

Transportation Information Update*

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AIR TRANSPORTATION

1. Aircraft movement statistics

Aircraft take-offs and landings at the 42 Canadian airports with NAV CANADA air traffic control towers was 11.2% higher in December 2006 compared with December 2005. Take-offs and landings reached 314,044 movements in December 2006 compared with 282, 289 movements the same month a year earlier. For 2006, the aircraft movements were 2.9% higher compared to 2005.

2. WestJet Welcomes Back the 2007 Travel Pass

WestJet Airlines Ltd. announced the return of its most affordable and convenient way to travel - the 2007 Travel Pass. The Travel Pass is available for only \$1,700 and can be redeemed for travel on Toronto - Ottawa and Toronto - Montreal routes for a 12 month period. Along with the significant savings, the Travel Pass offers guests a \$150 travel credit to anywhere WestJet flies plus three passes to WestJet's Lounge in Ottawa.

3. Ottawa urged to improve airline safety systems

The federal government must launch an inquiry into the safety of the airline industry according to an expert. The expert indicated that the department itself no longer has the resources to ensure that Canada's skies are safe. This is because it has dismantled its regulatory system (through cutbacks that have led to fewer inspectors) and downloaded some safety protocols to the airlines.

4. Air Canada to fly new Boeing 777 aircraft on key Europe, Asia and South Pacific routes; introduces only non-stop service between Canada and Australia

Air Canada announced on March 1, 2007 that it will operate its first new Boeing 777 aircraft on key routes serving Europe, Asia and the South Pacific. The airline begins introduction in April 2007 of the first of eight new 777 aircraft to be delivered in 2007.

5. Air Canada launches XM Canada programming today

On March 1, Air Canada launched its new in-flight music service "XM enRoute", powered exclusively by XM Canada, the first and only partnership of its kind in Canada. This partnership will allow for XM Canada channels to be available to all 32 million passengers who fly with Canada's national airline, Air Canada.

6. WestJet Launches Booking Engine for People With Vision Loss

In an attempt to be accessible to all passengers, WestJet announced on March 1, 2007 the launch of their online booking engine for people with vision loss. Guests with vision loss who use screen reading software can now book flights more easily at Westjet.

7. Passenger Demand Starts Year off on a Positive Note

The International Air Transport Association (IATA) released January traffic results showing that international passenger demand started the year off on a positive note with an increase of 6.1%.

8. Statement from Secretary of Transportation Mary E. Peters Regarding Tentative US-EU Open Skies Agreement

The U.S. and the EU came closer together on March 2, 2007 in opening their skies and expanding the freedom of air travel between the world's two largest aviation

Current Developments in Brief

Air Transportation

CANADA

1. Aircraft movement statistics, *The Daily*, February 28, 2007, www.statcan.ca
2. WestJet Welcomes Back the 2007 Travel Pass, February 28, 2007, www.westjet.ca
3. Ottawa urged to improve airline safety systems, March 1, 2007, www.globeandmail.ca
4. Air Canada to fly new Boeing 777 aircraft on key Europe, Asia and South Pacific routes; introduces only non-stop service between Canada and Australia, March 1, 2007, www.aircanada.ca
5. Air Canada launches XM Canada programming today, March 1, 2007, www.aircanada.ca
6. WestJet Launches Booking Engine for People With Vision Loss, March 1, 2007, www.westjet.ca
7. Passenger Demand Starts Year off on a Positive Note, March 2, 2007, www.iata.org
8. Statement from Secretary of Transportation Mary E. Peters Regarding Tentative US-EU Open Skies Agreement, March 2, 2007, www.dot.gov
9. U.S., EU make progress on 'open-skies' accord, March 5, 2007, www.joc.com
10. U.S., EU achieve breakthrough in open skies talks, March 6, 2007, www.americanshipper.com
11. All-Time High International Travel Deficit Highlights Business Case for Arrivals Duty Free in Canada, March 2, 2007, www.cacairports.ca
12. Air Canada reports February traffic, March 7, 2007, www.aircanada.ca
13. Air Canada plans to slash up to 700 jobs, March 7, 2007, www.nationalpost.ca
14. WestJet Reports Record February Load Factor of 82.3 per Cent, March 7, 2006, www.westjet.com
15. WestJet, Air Canada, Jazz all off to flying start in 2007, March 7, 2007, www.globeandmail.ca
16. Canada and United States to mark signing of new air agreement, March 9, 2007, www.tc.gc.ca

* 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.

markets. Their agreement will offer more choice and convenience to American consumers, promote new growth in our aviation industry and support our continued economic expansion.

9. U.S., EU make progress on 'open-skies' accord

The European Union on March 2, 2007 claimed "decisive progress" had been made in talks with the United States to liberalize trans-Atlantic air cargo and passenger services. The EU's transport commissioner, said he will present the 27 EU member states with a draft agreement on March 22.

10. U.S., EU achieve breakthrough in open skies talks

The aviation accord between the US and EU liberalizes air transportation by providing for: 1) Increased ownership, investment and control rights by EU investors in U.S. airlines; 2) European Community passenger airline rights to fly from the United States to a third country rather than directly to the home country; 3) European Community rights for airlines to participate in the U.S. "Fly America" program for transporting passengers and cargo financed by the U.S. government. Such rights have never been granted by the United States to a third country; and 4) Antitrust immunity to facilitate the development of airline alliances. Earlier negotiations resulted in: 1) An allowance for European Community carriers to consolidate; and 2) The possibility for EU airlines to operate all-cargo flights beyond the United States to a third country, without a requirement that the service starts in the EU. The accord is expected to increase air travel by 34% (adding 26 million extra passengers), and cargo by 1 to 2% during a five-year period.

11. All-Time High International Travel Deficit Highlights Business Case for Arrivals Duty Free in Canada

The Canadian Airport Council said that the recent statistics released by Statistics Canada indicate that international travel deficit for Canada in 2006 was at an all time high. This indicates the need for a change in the tax rule which bars duty free arrivals in Canada. The change could increase revenue of Canadian airports and free duty operators by as much as 50 million. Airport duty free is a \$174 million industry in Canada and most Canadians already buy their duty free abroad. This could change if duty free arrivals were permitted.

12. Air Canada reports February traffic

Air Canada and its regional partner Jazz reported the fifth consecutive month of record system load factors. Air Canada reported a system load factor of 80 percent for February 2007 up from 78.6 percent in February 2006. The mainline carrier flew 4.5 percent more revenue passenger miles (RPMs) in February 2007 than in February 2006. Air Canada's capacity increased by 2.8 percent for February 2007. Jazz's capacity for February 2007 increased by 13.4 per cent, resulting in a load factor of 75.7 percent, compared to 72.4 per cent in February 2006; an increase of 3.3 percentage points. On a combined basis (Air Canada and Jazz) system traffic rose 5.6 per cent on a capacity increase of 3.7 percent, resulting in a load factor of 79.6 percent for February 2007. International traffic (RPMs) increased by 4.3% for the same period.

13. Air Canada plans to slash up to 700 jobs

Air Canada Technical Services (ACTS), a division of Air Canada parent ACE Aviation Holdings Inc., said that Delta Air Lines Inc. has decided to terminate a contract with ACTS and relocate airframe work on about 100 wide-body Boeing 767 jets to China. As a result of this decision to take advantage of cheaper labour costs as many as 700 workers at Air Canada's Vancouver maintenance facility will lose their jobs.

14. WestJet Reports Record February Load Factor of 82.3 per Cent

WestJet announced on March 6, 2007, its best February 2007 traffic results to date. Its traffic for February 2007 featured a record load factor of 82.3%, compared with 80.8% in February 2006. Revenue passenger miles (RPMs) and available seat miles (ASMs) for February 2008 increased by 22% and 20% over February 2006, respectively. Sean

17. Challenges for Change - IATA World Cargo Symposium Opens in Mexico City, March 6, 2007, www.iata.org

18. Building a Stronger US Air Transport Industry - Local Action and Global Standards, March 9, 2007, www.iata.org

19. The sky that's limited, *National Post*, March 12, 2007, pp. F1/4

20. U.S. and Canada Sign Historic Open Skies Agreement More options and lower fares for businesses and travelers, March 12, 2007, www.dot.gov

21. U.S. Open Skies an Important Milestones for Canada, Canada Airports Says, March 12, 2007, www.airports.ca

22. ATAC Welcomes New Canada-us Open Skies Agreement, March 12, 2007, www.atac.ca

23. Canada charging airport authorities too much, IATA head says, March 13, 2007, www.nationalpost.ca

24. Taxation is Not a Recipe for Competitiveness-IATA Urges Change in Canada's Aviation Policy, March 12, 2007, www.iata.org

25. Air Canada introduces unlimited air travel with subscription flight passes to Canada; Special introductory prices to fly as much as you want, March 13, 2007, www.aircanada.ca

26. Air Canada introduces new services to the U.S. and northern B.C. from Calgary and Vancouver; increases frequencies on key routes in western Canada this summer, March 13, 2007, www.aircanada.ca

27. Lack of action undermines government commitment to global competitiveness and open skies, March 19, 2007, www.atac.ca

28. Airport Rent Continues to Disadvantage Canada's Airports, March 19, 2007, www.cacairports.ca

29. Aircraft movement statistics, March 20, 2007, www.statcan.ca

30. U.K. won't block air pact, *Financial Post*, March 21, 2007, p. FP20.

31. British Airways fails to stop EU vote on air travel, *Globe and Mail*, March 21, 2007, p. B16.

32. WestJet Announces Preferred Airline Partnership With Wal-Mart, March 21, 2007, www.westjet.ca

33. Statement by Secretary Peters on the U.S.-EU Open Skies Agreement, March 23, 2007, www.dot.gov

34. EU approves landmark air agreement with U.S., March 22, 2007, www.joc.com

35. IATA Welcomes US/EU Open Skies Agreement, March 22, 2007, www.iata.org

36. Congress won't stand in way of U.S.-EU aviation deal, March 29, 2007, www.americanshipper.ca

37. Ottawa seeks EU skies pact, March 23, 2007, www.nationalpost.ca

38. Canada's Airports Safe, Airports Group Says, March 22, 2007, www.cacairports.ca

39. Harmony Airways ending scheduled flights, March 28, 2007, www.globeandmail.ca

40. WestJet Comments on Harmony Announcement, March 27, 2007, www.westjet.com

41. Passenger Demand Continues Strong Start to Year, March 29, 2007, www.iata.org

42. WestJet Plans for 13 Per Cent Capacity Growth for 2007, March 29, 2007, www.westjet.ca

Durphy WestJet's president said

“This month's load factor combined with a healthy RASM is particularly satisfying in light of February's 20 per cent increase in ASMs. It is shaping up to be great first quarter.”

15. WestJet, Air Canada, Jazz all off to flying start in 2007

With more Canadians taking mid-winter flight WestJet, Air Canada and its regional carrier Jazz have all reported record passenger load factors in February 2007.

16. Canada and United States to mark signing of new air agreement

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities along with the United States Secretary of Transportation, Mary E. Peters will sign a new air agreement between Canada and the United States on March 12, 2007.

17. Challenges for Change-IATA World Cargo Symposium Opens in Mexico City

Giovanni Bisignani, Director General of the International Air Transport

Association (IATA), opened the World Cargo Symposium in Mexico City by laying down three challenges for the industry and governments: (1) to implement e-freight by 2010, (2) to harmonise risk-based security measures globally and (3) to take a balanced and realistic approach to the issue of the environment. First, e-freight has the potential to save up to US\$1.2 billion by eliminating up-to 38 documents that accompany air cargo shipments. Second, risk-based security is cheaper than screening of cargo on passenger flights. Third, emission reduction can result in fuel efficiency gains and eliminate US\$1.8 billion in industry costs besides 15 million tonnes of CO₂. The global air cargo industry is a US\$55 billion industry. IATA estimates that Air Cargo will grow at an average of 5.3% for the 2006-2010 period.

18. Building a Stronger US Air Transport Industry - Local Action and Global Standards

In a speech to the Seattle Trade Development Alliance, on March 9, 2007, IATA's Director General and CEO identified three priority issues for US policy-makers: air traffic management, security and liberalization. He accordingly, urged US policy-makers to act locally, in line with global standards, to build a strong air transport industry.

19. The sky that's limited

This article indicates that it is time to consider more radical measure to liberalization, including a unilateral decision to open our skies to whoever is interested in flying them. Not only will consumers benefit but so will tourism. In the past, too much attention has been paid to protecting airlines, consumer should be put first. To date, Canada has only signed two open skies agreements compared to 77 by the US. One commentator indicated that it does not matter whether the airline providing the service is Canadian owned or operated. The article points to thoughts of Robert Milton as to whether “... the basic regulatory foundation of the airline industry ... needs to be not only modernized, but turned on its head.” Mr. Facette of the Canadian Airports Council says “We've got to modernize, or else we're going to lose out on the opportunity and choice that comes with more liberalized regimes around the world.”

20. U.S. and Canada Sign Historic Open Skies Agreement More options and lower fares for businesses and travelers

The U.S. and Canada Agreement that was signed on March 12, 2007. It will provide more flight choices and lower fares to Canadians. There has been an increase of more than 2 million passengers flying between the United States and Canada since 2003. The express air cargo industry will have the ability to drop-off freight in several cities on the other side of the border. In addition, they will be able to fly onto other destinations around the world from Canada, making it easier for companies to meet the growing appetite for their services.

21. U.S. Open Skies an Important Milestones for Canada, Canada Airports Says

The Canadian Airports Council hailed the signing of the Open Skies Agreement with the US as an important milestones and urged the government to continue to further liberalise air service regimes with other important trade tourism and transit markets.

22. ATAC Welcomes New Canada-US Open Skies Agreement

The Air Transport Association of Canada welcomed the signing of the expanded Open Skies agreement between Canada and the United States on March 12, 2007 but called upon the Government of Canada to maximize the opportunities for Canada by improving the competitiveness of Canadian air carriers. ATAC stresses the need to address three areas of

US

1. November 2006 Airline Traffic Data: Eleven-Month System Traffic Up 0.7 Percent From 2005, March 5, 2007, www.dot.gov
2. U.S. transport labor groups oppose EU open skies agreement, March 7, 2007, www.americanshipper.com
3. Evaluation of the Single European Sky reveals positive impacts on air traffic management in Europe, March 12, 2007, www.europa.eu
4. BTS Releases Annual North American Surface Trade Numbers: 2006 Surface Trade with Canada and Mexico Rose 8.9 Percent from 2005, March 13, 2007, www.dot.gov
5. House lawmakers oppose EU open-skies agreement, March 15, 2007, www.joc.com
6. BTS Releases January Passenger Airline Employment Data; January 2007 Employment Down 0.5 Percent from January 2006, March 20, 2007, www.dot.gov
7. U.S., Argentina Add Flights Between the Two Countries, March 29, 2007, www.dot.gov

taxation: airport rents, fuel excise tax and security charges.

23. Canada charging airport authorities too much, IATA head says

International Air Transport Association director general Giovanni Bisignani said on March 12, 2007 that Federal rents charged to Canadian airport authorities are a "rip-off" and airport security charges in Canada amount to "sky-way robbery." He urged Ottawa to eliminate Crown rents and give Canada's aviation industry "a fair chance" to compete globally.

24. Taxation is Not a Recipe for Competitiveness-IATA Urges Change in Canada's Aviation Policy-

The International Air Transport Association (IATA) on March 12, 2007 called for Canada's aviation policy to promote competitiveness. IATA Director General and CEO, Giovanni Bisignani, made the appeal in an address to the Vancouver Board of Trade as the Canadian Government signed an agreement with the United States to further liberalise air services between the two countries. Bisignani singled out Canada's taxation policies with respect to security and airport Crown rent.

25. Air Canada introduces unlimited air travel with subscription flight passes to Canada; Special introductory prices to fly as much as you want

On March 13, 2007, Air Canada introduced, for the first time in the United States, subscription flight passes providing unlimited air travel for a flat monthly rate to Canada. A special introductory price until May 7, 2007 is being started at US\$1,657 per month to fly as much as you want over a choice of three or six month periods. In addition, Air Canada is offering automatic top tier Elite frequent flyer status to its customers who purchase a six-month Unlimited 'Flight Pass to Canada' at \$2,360 per month with additional flexibility and benefits.

26. Air Canada introduces new services to the U.S. and northern B.C. from Calgary and Vancouver; increases frequencies on key routes in western Canada this summer

Air Canada announced on March 13, 2007 that it is expanding its U.S. transborder network with the introduction of non-stop services from Vancouver to Sacramento, CA and from Calgary to Seattle, WA this summer. In addition, Air Canada is launching new non-stop service from Calgary to Prince George, B.C. All new flights will be operated by Air Canada Jazz with 50-seat, made-in-Canada Bombardier CRJ aircraft.

27. Lack of action undermines government commitment to global competitiveness and open skies

The Air Transport Association of Canada (ATAC) expressed disappointment on March 19, 2007 that the Conservative government did not include airport rent reductions in the budget, despite promises they made in opposition to do so. The lack of action is hurting Canada's economic competitiveness and undermining the Transport Minister's Blue Sky agenda. Peru and Ecuador are the only other countries that have airport rents. Canadian airports will pay over \$300 million in rents in 2007 and have paid \$2 billion in rent to date.

28. Airport Rent Continues to Disadvantage Canada's Airports

The Canadian Airports Council expressed disappointment that the second budget of the Conservative government failed to address airport rent issues.

29. Aircraft movement statistics

Aircraft take-offs and landings at the 42 Canadian airports with NAV CANADA air traffic control towers was 3.3% higher in February 2007 compared with February 2006. Take-offs and landings reached 309,991 movements in February 2007 compared with 300,182 movements the same month a year earlier.

30. U.K. won't block air pact

According to the *National Post*, UK will not obstruct the 'open skies' agreement when EU transport Ministers meet on March 22, 2007 to approve the US-UK open skies agreement. It could however seek a delay in its implementation at London's Heathrow Airport. UK also wants the EU to withdraw some of the concessions under the pact if US does not permit purchase of US carriers by European airlines by mid-2010. UK claims that US achieved its goal of opening access without giving in to EUs demand to loosen ownership requirements.

31. British Airways fails to stop EU vote on air travel

British Airways' attempt to stop a European vote on deregulating transatlantic air travel appears to have failed. However, it has an alternative plan - lower fares, business class promotions, easier connections and a self-serve pantry - together with other defensive strategies. British Airways has always opposed the pact as it would open up the carrier's home base, Heathrow Airport, to more competition. At Heathrow, it is the dominant carrier with 40% of takeoff and landing slots. If the pact is signed it could go into effect in October 2007.

32. WestJet Announces Preferred Airline Partnership With Wal-Mart

WestJet announced that it is now the preferred, Canadian airline for Wal-Mart Stores Inc., the world's largest retailer. WestJet indicated that it secured the landmark customer by offering a strong value proposition and providing attractive,

low-cost airfares in conjunction with superior service.

33. Statement by Secretary Peters on the U.S.-EU Open Skies Agreement

On March 23, US Transport Secretary Peters made the following statement “The historic decision by the European Council of Ministers to endorse an Open Skies agreement between the U.S. and the EU will bring new and valuable benefits to air travellers and communities on both sides of the Atlantic. Tearing down regulatory barriers allows us to foster more affordable and convenient air travel and gives our airline industry more opportunities to compete, innovate and thrive. By expanding the ability of airlines to fly between Europe and the United States, this agreement will spur growth within our aviation network and enhance the freedom of American fliers to choose where and when they travel. We look forward to the positive effects this agreement will bring to the economic, political, and personal relationships between our two continents for years to come.”

34. EU approves landmark air agreement with U.S.

European Union transport ministers unanimously backed a landmark aviation accord with the United States that will increase competition in the \$18-billion trans-Atlantic cargo and passenger market. The agreement will scrap a 50-year old rule linking flying rights to a carrier’s nationality, and allow European and U.S. airlines to fly between any points in the 27 EU nations and the United States. The agreement is expected to lower passenger fares and air-cargo freight rates, boost traffic on the world’s busiest air route, and accelerate consolidation among European carriers. The implementation of the pact will be delayed by five months to March 2008 at the request of UK.

35. IATA Welcomes US/EU Open Skies Agreement

The International Air Transport Association (IATA) welcomed EU approval of the US-EU open skies agreement on March 22, 2007. The association also welcomed the establishment of a Joint Committee to monitor progress, particularly in two key areas. The first is to provide for second stage discussions on further liberalisation. The second area is harmonisation.

36. Congress won't stand in way of U.S.-EU aviation deal

Congress is not required to approve the new aviation agreement and will likely not take action to prevent implementation. The main concern of many lawmakers has been over a side issue on loosening foreign ownership restrictions which could arise in the future.

37. Ottawa seeks EU skies pact

A similar landmark agreement reached on March 22, 2007 between the United States and the United Kingdom to throw open transatlantic air travel to more competition and lower airfares is expected to be made by Canada. It began preliminary negotiations late last month with the other 26 European Union nations that could further open up more routes and airports for air travel between Europe and Canada.

38. Canada's Airports Safe, Airports Group Says

The Canada Airports Council said that Canada enjoys one of the safest and most secure aviation systems in the world in reaction to Senator Kenny’s report.

39. Harmony Airways ending scheduled flights

Harmony Airways Inc. will end scheduled flights on April 9, 2007 four years after it was launched by founder David Ho. The carrier had a fleet of four planes and 350 employees. Higher operating costs and tough competition were cited as reasons for terminating its scheduled operations. The carrier offered higher service on its routes and the termination of its services will likely mean higher fares and poorer service. The airline could resurface as a charter carrier.

40. WestJet Comments on Harmony Announcement

On March 27, 2007, WestJet's Executive Vice-President, commented on Harmony Airways' announcement to suspend scheduled operations effective March 30 for Toronto and April 9 for all other scheduled flights. "This is an unfortunate situation for Harmony and more so for the employees impacted by this announcement. Our thoughts are with them." WestJet will accommodate guests by extending its existing seat sales on certain route.

41. Passenger Demand Continues Strong Start to Year

The International Air Transport Association (IATA) released February 2007 traffic results showing that international passenger demand continued its strong start to the year with an increase of 6.8% year-on-year and up from 6.1% growth in January 2007. Demand for international freight rose 2.4% following a 3.0% increase in January 2007 continuing an 8-month trend of slower growth. Average international passenger load factors were 73.3%, up 0.5% year-on-year.

42. WestJet Plans for 13 Per Cent Capacity Growth for 2007

On March 29, 2007, WestJet's President Sean Durfy at the National Bank Financial Transportation and Logistics Conference indicated that the airline's seat capacity could rise 19 per cent for 2007. WestJet's planned seat capacity growth, measured in available seat miles (ASMs), for the full-year 2007 is estimated at 13 per cent. Capacity growth for the first quarter 2007, compared to the first quarter 2006, is anticipated to be 19 per cent.

WATER TRANSPORTATION

1. Port of Vancouver, Accumulated Traffic Report

The Port of Vancouver reports that container traffic for the month of January 2007 increased by 15% over January 2006. Imports increased by 17% whereas exports increased by 13%. The total TEUs in January were 175,576 which consisted of 98,215 imports and 77,361 exports.

2. Vancouver ports struggle with container backlog

The Vancouver Port Authority is struggling to clear a backlog of some 13,250 containers – a situation exacerbated by train derailments, the CN rail strike and bad weather in Western Canada. It is expected that it would take another four to six weeks before there would be some relief from congestion.

3. Antitrust Commission skips over Shipping Act

Draft recommendations by the Antitrust Modernization Commission made no recommendations to Congress about ocean carrier antitrust immunity under the *Shipping Act*. However, the final report may refer to it and will recommend how law makers should be looking at antitrust issues in general.

4. Canada begins work on Gateway

The Pitt River bridge in BC is the first project in the infrastructure program. Work has started on the project. The cost of this seven lane bridge across the Pitt River (\$US 169.3 million) will be shared by the federal and provincial government. The bridge will reduce traffic congestion and reduce interference with marine traffic. BC's gateway program encompasses three major projects: the North Fraser Perimeter Road Project; the South Fraser Perimeter Road Project; and the Port Mann Bridge/Highway 1 project. The Pitt River bridge is a standalone component of the first of the major projects.

5. Canada thinks big

Canada's Pacific Gateway infrastructure development is focussed on Asia-Pacific trade. In the past, this development was called the Pacific Gateway Strategy. Now it is called the Asia-Pacific Gateway and Corridor Initiative. The initiative is an integrated set of investment and policy measures. The Prime Minister called it a 'massive undertaking'. It is expected that this initiative will result in an increase in traffic at BC ports rising to 7 million by 2020 from 2 million TEUs in 2006. As a result, Canada's share of West

Coast container traffic is expected to rise from 9% to 14%.

6. China wants liner groups to negotiate rate changes

On March 22, 2007, China's Ministry of Communications Ocean carriers announced rules requiring that carrier conferences and discussion agreements negotiate rate and surcharge adjustments with shippers in that country.

7. Ports Vulnerable to terrorists: Report

Senator Colin Kenny indicates that despite the fact that nearly four years have passed since the last Senate Report on Security, few improvements have been made and the most serious problems have been allowed to persist throughout Canada's marine transportation system. The report identified: port workers (many) are not required to have background checks; port security is porous; and police presence at ports throughout Canada is inadequate.

8. Senate panel calls for tougher security at Canadian ports

Water Transportation

Canada

1. Port of Vancouver, Accumulated Traffic Report, February 13, 2007, www.portvancouver.com
2. Vancouver ports struggle with container backlog, March 10, 2007, www.ctl.ca
3. Antitrust Commission skips over Shipping Act, *The Journal of Commerce*, February 26, 2007, p. 8.
4. Canada begins work on Gateway, *The Journal of Commerce*, February 26, 2007, p. 34.
5. Canada thinks big, *The Journal of Commerce*, March 5, 2007, pp. 30-34.
6. China wants liner groups to negotiate rate changes, March 22, 2007, www.joc.com
7. Ports Vulnerable to terrorists: Report, *Financial Post*, March 23, 2007, p. A4.
8. Senate panel calls for tougher security at Canadian ports, *Globe and Mail*, March 23, 2007, p. A11.
9. Port of Vancouver, Accumulated Traffic Report [February], March 27, 2007, , www.portvancouver.com
10. Crew Members on Small Commercial Vessels Granted More Time for Safety Training, March 27, 2007, www.tc.gc.ca

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1. EU official lobbies against 100% box exams during Washington visit, March 7, 2007, www.americanshipper.com
2. NRF: July TEUs could top 2006 peak for U.S. ports, March 9, 2007, www.americanshipper.ca

A Senate Panel report indicates that Canada's ports need tougher security to prevent terrorists from sneaking deadly weapons into Canada. It accordingly wants: all containers examined not just a sample; restricted-area identification card for employees that would help control access to sensitive areas at ports; and increased RCMP national port enforcement teams by 1,300 to 1,500 members.

9. Port of Vancouver, Accumulated Traffic Report [February]

The Port of Vancouver reports that total containers for the month of February 2007 increased by 15% over February 2006. Imports increased by 21% whereas exports increased by 9%. The total TEUs in February were 348,031 which consisted of 194,212 imports and 153,819 exports. This represents a total increase of 16% and an increase in imports and exports of 23% and 9%, respectively.

10. Crew Members on Small Commercial Vessels Granted More Time for Safety Training

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on March 27, 2007 a one-year grace period for fish harvesters and sealers to complete mandatory training in the principles of basic safety at sea. These requirements are designed to improve safety aboard small commercial vessels.

RAIL TRANSPORTATION

1. Railway carloadings

Railway carloadings totalled 23.1 million metric tonnes in January, up 1.3% from the 22.8 million metric tonnes loaded in December 2006. The increase came from the non-intermodal category.

2. Rail transportation [2005 Preliminary]

The Canadian rail transportation industry reported sharply rising revenues in 2005, as freight volume increased. Operating revenues for the Canadian rail transportation industry rose 10.8% in 2005 from 2004 to \$9.8 billion and operating expenses rose 8.0% to \$7.5 billion in 2005. On the basis of origin and destination traffic, railways carried 280.6 million tonnes of commodities, up 3.4% from 2004. Coal remained the main commodity transported. Passenger revenues increased from \$265.2 million to \$282.9 million. Between 2001 and 2005, passenger revenues rose 5.4%. VIA Rail accounted for 90.4% of all revenue from rail passenger.

3. Canadian Pacific says Fording's coal sales expectations in-line with guidance

President of Canadian Pacific indicated that their coal sales forecast combined with the need to rebuild depleted inventories at port are consistent with their expectation to handle approximately 2 million incremental metric tonnes of coal for Elk Valley Coal Partnership this year compared with 2006. CPR serves all of the mines in southeastern British Columbia owned by Elk Valley Coal Partnership (EVC), in which Fording has a 60-per-cent interest.

4. CN profit a boon for top brass

Information that the top five executives at CN had multimillion dollar packets was

released as its management continues to clash with the United Transportation Union (UTU) over productivity measures. This probably did little to calm the UTU that went on a 15 day strike last month. The UTU will vote on a one-year contract with CN.

5. Weather whacks CP quarterly earnings

Canadian Pacific indicated that heavy snows and floods will hurt its first-quarter revenue, although it still expects growth of 4% to 6% for the year. The weather interruptions have led to pent-up demand from shippers.

6. CP Rail to buy back shares

Canadian Pacific Railway Ltd. said on March 26, 2007 that it is renewing its share buyback and plans to repurchase as much as 3.2 per cent of its common stock (or 4.98 million) over the coming year.

Rail Transportation

Canada

1. Railway carloadings , March 21, 2007, www.statcan.ca
2. Rail transportation [2005 Preliminary], March 21, 2007, www.statcan.ca
3. Canadian Pacific says Fording's coal sales expectations in-line with guidance, March 23, 2007, www.cpr.ca
4. CN profit a boon for top brass, *Globe and Mail*, March 23, 2007, p. B5
5. Weather whacks CP quarterly earnings, *Financial Post*, March 23, 2007, p. FP5.
6. CP Rail to buy back shares, *Globe and Mail*, March 27, 2007, www.tc.gc.ca
7. CN expects Q1-2007 diluted EPS to decline five to 10 per cent from year-earlier EPS as a result of severe weather, strike impact and operational disruptions during first-quarter 2007, March 29, 2007, www.cn.ca
8. CN blames strike for profit warning, March 30, 2007, www.globeandmail.ca

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1. Train Accidents Decline for Second Year in a Row Preliminary 2006 Safety Data Show, March 7, 2007, www.dot.gov

7. CN expects Q1-2007 diluted EPS to decline five to 10 per cent from year-earlier EPS as a result of severe weather, strike impact and operational disruptions during first-quarter 2007

On March 29, 2007, CN announced that it expects its first-quarter 2007 diluted earnings per share (EPS) to fall 5 to 10% below the diluted EPS of C\$0.66 of 2006 because of severe weather, a strike and recent landslides in the West.

8. CN blames strike for profit warning

According to the *Globe and Mail*, a strike at Canadian National Railway Co. last month prompted a rare profit warning on March 29, 2007. CN's management is clashing with the UTU over productivity measures. In an internal letter to CN managers, CEO, Mr. Harrison wrote "supervisors must do their part to create a new conciliatory atmosphere. If you find a situation where we have made a mistake and breached a collective agreement provision, admit it and resolve the claim."

HIGHWAY TRANSPORTATION

1. Competitive Disadvantage for Canadian Motor Carriers Removed as Longstanding Transborder Tariff Problem Resolved

The Canadian Trucking Alliance welcomed an announcement from the Canada Border Services Agency that the federal government will seek legislation to amend Tariff Item 9801.10 that places Canadian motor carriers at a competitive disadvantage compared to US carriers. Tariff Item 9801.10 prevented Canadian carriers from bringing US trucks or trailers used strictly in cross-border operations into this country without attracting duty and taxes on that equipment. The enforcement of that provision will now be suspended.

2. Mayors ask Ottawa for \$2B annually to boost public transit

The mayors of Canada's largest cities called on the federal government to pledge \$2-billion a year in permanent funding to upgrade and expand their transit systems as part of a larger national transit strategy.

3. Canada's New Government announces investment to cut commute times, clear the air and drive the economy in the Greater Toronto Area

Prime Minister Stephen Harper announced on March 6, 2007 up to \$962 million in partnership with the Province of Ontario and five municipalities to generate a combined investment of close to \$4.5 billion in public transit and highway infrastructure projects in the Greater Toronto Area (GTA). It is part of FLOW, the federal government's new long-term transportation action plan for the GTA consisting of key transportation infrastructure projects. The focus is on: cutting commuter times, clearing the air and driving the economy.

4. Smart Border Vision Blurred: Complacency about border is a threat to our economic well-being

David H. Bradley, Chief Executive Officer, Canadian Trucking Alliance indicated that there is no reason to be complacent due to a fall in border delays. The current fall in congestion is because exports have fallen. This could change as exports to the US increase but the problems of being bogged down with costly and often redundant so-called security measures

and fees continues. Then there are the new US agricultural inspection fees which will be imposed on all trucks crossing the border regardless of what they are hauling. Efficiency is being threatened because most trucks do not carry agricultural products. In addition, the slightest administrative error and one can be held up for hours and fined again, a cost to be borne by 99% who are not terrorists.

5. Canada's New Government and the Province of Ontario – Improving Highway 401 in Essex County

Highway Transportation

Canada

1. Competitive Disadvantage for Canadian Motor Carriers Removed as Longstanding Transborder Tariff Problem Resolved, February 28, 2007, www.ontruck.ca
2. Mayors ask Ottawa for \$2B annually to boost public transit, March 5, 2007, www.nationalpost.ca
3. Canada's New Government announces investment to cut commute times, clear the air and drive the economy in the Greater Toronto Area, March 6, 2007, www.tc.gc.ca
4. Smart Border Vision Blurred: Complacency about border is a threat to our economic well-being, March 9, 2007, www.cantruck.ca
5. Canada's New Government and the Province of Ontario – Improving Highway 401 in Essex County, March 9, 2007, www.tc.gc.ca
6. Running on Empty- The Fuel Crisis in Ontario, March 9, 2007, www.ontruck.ca
7. Toronto to unveil \$6-billion transit plan, March 16, 2007, www.globeandmail.ca
8. Trucking Commodity Origin and Destination Survey, March 16, 2007, www.statcan.ca
9. Federal Budget 2007: Conservatives to Restore 80% Tax Deduction for Truck Driver Meals, March 20, 2007, www.ontruck.com
10. Large urban transit [January 2007 Preliminary], March 21, 2007, www.statcan.ca
11. Couriers and Messengers Services Price Index, March 27, 2007, 2007, www.statcan.ca
12. New Toll Rates at International Bridge – Sault Ste. Marie, March 27, 2007, www.ontruck.org

US

1. BTS Releases North American Surface Trade Numbers for December: December Surface Trade with Canada and Mexico Fell 0.1 Percent from December 2005, February 28, 2007, www.dot.gov
2. BTS Releases North American Surface Trade Numbers for January: January Surface Trade with Canada and Mexico Fell 0.9 Percent from January 2006, March 29, 2007, www.dot.gov

On March 9, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, along with the Honourable Donna Cansfield, Ontario Transportation Minister, announced the completion of phase two of the widening of Highway 401 from Windsor to Tilbury, in Essex County. The third phase, which commenced construction in spring 2006 is expected to be complete by fall 2007. It involves improvements between Highway 77 and Essex Road 27.

6. Running on Empty- The Fuel Crisis in Ontario

The first two weeks of March 2007 witnessed severe fuel shortages across Ontario. The situation is improving but sporadic shortages are likely to occur across the province. The Ontario Trucking Association's campaign to get the government to act in this emergence revealed some deficiencies in dealing with crisis situations of this nature. First, there are no stockpiles of petroleum in reserve for emergency situations unlike that maintained in the US or EU. Second, there are no provisions in the *Canadian Environmental Protection Act* to allow the government to provide for any emergency suspension of its regulation, for example to allow for sale of higher sulphur content fuel.

7. Toronto to unveil \$6-billion transit plan

On March 16, 2007, the Toronto Transit Commission will unveil a \$6-billion plan to build a massive new light-rail network, anchored by lines that would stretch all the way from Etobicoke to Scarborough and bring rapid transit to the city's underserved suburbs. The network would essentially encircle the city. A number of cities are now pushing for a "national transit strategy" with funding from Ottawa.

8. Trucking Commodity Origin and Destination Survey

Preliminary statistics for 2004 on origin and destination trucking indicate that Canadian for-hire trucking companies, with annual operating revenue of \$1 million or more, hauled 65.9 million shipments weighing 604.3 million tonnes. Long distance carriers accounted for 69% of shipments and 60% of tonnage while local carriers hauled the rest.

9. Federal Budget 2007: Conservatives to Restore 80% Tax Deduction for Truck Driver Meals

On March 19, 2007, the federal budget, introduced in the House of Commons by finance minister, Jim Flaherty, will begin to restore the meal tax deductibility for long-haul truck drivers (or the company that reimburses them) to 80% in stages from the 50% level it has been at since 1994.

10. Large urban transit [January 2007 Preliminary]

Combined ridership on 10 large urban transit systems in Canada was 8.4% higher in January 2007 than it was for the same month in 2006. Approximately 119.5 million passenger trips were taken on these transit systems in January 2007. These systems account for about 80% of total urban transit in Canada. The trips generated \$193.2 million in revenue in January 2007 (excluding subsidies), a 11.5% increase over January 2006.

11. Couriers and Messengers Services Price Index

The Couriers and Messengers Services Price Index increased 0.3% to 122.8 (2003=100) in February 2007. The courier portion rose 0.2% on a monthly basis, while the local messengers component was up 0.4%.

12. New Toll Rates at International Bridge – Sault Ste. Marie

Effective April 1, 2007 tolls at the International Bridge in Sault Ste. Marie will increase to meet the decline in revenue and increased capital expenditures to make improvements.

Other Transportation

1. Canada ranks 7th as tourist destination: report

Canada ranks seventh in a new study of 124 world travel and tourism destinations, but could do a better job putting out the welcome mat for tourists. Canada scores high marks for its travel and tourism infrastructure, but needs to work on reducing air ticket taxes and offering a friendlier face to visitors from abroad, the report suggests.

2. Transportation policy deficiencies continue to thwart infrastructure investments

During a panel session at Transpo 07, it was indicated that there remain important policy deficiencies and challenges that thwart infrastructure investment despite good intentions. These deficiencies are: 1. Municipal/regional level policy and planning; 2. Big Picture Planning; 3. Funding; 4. Environmental Assessment Process; 5. Knowhow; and 6. Partnerships.

3. Federal policies creating a drag on tourism: Transat boss

The head of Transat AT Inc. said on March 13, 2007 that turbulence created by federal government policies is creating a drag on Canadian tour operators. It cited three factors that were responsible for this situation: 1. Government plans to cancel the GST exemption for foreign tourists; 2. Steep costs for carriers using Toronto International Airport; and 3. Landing, security and other fees at Toronto International Airport. Notwithstanding, the above disadvantages, the company indicated that it had the best-ever first-quarter performance. Profit fell to \$2.1-million from a year-earlier of \$5.2-million. If not for the impact of the fuel hedging profits would have been much higher. Revenue jumped 22.5 per cent to \$712.3-million.

4. TUI's travel unit merges with Britain's First Choice

Germany's TUI AG unveiled a tie-up of its tourism unit with Britain's First Choice on March 19, 2007 to boost its position as Europe's biggest travel firm in the face of new challenges from merging rivals. The TUI-First Choice merger will create a tourism group with revenues of about 12 billion pounds (\$23.4 billion). The merger comes about a month after Thomas Cook, Europe's second-

biggest travel firm, with sales of 12 b. euros, bought British rival MyTravel instead of opting to purchase First Choice.

5. Transport Canada Invites Seniors and Persons with Disabilities to Join the Advisory Committee on Accessible Transportation

On March 16, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, invited applications from seniors and persons with disabilities wishing to serve as committee members on the modernized Advisory Committee on Accessible Transportation.

6. Travel between Canada and other countries [January 2007]

Travellers to Canada from the United States made an estimated 1.2 million trips through the Ontario border crossings in January 2007, a 15.3% drop (and record low) from December 2006. Weather was cited as the cause. Travel to Canada from overseas countries also fell by 0.9% to 387,000 trips. Travel from Australia recorded the largest decline (-5.4%) while travel from India jumped 7.4%. Travel to US by Canadians declined 0.3 percent and travel to overseas countries increased 1.6% (i.e. 609,000 trips) in January 2007 from December.

7. National tourism indicators [Fourth quarter 2006 and annual 2006]

Overall tourism spending (resident and non-resident) was up 1.8% in the fourth quarter of 2006. International travel deficit (i.e., spending by Canadians abroad in excess of spending by international travellers in Canada) was a record \$2.1 billion for this quarter. Tourism spending (in current dollars) in Canada reached \$66.9 billion in 2006. Tourism demand has been on the rise since the second quarter of 2003.

Other Transportation

1. Canada ranks 7th as tourist destination: report, March 1, 2007, www.globeandmail.ca
2. Transportation policy deficiencies continue to thwart infrastructure investments, March 2, 2007, www.ctl.ca
3. Federal policies creating a drag on tourism: Transat boss, March 14, 2007, www.globeandmail.ca
4. TUI's travel unit merges with Britain's First Choice, March 19, 2007, www.nationalpost.ca
5. Transport Canada Invites Seniors and Persons with Disabilities to Join the Advisory Committee on Accessible Transportation, March 16, 2007, www.tc.gc.ca
6. Travel between Canada and other countries, March 20, 2007, www.statcan.ca
7. National tourism indicators [Fourth quarter 2006 and annual 2006], March 29, 2006, www.statcan.ca

Conferences

1. 11th International Conference on Mobility and Transport for Elderly and Disabled Persons (Transed), June 18-21, 2007 Palais des congrès de Montréal Convention Centre, Montreal.
2. Airports Canada 2007, Conference and Exhibition, April 25 - 26, 2007 at the Hilton Lac-Leamy Hotel & Casino in Ottawa-Gatineau, www.cacairports.ca
3. Linking Canada to the World: The Role of Aviation in Canada's Gateway Strategy, May 16, 2007, Marriott Hotel, 100 Kent street, Ottawa, www.atac.ca
4. Fourth Annual Short Sea Shipping Conference, April 16-18, 2007, JW Marriott Grande Lakes, Orlando, Florida, USA, www.joc.com/conferences/sss

Publications

1. *Tourism satellite account: Human resource module update [1997 to 2005]* March 2007, Statistics Canada, Cat. no. 13-604-MIE-No. 055.