shipping is likely to be regulatory practices governing alliances and consortia.

### **13. New Regulations Ensure Safer Practices for Cargo Vessels**

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on June 27, 2007 new regulations that ensure safer practices for Canadian and foreign vessels carrying cargo in Canadian waters. The Cargo, Fumigation and Tackle Regulations include requirements for: 1) safe loading, unloading, and carriage of cargo for marine transportation; 2) safe fumigation practices aboard vessels; and 3) safe methods for using cargo gear, such as loading ramps and accommodation ladders.

### **14. Safer Boating Standards Set by Canada's New Government**

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on June 27, 2007 changes to the Competency of Operators of Pleasure Craft Regulations, which now set higher standards for boating safety testing. The new amendments contain stricter requirements for those administering the test and demand greater accountability for testing services before Pleasure Craft Operator Cards are issued.

## RAIL TRANSPORTATION

### 1. Canadian Pacific seeks approvals to better service Alberta's oil sands development

Canadian Pacific announced on May 28, 2007 that it has sought regulatory approval from the Canadian Transportation Agency to construct rail lines to serve planned and existing bitumen upgraders northeast of Edmonton in Alberta's developing Industrial Heartland.

### 2. CN announces first renewal of hourly-rate UTU labor agreement on former WC

On May 29, 2007, CN said that the United Transportation Union members on its former Wisconsin Central (WC) territory have ratified a new collective labor agreement providing general wage increases through mid-2011.

### 3. Shippers Hail Railway Rule Changes

Canadian freight rail shippers reacted favourably to the series of amendments tabled in the House of Commons on May 30, 2006. Shippers are also happy with the promised review of railway services 30 days after the amendments are passed. Two large shippers, Chair of Western Canadian Shippers' Coalition and Manager of commercial rail for the Canadian Wheat Board reacted favourably to the new bill. Some of these amendments that received noteworthy comment were removing the substantial harm test, strengthening of the final offer arbitration provision to permit it for groups and investigating charges and conditions for ancillary or incidental services.

### 4. TCRC- MWED and Canadian Pacific reach tentative contract agreement for Maintenance of Way workers

On June 6, 2007 the Teamsters Canada Rail Conference – Maintenance of Way Employees Division, representing 3,200 maintenance of way workers, and Canadian Pacific reached a tentative three-year contract settlement.

### 5. CP, Teamsters OK tentative deal

Canadian Pacific Railway reached a tentative agreement with the Teamsters Canada Rail Conference Maintenance Way of Employees Division agreeing to CP's offer of a 10% wage increase over three years. It also includes lumpsum bonuses.

### 6. Wheat Board slams CP, CN over grain losses

According to the Canadian Wheat Board, the two major Canadian railways have costs farmers millions of dollars due to derailment, delayed shipments and spilled grain. Since August 2005, the two railways have spilled 13.7 million tonnes of grain worth \$4 million. They therefore urge the federal government to tighten safety regulations for the two major railways.

### 7. Start of Improvements to the Lakeshore West Rail Corridor

On June 8, 2007, Canada's New Government, the Province of Ontario and GO Transit announced the start of construction on the addition of a third mainline track between Mississauga and Oakville, as well as improvements to GO Transit's Oakville, Port Credit and Clarkson stations. The expansion is part of the GO Transit Rail Improvement Program. The new mainline track will run between Port Credit Station in Mississauga and Kerr Street in Oakville.

### 8. CN targets major growth opportunities in northern Alberta's oil sands sector, says president and CEO E. Hunter Harrison

On June 12, 2007, E. Hunter Harrison, president and chief executive officer of CN said the railway is strongly positioned to seize growing freight opportunities driven by Alberta's booming oil sands energy sector. CN will continue to invest -- in Western Canada to prepare itself for these major developments. These investments will improve transportation for shippers and aid regional economic development. In Western Canada alone, CN plans to invest nearly C\$350 million in track infrastructure to enhance the plant in 2007 and to take advantage of growth prospects in North American trade with Asia and the boom in the West. CN also announced construction of a C\$1.6-million transload facility at one of the company's main Edmonton rail yards off Yellowhead Trail.

### 9. CPR warns of lower profit

On June 14, 2007, a financial officer of CPR at a transport webcast indicated that Canadian Pacific Railway's second-quarter profit could fall by 5-cents a share because of a strike, higher-than-expected fuel expenses and mudslides that wrecked tracks. Nevertheless, he indicated that the railway remains on target to make between \$4.30 to \$4.45 a share in full-year profit, despite recent setbacks.

## Rail Transportation

### Canada

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2. CN announces first renewal of hourly-rate UTU labor agreement on former WC, May 29, 2007, [www.cn.ca](http://www.cn.ca)
3. Shippers Hail Railway Rule Changes, *National Post*, May 31, 2007, p. FP4.
4. TCRC- MWED and Canadian Pacific reach tentative contract agreement for Maintenance of Way workers, June 6, 2007, [www.cpr.ca](http://www.cpr.ca)
5. CP, Teamsters OK tentative deal, *National Post*, June 7, 2007, p. FP4.
6. Wheat Board slams CP, CN over grain losses, *National Post*, June 7, 2007, p. FP4.
7. Start of Improvements to the Lakeshore West Rail Corridor, June 8, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
8. CN targets major growth opportunities in northern Alberta's oil sands sector, says president and CEO E. Hunter Harrison, June 12, 2007, [www.cn.ca](http://www.cn.ca)
9. CPR warns of lower profit, June 15, 2007, [www.globeandmail.ca](http://www.globeandmail.ca)
10. CN orders 65 new locomotives, doubling 2007-2008 total to 130 new units, June 21, 2007, [www.cn.ca](http://www.cn.ca)
11. The Governments of Canada and Quebec Are Investing in the Restoration of the Chemin De Fer De La Matapédia et du Golfe, June 28, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
12. Government of Canada Announces Improvements to the Roberts Bank Rail Corridor, June 28, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
13. Canadian Transportation Agency to Make One-time Adjustment to Grain Revenue Cap Inflation Index, June 28, 2007, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)
14. CN halts rail operations, embargoes all traffic in Toronto-Montreal corridor, following illegal blockade of rail line, May 29, 2007, [www.cn.ca](http://www.cn.ca)

#### **10. CN orders 65 new locomotives, doubling 2007-2008 total to 130 new units**

CN announced on June 21, 2007 that it will acquire 65 new fuel-efficient, high-horsepower locomotives in 2007 and 2008, in addition to 65 locomotives already on order for delivery this year. New locomotives will increase fleet efficiency, reduce fuel consumption and emissions. The new locomotive orders are part of a major fuel conservation program by CN, which spent almost C\$900 million on fuel in 2006.

#### **11. The Governments of Canada and Quebec Are Investing in the Restoration of the Chemin De Fer De La Matapédia et du Golfe**

On June 28, 2007, the governments of Canada and Quebec and the Chemin de fer de la Matapédia et du Golfe (CFMG), announced an investment of over \$14 million to restore the CFMG between Rivière-du-Loup and Matane, and between Mont-Joli and Matapédia. The Government of Canada will contribute over \$5.8 million to this project and the Government of Québec will invest \$3.9 million to support the CFMG restoration project.

#### **12. Government of Canada Announces Improvements to the Roberts Bank Rail Corridor**

The Government concluded a multi-stakeholder agreement for road/rail grade separation projects along the Roberts Bank Rail Corridor under the Asia-Pacific Gateway and Corridor Initiative. The Roberts Bank Rail Corridor links the Deltaport Container Terminal and the Westshore Coal Terminal through the B.C. Lower Mainland to the rest of Canada and the economic heartland of North America. It stretches 70 kilometres through Delta, Surrey, Langley City, Langley Township and Abbotsford. The federal government is investing up to \$75 million. Public and private partners will jointly invest a total of approximately \$300 million for projects along the entire corridor, including nine grade separations. In addition, the railways will invest approximately \$60 million.

#### **13. Canadian Transportation Agency to Make One-time Adjustment to Grain Revenue Cap Inflation Index**

The Canadian Transportation Agency has been asked by the Minister of Transport, Infrastructure and Communities to make a one-time adjustment to the volume-related composite price index it uses to establish the Canadian National Railway (CN) and the Canadian Pacific Railway (CPR)'s revenue caps for the movement of Western grain (for the crop year 2007-2008). According to the Agency's preliminary analysis, the downward impact of this adjustment on the revenue caps is estimated to be in the range of \$60 to \$75 million. The one-time adjustment would reduce the inflation index to about 1.07 for the new crop year.

#### **14. CN halts rail operations, embargoes all traffic in Toronto-Montreal corridor, following illegal blockade of rail line**

On June 29, 2007, CN halted freight operations and embargoed all traffic on its Toronto-Montreal main line after reportedly armed native protesters erected an illegal blockade on the company's tracks near the eastern Ontario town of Marysville, located approximately 10 miles east of Belleville, Ont.

### **HIGHWAY TRANSPORTATION**

#### **1. Prepare for Higher Border Crossing Costs**

The US will proceed with its plan to impose a border crossing fee of \$US 5.25 per truck on June 1, 2007. The levy is designed to fund additional agricultural quarantine inspections on the Canada – US border. It will be applied to trucks that pay to enter the United States on a per crossing basis – regardless of what they are carrying - but will not impact those carriers who have already purchased a 2007 user fee transponder.

#### **2. McGuinty Government Continues To Keep Families Safe On Ontario's Roads**

On May 29, 2007, the McGuinty government passed new legislation, *The Safer Roads for a Safer Ontario Act, 2007*. The legislation, according to Ontario's Transportation Minister Donna Cansfield, will make it safer for families by getting tough on drunk drivers and street racers.

#### **3. Challenger to acquire Lodwick Transport**

Challenger Investments, the parent company of Challenger Motor Freight, has announced its intention to purchase Lodwick Transport, an Ontario based predominantly long haul refrigeration carrier. Challenger employs in excess of 2,300 people and operates 1,500 trucks and 3,300 trailers and is headquartered in Cambridge, Ontario, on 53 acres. The addition of Lodwick's 60 tractors and 80 trailers will allow Challenger to expand its level of temperature controlled services to its clients.

#### 4. Trucking Chief Speaks out on Theatre of Security

David Bradley, the CEO of the Canadian Trucking Alliance, told a conference of US, Mexican and Canadian trade and transportation stakeholders that the Canada-US border is thickening and governments, mainly at the national level, “continue to heap costs on transborder trucking under the cloak of security. ...If our political leaders really do want the North American trade bloc to be able to compete with the emerging economic super powers in Asia or even the European Union, then they must consider the costs that the supply chain has to absorb.”

#### 5. Kriska acquires Lavigne Truck Lines

Kriska Holdings Limited has purchased the shares of Lavigne Truck Lines effective June 1, 2007 from the Lavigne family. Kriska operates close to 400 power units across Canada and the US while Lavigne operates 40 power units within Canada only.

#### 6. Bradley Invites Heavy Duty Distributors to Support CTA enviroTruck Program

On June 4, 2007, David Bradley, CEO of the Canadian Trucking Alliance called upon the Heavy Duty Distributor Council (HDDC) members to support a new CTA initiative called the *enviroTruck* program at the annual conference. The program would see government financial and/or tax incentives to maintain or improve fuel efficiency thereby reducing greenhouse gas (GHG) emissions.

#### 7. OTA Call to Action: Tax Refund Opportunity for Carriers Operating Refrigerated Equipment and Idling Reduction Devices

A recent Federal Court decision that provides for an expanded exemption from tax on diesel fuel utilized for heating or cooling could present an opportunity for carriers operating refrigerated units and/or idling reduction devices to apply for a refund on federal excise tax paid in the last two years on fuel used to operate this equipment. This change increases the opportunity for recovery, making it a good time to review fuel costs and submit claims on all heating and cooling related fuel consumption.

#### 8. WSIB Cuts Rates For Trucking Sector - General Trucking Rate Reduced by 2.4%

On June 12, 2007, Ontario's Workplace Safety Insurance Board has released its premium rates for 2008, keeping the average rate frozen for a second year in a row. While the average rate increase is 0%, the trucking sector will see modest cuts in its rates for 2008, reflecting the ongoing efforts of the industry to reduce on-the-job injuries and fatalities. The General Trucking rate (rate group 570) will be decreasing from \$5.84/\$100 of insurable salary to \$5.70/\$100, a drop of 2.4%. The Warehousing rate group will see a 1.8% cut from \$2.73 to \$2.68 and Courier Services will also drop by 2.4% from \$2.54 to \$2.48.

#### 9. New Trucking Statistics from Transport Canada

Transport Canada released its annual report, *Transportation in Canada 2006*. A few highlights were: 1) The entire trucking industry generated an estimated

\$67 billion in revenues in 2005; 2) Truck carriers with annual revenues of \$12 million or more accounted for 55.2 per cent of the trucking revenues generated by trucking firms with at least \$1 million of annual revenues; 3) Canadian for-hire trucking firms carried over 80 per cent of total tonnage shipped intraprovincially; 4) In terms of value, trucking accounted for 61 per cent of trade with the United States, rail 17 per cent, pipeline 13 per cent, air five per cent and marine four per cent; 5) In 2006, the exports from Canada shipped by trucks totalled \$185.8 billion (50.7% of total

### Highway Transportation

#### Canada

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2. McGuinity Government Continues To Keep Families Safe On Ontario's Roads, May 29, 2007, [www.mto.gc.ca](http://www.mto.gc.ca)
3. Challenger to acquire Lodwick Transport, May 30, 2007, [www.ctf.ca](http://www.ctf.ca)
4. Trucking Chief Speaks out on Theatre of Security, May 31, 2007, [www.ontruck.ca](http://www.ontruck.ca)
5. Kriska acquires Lavigne Truck Lines, June 1, 2007, [www.ctf.ca](http://www.ctf.ca)
6. Bradley Invites Heavy Duty Distributors to Support CTA enviroTruck Program, June 4, 2007, [www.cantruck.com](http://www.cantruck.com)
7. OTA Call to Action: Tax Refund Opportunity for Carriers Operating Refrigerated Equipment and Idling Reduction Devices, June 8, 2007, [www.ontruck.ca](http://www.ontruck.ca)
8. WSIB Cuts Rates For Trucking Sector - General Trucking Rate Reduced by 2.4%, June 12, 2007, [www.ontruck.ca](http://www.ontruck.ca)
9. New Trucking Statistics from Transport Canada, June 13, 2006, [www.ontruck.ca](http://www.ontruck.ca)
10. Border foils 'just-in-time' delivery, June 15, 2007, [www.globeandmail.ca](http://www.globeandmail.ca)
11. US Issues Proposed Rule On Western Hemisphere Travel Initiative Step in Right Direction, but Uncertainties Remain, According to CTA, June 21, 2007, [www.cantruck.ca](http://www.cantruck.ca)
12. Canada's New Government and the Ontario Government Widen the QEW to Reduce Congestion, June 22, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
13. McGuinity Government Unveils New Fare Card, June 26, 2007, [www.mto.gov.ca](http://www.mto.gov.ca)
14. Couriers and Messengers Services Price Index [May 2007], June 28, 2007, [www.statcan.ca](http://www.statcan.ca)
15. Bison expands herd with Western Canada acquisitions, June 28, 2007, [www.ctf.ca](http://www.ctf.ca)
16. New Trip Inspection Standard for Trucks Begins National Rollout July 1, June 28, 2007, [www.cantruck.ca](http://www.cantruck.ca)
17. CTA Meets with Competition Bureau, June 28, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)

#### US

1. BTS Releases North American Surface Trade Numbers for March: Surface Trade with Canada and Mexico Reached a Monthly Record High in March 2007, May 31, 2007, [www.dot.gov](http://www.dot.gov)
2. BTS Releases Freight Transportation Services Index (TSI); Freight Index Fell 0.1 Percent in April from March, June 13, 2007, [www.dot.gov](http://www.dot.gov)
3. BTS Releases North American Surface Trade Numbers for April: April Surface Trade with Canada and Mexico Rose 5.3 Percent from April 2006, June 28, 2007, [www.dot.gov](http://www.dot.gov)
4. Truck tonnage continues to drop in the US, June 28, 2007, [www.ctf.ca](http://www.ctf.ca)

exports) down from \$188.4 billion in 2005; 6) Imports from the United States shipped by trucks amounted to \$166 billion in 2006 (76.7% of total imports), up from \$164.7 billion in 2005; 7) The main interprovincial trucking flow was the Quebec–Ontario route (both directions), which accounted for \$40.4 billion worth of commodities, or 28 per cent of the total interprovincial trade; 8) Five commodity groups represented almost 80 per cent of total exports in 2005; 9) The trucking industry as a whole employed 356,124 people in 2005. Of these there were 109,284 drivers employed by the for-hire trucking industry, 78,500 owner-operators, and, according to 2001 census data, 102,509 self-declared delivery drivers.

#### **10. Border foils 'just-in-time' delivery**

The harsh security crackdown at the Canada-U.S. border since 9/11 has forced exporters in key industries to abandon just-in-time delivery and to return to the outdated practice of stockpiling goods, to sending goods before they are needed, to dropping shipments at the border, and to using rail, etc. According to a Conference Board, this has been eating into profit and resulted in erosion of some of the advantages of NAFTA. Manufacturers & Exporters president Perrin Beatty said 'We have to rethink how we're managing the border. ... What you're seeing is a border that's becoming more difficult to cross as opposed to one that is more integrated.'

#### **11. US Issues Proposed Rule On Western Hemisphere Travel Initiative Step in Right Direction, but Uncertainties Remain, According to CTA [Canadian Trucking Alliance]**

On June 21, 2007, the US Departments of State and Homeland Security have issued their long-anticipated proposed rule for land and sea travel to the United States under the Western Hemisphere Travel Initiative (WHTI). While the announcement contains some positive news – notably the acceptance of a truck driver FAST card as a passport alternative - it does not remove several key uncertainties surrounding the WHTI, according to the CTA.

#### **12. Canada's New Government and the Ontario Government Widen the QEW to Reduce Congestion**

On June 22, 2007, government officials announced the final phase of construction to widen the Queen Elizabeth Way (QEW). It will be widened to six lanes from four along a 9.4-kilometre stretch, from Seventh Street Louth to the Garden City Skyway, through the City of St. Catharines. The first phase of this project is scheduled to be completed by fall 2007. Once complete, the entire QEW corridor, from Toronto to Niagara Falls, will have six lanes.

#### **13. McGuinty Government Unveils New Fare Card**

On June 25, 2007, Transportation Minister Donna Cansfield of Ontario announced that commuters will soon be able to tap onto transit with the new Presto card - the first regional fare card for public transit in Canada. "When the system is fully implemented, commuters will be able to replace tickets, transfers and passes with the Presto card on nine transit systems across the GTA, from Hamilton to Oshawa."

#### **14. Couriers and Messengers Services Price Index (CMSPI) [May 2007]**

The CMSPI increased 1.1% to 124.7 (2003=100) in May. The courier portion advanced 1.2% on a monthly basis, while the local messengers component rose 0.8%.

#### **15. Bison expands herd with Western Canada acquisitions**

Bison Transport has purchased of two B.C.-based fleets - Glenncoe Transport and Winfield Motor Freight. Both Kelowna-based operations have been owned and operated by the Coe family since 1972. Glenncoe Transport is a truckload carrier, primarily serving B.C., Alberta and the US Pacific Northwest. Winfield Motor Freight is an LTL service provider connecting B.C.'s coast with the Interior of the province. Glenncoe operates 160 trucks, 550 trailers and employs more than 200 people. Winfield Motor Freight operates 40 trucks, 20 trailers and currently employs 50 people.

#### **16. New Trip Inspection Standard for Trucks Begins National Rollout July 1**

On July 1, a new National Safety Code (NSC) standard on daily inspections of commercial vehicles will begin to have a tangible effect across the country. Those provinces which will not yet have the new rules in place have agreed to accept use of the updated standard, so that drivers will not need to comply with different rules when crossing provincial borders. Carriers and drivers should see real benefits from the new regulations. The new approach allows drivers to conduct detailed inspections, and gives them specific vehicle defects to look for.

#### **17. CTA Meets with Competition Bureau**

Representatives from the Canadian Trucking Alliance recently met with the Senior Deputy Commissioner of the

Competition Bureau to talk about competitive issues in the trucking industry. The issues raised in the discussion included: 1) Competitive issues created when a province adopts less stringent rules for intra-provincial carriers than for those who are federally regulated; 2) Lax enforcement of safety regulations – basically, the problem of carriers who go by the book competing with those who cut corners; 3) Lack of shipper responsibility for the selection of carriers who will knowingly break the law to fulfill the terms of a freight contract; and 4) Concerns over public interest review of trucking mergers and acquisitions by the Minister of Transport, as called for in recently passed amendments to the *Canada Transportation Act*.

## Other Transportation

### 1. International travel account [First quarter 2007]

Canada's international travel deficit (the difference between spending by Canadian residents abroad and spending by foreigners in the country) fell to an estimated \$1.8 billion in the first quarter of 2007. This was a decline of \$99 million from the record high set in the fourth quarter of 2006. Canadian spending abroad slipped to \$5.9 billion in the first quarter and foreign spending fell to \$4.1 billion.

### 2. Characteristics of international travellers

Canadians took more trips abroad than ever before in 2006. They took an estimated 22.7 million overnight trips in 2006 and spent a record \$20.1 billion. Mexico surpassed the United Kingdom as the most visited country by Canadians, following the United States. About 6.7 million trips, just under one-third of the

total, were to destinations other than the United States, up 8.2% from 2005. This was the fourth consecutive annual increase and a new record for overseas travel. Overnight travel by Canadians to the United States rose 7.6% and reached the 16-million mark in 2006. In contrast, Americans took fewer trips to Canada and spent less as well. The number of overnight trips from the United States to Canada fell 3.7%.

### 3. Canada's New Government Helps Canadians Get Moving on Sustainable Transportation

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities announced the renewal of the Moving On Sustainable Transportation (MOST) program on June 5, 2007 (for \$3.2 million funding). This program supports practical solutions to help Canadians reduce the environmental impacts of transportation.

### 4. Canada's New Government Highlights the Importance of Accessible Transportation

On June 19, 2007, spokesman for Transport Canada addressed the 11<sup>th</sup> International Conference on Mobility and Transport for Elderly and Disabled Persons. Two key areas focussed on were: the government's role in providing policy leadership to improve accessibility and remove undue obstacles from the national transportation system; and the Canadian Transportation Agency's recently released Code of Practice: Passenger Terminal Accessibility, which applies to a range of terminals, including small ferry terminals, rural and urban train stations, and Canada's airports.

### 5. Travel between Canada and other countries

Travel between Canada and other countries declined in April 2007, with decreases recorded in both directions compared to the previous month. Travel by Canadian residents abroad declined 0.5% in April to an estimated 3.9 million trips. The number of trips from the United States and other countries to Canada dropped 0.6% to 2.5 million.

## Other Transportation

1. International travel account [First quarter 2007], May 30, 2007, [www.statcan.ca](http://www.statcan.ca)
2. Characteristics of international travellers, May 30, 2007, [www.statcan.ca](http://www.statcan.ca)
3. Canada's New Government Helps Canadians Get Moving on Sustainable Transportation, June 5, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
4. Canada's New Government Highlights the Importance of Accessible Transportation, June 19, 2007, [www.tc.gc.ca](http://www.tc.gc.ca)
5. Travel between Canada and other countries, June 20, 2007, [www.statcan.ca](http://www.statcan.ca)

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1. EU issues - **Competition Policy Newsletter**, [www.europa.eu](http://www.europa.eu)
2. Canadian Transportation Agency 2006 Annual Report: A Year of Progress Towards an Accessible and Efficient Transportation System, June 6, 2007, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)
3. Transportation in Canada 2006, [www.tc.gc.ca](http://www.tc.gc.ca)