

Transportation Information Update*

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AIR TRANSPORTATION

1. Air Canada offers attractive savings to fly as much as you want with the 'Winter Getaway Pass'

On October 30, 2007, Air Canada launched a special Flight Pass promotion offering attractive savings with the freedom of unlimited travel this winter to destinations across Canada and between Canada and the U.S. Its starting price is \$529 plus GST.

2. Non-Stop Service From Kelowna to Vegas is a Sure Bet!

WestJet announced on October 31, 2007, the introduction of new seasonal non-stop service from Kelowna, B.C. to Las Vegas, Nevada beginning January 17, 2008.

3. Domestic airlines face low-cost rival from U.S.

Low-cost U.S. carrier JetBlue Airways Corp. is applying to launch charter and scheduled service between Canada and the United States, a move that is expected to shake up Canadian rivals and reduce transborder fares. Spokesman for JetBlue said "There's no real meaningful low-fare competition on transborder routes".

4. Traffic Demand Strong Despite Economic Uncertainty

The International Air Transport Association (IATA) released traffic results for September 2007. The main highlights are: international passenger traffic increased 8.2% in September 2007, down from 8.6% in August 2007, but well above the growth of 7.3% for the year-to-date; the average international passenger load factor was 77.4% in September 2007, 0.5 percentage points higher than that recorded in September 2006; international air freight demand grew 5.0% in September 2007, down from 6.0% in August 2007, but well above the weak levels of growth seen in the first half of 2007; and growth for the year-to-date has improved to 4.0%.

5. Paper-Free Air Freight Era Begins - IATA Launches Six E-Freight Pilots

The International Air Transport Association (IATA) working with seven key cargo airlines, freight forwarders and ground handling agents kick-started the move to a paper-free air cargo environment with the launch of six e-freight pilot projects. It will involve, cargo on key trade routes connecting Canada and a few other countries.

6. Air Canada expands Canada-Germany services with Lufthansa; Introduces Ottawa-Frankfurt non-stop service year-round

On November 5, 2007, Air Canada announced a major expansion of service between Canada and Germany in cooperation with its Star Alliance partner, Lufthansa. It features new non-stop flights between Ottawa-Frankfurt and Toronto-Dusseldorf, as well as the addition of a second daily non-stop flight between Calgary-Frankfurt.

7. ATAC Welcomes Independent Consultant's Study on Aviation and the Environment

The Air Transport Association of Canada (ATAC) released the first comprehensive and independent review of greenhouse gas emissions from commercial aviation operations in Canada. ATAC President said "We are very pleased to receive this independent study that clearly identifies the relatively small carbon footprint of commercial aviation in Canada"

8. Canada's Cargo Airports Launch "Cargo Canada" at Air Cargo Americas

The Canadian Airports Council and 13 cargo airports launched 'Cargo Canada' as an informational campaign to raise awareness of Canada as a fast, reliable and cost effective conduit for air cargo between North America and the rest of the world.

Current Developments in Brief Air Transportation

CANADA

1. Air Canada offers attractive savings to fly as much as you want with the 'Winter Getaway Pass', October 30, 2007, www.aircanada.ca
2. Non-Stop Service From Kelowna to Vegas is a Sure Bet!, October 31, 2007, www.westjet.ca
3. Domestic airlines face low-cost rival from U.S., Oct. 30, 2007, www.globeandmail.ca
4. Traffic Demand Strong Despite Economic Uncertainty, November 2, 2007, www.iata.org
5. Paper-Free Air Freight Era Begins - IATA Launches Six E-Freight Pilots, November 5, 2007, www.iata.org
6. Air Canada expands Canada-Germany services with Lufthansa; Introduces Ottawa-Frankfurt non-stop service year-round, Nov. 5, 2007, www.aircanada.ca
7. ATAC Welcomes Independent Consultant's Study on Aviation and the Environment, Nov. 5, 2007, www.atac.ca
8. Canada's Cargo Airports Launch "Cargo Canada" at Air Cargo Americas, Nov. 5, 2007, www.cacairports.ca
9. Air Canada reports October traffic, Nov. 6, 2007, www.aircanada.ca
10. WestJet Reports Record October Load Factor of 78.1 Per Cent, Nov. 6, 2007, www.westjet.ca
11. WestJet profit gets lift from loonie, Nov. 7, 2007, www.globeandmail.ca
12. WestJet Reports Record Third Quarter and Year-To-Date Results, Nov. 7, 2007, www.westjet.ca
13. Canada's Government Announces Air Transport Agreement with Republic of Singapore, Nov. 7, 2007, www.tc.gc.ca
14. Canada's Airports Encouraged by Progress in Singapore Air Regime, Nov. 7, 2007, www.cacairports.ca
15. Air Canada reports third quarter results; posts record operating income, Nov. 9, 2007, www.aircanada.ca
16. ACE profit hits \$224-million Globe and Mail Update, Nov. 9, 2007, www.globeandmail.ca
17. EU calls time on misleading airline ticket websites, Nov. 14, 2007, www.euroopa.eu
18. EU threatens airline websites, Nov. 14, 2007, www.globeandmail.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.

9. Air Canada reports October traffic

Air Canada reported a load factor of 79.1 percent for October 2007, 0.1 points higher than that recorded in October 2006. The main line carrier flew 2.8 percent more revenue passenger miles (RPMs) in October 2007 than in October 2006. Air Canada's capacity increased by 2.7 percent for October 2007. Jazz's capacity for October 2007 decreased by 0.4 per cent, resulting in a load factor of 74.2 percent, compared to 72.5 percent in October 2006; an increase of 1.7 percentage points. On a combined basis (Air Canada and Jazz), system traffic rose 2.7 per cent on a capacity increase of 2.4 percent, resulting in a load factor of 78.6 percent for October 2007. International traffic (RPMs) increased by 3.2% for the same period on a capacity increase of 2.7%.

10. WestJet Reports Record October Load Factor of 78.1 Per Cent

WestJet announced on November 6, 2007, its traffic for October 2007 featured a record load factor to 78.1%, compared with 74.9% in October 2006. Revenue passenger miles (RPMs) and available seat miles (ASMs) for October 2007 increased by 20.5% and 17.6% over October 2006, respectively. Sean Durfy WestJet's president said "Our record load factor indicates we continue to attract new guests and benefit from strong guest loyalty, thanks to our caring and dedicated people...."

11. WestJet profit gets lift from loonie

WestJet Airlines Ltd.'s profit jumped 44 per cent in the third quarter of 2007 as the surging Canadian dollar lifted travel demand and offset record high oil prices. It earned \$76.1-million, or 58 cents a share, in the quarter, up from a year's earlier earnings of \$52.8-million, or 41 cents a share.

12. WestJet Reports Record Third Quarter and Year-To-Date Results

On November 7, 2007, Westjet announced its third quarter financial results for 2007. Compared to the same quarter in 2006, it reported: net earnings of \$76.1 million compared to \$52.8 million, a increase of 44 per cent; revenue of \$614.1 million, compared to \$502.3 million, an improvement of 22.3 per cent; capacity or available seat miles of 3.8 billion compared to 3.3 billion, an increase of 14.4 per cent; load factor of 83.2 per cent, compared to 80.5 per cent, a 2.7 points increase; revenue passenger miles of 3.2 billion compared to 2.7 billion, an increase of 18.3 per cent; and revenue per available seat mile of 16.2 cents, compared to 15.2 cents, an increase of 6.6 per cent. Sean Durfy commented "These results demonstrate another quarter of hard work by our people and their ability to continue the positive momentum of our airline."

13. Canada's Government Announces Air Transport Agreement with Republic of Singapore

Government officials announced the conclusion of a bilateral air transport agreement with the Republic of Singapore on November 7, 2007. The agreement is a modern framework for air services that permits any number of air carriers from either country to operate non-stop passenger and all-cargo scheduled air services as frequently as desired, between any city in Canada and Singapore. It also provides for code-sharing.

14. Canada's Airports Encouraged by Progress in Singapore Air Regime

Canadian Airports Council indicated that it was encouraged by the Governments recent air agreement with Singapore. It was however disappointed that it was not an

open skies agreement (as it does not provide 5th freedom rights) similar to the ones with US, UK, Ireland, Iceland and New Zealand. Nevertheless, it will provide the basis for something to build on.

15. Air Canada reports third quarter results; posts record operating income

Air Canada reported its third quarter results (i.e., excluding Jazz) on November 7, 2007. It indicated that: passenger revenues were up \$108 million or 4.2% over the third quarter of 2006; the passenger load factor was at 81.5 per cent, a 0.3 decrease compared to the same period last year; the operating income was \$351 million compared to an operating income of \$130 million in the third quarter of 2006, a increase of \$221 million; and net income was \$273 million in the third quarter of 2007 compared to a net income of \$44 million for the same quarter in the 2006. Montie Brewer, Air Canada's President and Chief Executive Officer said "I am very pleased to report a strong third quarter highlighted by record operating income that resulted from both strong revenue growth and reduced unit costs."

16. ACE profit hits \$224-million Globe and Mail Update

19. The [EC] Commission Proposes a revision of the Code of Conduct for Computer Reservation Systems [CRS], Nov. 14, 2007, www.europa.eu

20. Airport slot allocation: for a better use of scarce airport capacity in Europe, November 15, 2007, www.europa.eu

21. Aircraft movement statistics [October 2007 (preliminary)], Nov. 16, 2007, www.statcan.ca

22. Air Canada leases additional Boeing 777-300ER to continue wide-body fleet renewal and modernization, Nov. 16, 2007, www.aircanada.ca

23. WestJet seeks deal with Air France Strategic partnership would intensify Calgary airline's rivalry with Air Canada in Montreal firm's backyard, Nov. 19, 2007, www.globeandmail.ca

24. Airline Passengers Call for More Self-Service, Nov. 20, 2007, www.iata.org

25. Government Urges U.S. to Consider Exemption for All of Canadian Overflights, Nov. 22, 2007, www.tc.gc.ca

26. Air Canada announces expanded service, increased capacity between Saint John, Montreal and Ottawa, Nov. 2007, www.aircanada.ca

27. Canada Begins Negotiations with European Union on Blue Sky's First Anniversary, Nov 27, 2007, www.tc.gc.ca

28. Business, Tourism, Airports Sectors Urge Canada to Conclude Open Skies Agreement with Europe, Nov. 27, 2007, www.cacairports.ca

US - EU

1. British Airways books 52% rise in profit, November 2, 2007, www.globeandmail.ca

2. Airline On-Time Performance Improves in September with Fewer Cancellations, Mishandled Bags, Nov. 5, 2007, www.dot.gov

3. Consumers: EU crackdown on misleading airline ticket websites, Nov. 14, 2007, www.europa.eu

4. BTS Releases September Passenger Airline Employment Data; September 2007 Employment Up 3.0 Percent from September 2006, Nov. 16, 2007, www.dot.gov

5. DOT Fines Carriers for Failing to Disclose On-Time Performance, Nov. 19, 2007, www.dot.gov

Air Canada reported that fully diluted share profit was \$1.84, compared with 95 cents, while revenue was \$3.02-billion, compared with \$2.95-billion.

17. EU calls time on misleading airline ticket websites

The EU is clamping down on airline ticket websites that use misleading advertising and unfair practices to lure buyers into booking flights. Free or cut-price tickets that turn out not to be available; airport taxes and other hidden costs; insurance that is automatically added unless you opt out – these are just some of the unlawful practices the EU has found on over 50% of the websites checked.

18. EU threatens airline websites

More than half of Europe's airlines including Ryanair could be forced to close their websites next year if they fail to remedy problems shown by the EU consumer affairs watchdog in a probe carried out in September 2007. The results of the investigation shows that “over 50 per cent of all websites showed irregularities, in particular relating to price indications, contract terms and clarity of proposed conditions”.

19. The [EC] Commission Proposes a revision of the Code of Conduct for Computer Reservation Systems [CRS]

The EU proposes to simplify the Code of Conduct applicable to computer reservation systems. The revision is intended to reinforce competition between CRS providers while maintaining basic safeguards against potential abuse in case of close links between CRS providers and airlines while maintaining neutrality in the provision of information to consumers.

20. Airport slot allocation: for a better use of scarce airport capacity in Europe

On November 15, 2007, the European Commission adopted a Communication on the operation of the amended slot allocation Regulation of 2004. The Communication concludes that there have been improvements in the use of scarce airport capacity, but there is still some room for improvement, especially where it concerns market access and efficient use of slots. The Commission will therefore concentrate on the implementation of provisions where stakeholders have experienced particular difficulties.

21. Aircraft movement statistics [October 2007 (preliminary)]

The 42 Canadian airports with NAV CANADA air traffic control towers reported 442,810 aircraft take-offs and landings in October 2007, up 15.0% compared with October 2006 (385,200). This is the 17th successive increase.

22. Air Canada leases additional Boeing 777-300ER to continue wide-body fleet renewal and modernization

Air Canada announced on November 16, 2007 that it has signed a 10-year lease for one new Boeing 777-300ER from International Lease Finance Corporation to continue its wide-body fleet renewal and modernization program.

23. WestJet seeks deal with Air France Strategic partnership would intensify Calgary airline's rivalry with Air Canada in Montreal firm's backyard

WestJet Airlines Ltd. is holding talks with Air France to forge a strategic partnership that would give new ammunition to the Calgary-based carrier, intensifying the battle against Air Canada in its own Quebec backyard. It has been suggested that this may mark WestJet's attempt to sign more co-operation deals with foreign carriers, notably Cathay Pacific Airways Ltd. and British Airways PLC.

24. Airline Passengers Call for More Self-Service

The International Air Transport Association (IATA) survey shows that not only are passengers accepting high-tech travel options, but are also demanding even more opportunities to take control of their travel experience.

25. Canada's Government Urges U.S. to Consider Exemption for All of Canadian Overflights

On November 22, 2007, the Government of Canada has submitted its official comments on the United States Notice of Proposed Rulemaking by the Department of Homeland Security on the Secure Flight Program, urging the U.S. to exempt all Canadian overflights. The 1944 Chicago Convention provides every country the right to regulate access to its airspace, including overflights that do not land in its territory.

26. Air Canada announces expanded service, increased capacity between Saint John, Montreal and Ottawa

Air Canada announced on Nov. 23, 2007 that starting in Jan. 2008 it is launching same-plane service between Saint John and Ottawa and dedicating a larger aircraft for morning flights to and from New Brunswick's largest city and Montreal.

27. Canada Begins Negotiations with European Union on Blue Sky's First Anniversary

The first round of negotiations for an Open Skies-type air transport agreement between Canada and the European Union was announced by government officials. The European Union is Canada's second largest air transport market (6.7 million one-way passenger trips). 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 all 27 member states would be governed by a single regime.

28. Business, Tourism, Airports Sectors Urge Canada to Conclude Open Skies Agreement with Europe

A coalition of groups representing Canadian Airports Council, Canadian Chamber of Commerce and the Tourism Association of Canada urged the Government to conclude an Open Skies Agreement with the EU. Such an agreement would increase passengers flying between the two countries from 8 million to 14 million by 2011. It would also increase consumer benefits by \$110 million by lower fares and increase employment by 3,700.

WATER TRANSPORTATION

1. Port of Montreal - Accumulated Container Traffic Report - Year to Date September 2007

Year-to-date (i.e., January to September 2007) container traffic statistics were released by the Port of Montreal. For the period January to September 2007, the total number of container (TEUs) traffic was 1,016,197 an increase of 5.5% over the same period in 2006. Exports did better than imports, recording an increase of 8.6% compared to 2.3%. In terms of metric tonnes, total container traffic was 9.7% greater than the same period last year.

2. Port of Montreal - Accumulated General and Bulk Cargo Report - Year to Date September 2007

Year-to-date (i.e., January to September 2007) general (container and non-container) and bulk cargo (dry and liquid) statistics were released by the Port of Montreal. For the period January to September 2007, the total volume of general cargo was 9,413,479 (metric tonnes) an increase of 7.1% over the same period in 2006. The total volume of bulk cargo was 9,724,882 (metric tonnes) a decrease of 2.2% over the same period in 2006. Exports did better than imports recording an increase of 23.5% compared to a decrease of 8.1% for both general and bulk cargo.

3. Port of Montreal - Third Quarter 2007 Container

Third quarter statistics for 2007 for inbound and outbound traffic indicate that the number of TEUs increased by 4.8% and 7.6% when compared to same quarter in 2006. However, when compared to the second quarter of 2007, the number of TEUs for both inbound and outbound traffic decreased 3.1% and 6.1%, respectively.

4. First call for Prince Rupert

Prince Rupert, North America's newest container port, began the loading of its first ship, the 5,400-TEU Antwerp operated by China Ocean Shipping Co. on November 1, 2007.

5. New Proposed Regulations for Marine Safety Violations

On November 7, 2007, government officials announced proposed Administrative Monetary Penalties Regulations to establish a comprehensive and consistent method outside of the courts, for penalizing marine safety violations across Canada. They would help the marine community operate in a manner that is safer, more efficient, and environmentally sound. In addition, they would promote consistency of enforcement without using the criminal court system.

6. Annual Survey of Water Carriers [2005]

In 2005, the 111 for-hire marine carriers earned \$231 million in income, as revenues rose 9.6% to \$2.9 billion. The for-hire sector recorded \$2.4 billion in liabilities against \$3.1 billion in assets. Government marine carriers had \$828 million in revenues and \$841 million in expenses in 2005.

7. Port of Vancouver, Accumulated Traffic Report [October 2007]

The Port of Vancouver released its accumulated container traffic report for October 2007. Total year-to-date traffic was 1,913,182 TEUs for October 2007, an increase of 4% over October 2006. Year-to-date imports (TEUs) increased by 6% and exports increased by 2%.

8. Port of Vancouver, Accumulated Cruise Traffic Report [November 2007]

The Port of Vancouver released its accumulated cruise traffic report for November 2007. Total year-to-date cruise traffic was 960,554 passengers for November an increase of 14.6% over November 2006. For the month of November 2007, cruise traffic was 1,771 passengers.

9. Port of Vancouver, Cargo Statistics Report [YTD - Sept. 2007 - Sep. 2006]

Total tonnage for the first three quarters of 2007 at the Port of Vancouver was 60,872,816 an increase of 3.4% above the first three quarters in 2006. The change for the period for: container, bulk (liquid), bulk (dry) and breakbulk was 8.6%, 8.0%, 2.3% and -21.7%, respectively.

Water Transportation

Canada

1. Port of Montreal - Accumulated Container Traffic Report - Year to Date September 2007, November 1, 2007, www.portofmontreal.ca
2. Port of Montreal - Accumulated General and Bulk Cargo Report - Year to Date September 2007, November 1, 2007, www.portofmontreal.ca
3. Port of Montreal - Third Quarter 2007, November 1, 2007, www.portofmontreal.ca
4. First call for Prince Rupert, November 1, 2007, www.joc.com
5. New Proposed Regulations for Marine Safety Violations, Nov. 7, 2007, www.tc.gc.ca
6. Annual Survey of Water Carriers [2005], Nov. 9, 2007, www.statcan.ca
7. Port of Vancouver, Accumulated Traffic Report [October 2007], Nov. 13, 2007, www.portvancouver.ca
8. Port of Vancouver, Accumulated Traffic Report [November 2007], Nov. 13, 2007, www.portvancouver.ca
9. Port of Vancouver, Cargo Statistics, [Year to Date Sep. 2007-Sept.2006], Nov. 13, 2007, www.portvancouver.ca
10. Another record year for Port of Quebec, Nov. 13, 2007, www.canadiansailings.com
11. Transport Minister Introduces Amendments to the Canada Marine Act, November 16, 2007, www.tc.gc.ca
12. Canada and the United States Release Joint Study to Ensure the Great Lakes and St. Lawrence Seaway System Continues to Serve North America Efficiently, Nov. 27, 2007, www.tc.gc.ca
13. GSF-ESC: Guidelines shouldn't dilute EC ban on liner conferences, Nov. 26, 2007, www.americanshipper.ca

US

1. APL taking delivery of the worlds first ocean-capable 53-ft containers, November 31, 2007, www.ctl.ca
2. Intermodal transport- Motorways of the sea-Conclusions of the Ministerial conference on Motorways of the Sea and Logistics, 23/10/2007, Lisbon, Portugal, www.europa.eu
3. Final Front is Asia [Global Shippers' Forum prepares to fight antitrust immunity...], *American Shipper*, Nov. 5, 2007, pp. 6-10.
4. Asia's antitrust revolution, *American Shipper*, Nov. 5, 2007, pp. 10-12.
5. U.S. container ports' peak season traffic below 2006 levels, Nov. 7, 2007, www.americanshipper.ca
6. Soaring fuel costs changing shipping business, Nov. 13, 2007, www.joc.com
7. Tilt - Operators say Southern California has pulled back the welcome mat on port development, Nov. 5, 2007, *The Journal of Commerce*, pp. 12-15.
8. Left behind - Shortages of equipment and vessel capacity bedevil exporters, especially in the Midwest, Nov. 5, 2007, *The Journal of Commerce*, pp. 32-34.
9. U.S. mulls national port strategy: Marad Administrator, Nov. 16, 2007, www.joc.com

10. Another record year for Port of Quebec

The Port of Quebec is once again enjoying a record year with more than 25 million tonnes of cargo expected in 2007. That represents a 63-per-cent increase since 2001. Quebec City is now to bulk cargo what Montreal is to containers. Liquid bulk has accounted for the lion's share of cargo handled at the Port of Quebec in 2007 - roughly 60% (or 14 million tonnes). Its two main terminal operators are: St. Lawrence Stevedoring which handles ores and concentrates at the dry bulk terminal in Beauport; and IMTT-Québec which runs the liquid bulk terminal are also enjoying record years. Other terminal operators: Canterm Canadian Terminal, Beton Provincial, La Coop Fédérée, Centre de Distribution de Sillery and Midatlantic Minerals are witnessing strong performances.

11. Transport Minister Introduces Amendments to the *Canada Marine Act*

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, on November 16, 2006 introduced proposed amendments to the *Canada Marine Act*. These amendments will strengthen the operating framework for Canada Port Authorities (CPAs) by modifying the current borrowing regime, providing for access to contribution funding, and clarifying some aspects of governance. The amendments would also include provisions regarding amalgamation of CPAs and introduce new provisions to make the enforcement of minor violations easier to manage. A number of policy initiatives to modernize the National Marine Policy, streamline the process for borrowing limits and enhance flexibility in management of port lands were also introduced.

12. Canada and the United States Release Joint Study to Ensure the Great Lakes and St. Lawrence Seaway System Continues to Serve North America Efficiently

On November 26, 2007, government officials from Canada and the US, announced the completion of the Great Lakes St. Lawrence Seaway Study (GLSLS). The study's four major observations suggest that: 1) the GLSLS system has the potential to alleviate congestion (road and rail); 2) the stronger focus on shortsea shipping would allow the GLSLS system to be more closely integrated (with road and rail); 3) the existing infrastructure of the GLSLS system must be maintained; and 4) the long-term health and success of the GLSLS system will depend in part on its sustainability.

13. GSF-ESC: Guidelines shouldn't dilute EC ban on liner conferences

Officials with the Global Shippers' Forum and European Shippers' Council on November 23, 2007, indicated that guidelines announced by the European Commission regarding the application of competition rules to the liner shipping sector don't sufficiently rule out ambiguities that could lead shipping lines to continue collusive practices. At the centre of this debate is provision to include information sharing.

RAIL TRANSPORTATION

1. Canadian Pacific building momentum for 2008

Canadian Pacific Railway provided information on October 30, 2007 about its activities and plans for 2008. It included an overview of CP's 2008 strategy, revenue and earnings outlook, capital expenditures and free cash expectations. The outlook for 2008 for diluted earnings per share based on certain assumption is expected to be in the range of \$4.70 to \$4.85, an increase of nine per cent to 13 per cent over \$4.30, the lower end of the 2007 earnings guidance range. CP expects total revenue to increase by four per cent to six per cent in 2008 and total operating expenses to increase by three per cent to five per cent. Capital investment is expected to be in the range of \$885 million to \$895 million in 2008, similar to that in 2007. CP expects free cash to be in excess of \$250 million in 2008.

2. CN files application with U.S. Surface Transportation Board seeking regulatory approval to acquire the major portion of the Elgin, Joliet & Eastern Railway Company

On October 30, 2007, CN filed with the United States Surface Transportation Board (STB) its application seeking regulatory authorization to acquire the principal rail lines of the Elgin, Joliet & Eastern Railway Company (EJ&E). The acquisition would result in improved reliability and service to both CN and EJ&EW customers.

3. CN and Canadian Pacific sign routing protocol

CN and Canadian Pacific announced on November 1, 2007 that they have reached agreement on a routing protocol to expedite their exchange of interline freight traffic at key gateways. It is intended to direct flows of interline traffic through the

most efficient interchange locations and in some cases remove traffic from congested locations. Further, it is expected to benefit customers and effectively generate increased rail capacity to accommodate traffic growth. The routing protocol will result in a number of changes: 1) 14 gateways (principally Montreal (St-Luc), Milwaukee, and Winnipeg (Paddington)) will experience an increase in volume of interline traffic; and 2) 15 gateways (including Chicago, Minneapolis, Superior, Wis., Calgary and several Southern Ontario locations) will see lesser volumes of interline traffic.

4. Go Transit Announces Union Station Signalling Contract

GO Transit announced on November 9, 2007, the approval to award the Union Station electrical and communications contract to Siemens Canada Limited. The contract, worth \$280 million, is the largest contract in GO Transit's history.

5. A Canadian solution to scrap tie disposal; CP signs agreement with the ACC

On November 9, 2007, Canadian Pacific signed an agreement with the Aboriginal Cogeneration Corporation (ACC) that offers a new Canadian solution to CP's need for disposal of scrap railway cross ties. Through this new program, the scrap ties will be converted to useable energy through a process called gasification.

6. The Government of Canada and Railway Association of Canada Sign New Agreement on Railway Security

On November 15, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities and Mr. Cliff Mackay, president and chief executive officer of the Railway Association of Canada (RAC), signed a Memorandum of Understanding (MOU) to strengthen railway security. The MOU replaces the one signed in 1997.

7. Canadian Pacific and Teamsters agree to no strike/no lockout protocol pending further discussions

Canadian Pacific Railway Limited and the Teamsters Canada Rail Conference (TCRC), representing 4,500 locomotive engineers and conductors, have entered into a no strike/no lockout agreement while the parties discuss the next steps given the failure to ratify the Memorandum of Settlement between CP and the TCRC-RTE.

8. Railway carloadings [September 2007 and third quarter 2007]

Canadian railways recorded their strongest 2007 third quarter freight loadings in seven years despite a decrease in loadings during the last month of the quarter. Railways loaded 23.9 million metric tonnes of freight in September 2007, a decrease of 4.2% from the 24.9 million metric tonnes reported in August 2007. The intermodal portion, which consists of both containers and trailers loaded on flat cars, declined 7.7% in September 2007 to 2.4 million metric tonnes.

Rail Transportation

Canada

1. Canadian Pacific building momentum for 2008, October 30, 2007, www.cpr.ca
2. CN files application with U.S. Surface Transportation Board seeking regulatory approval to acquire the major portion of the Elgin, Joliet & Eastern Railway Company, October 30, 2007, www.cn.ca
3. CN and Canadian Pacific sign routing protocol, November 1, 2007, www.cpr.ca
4. Go Transit Announces Union Station Signalling Contract, Nov. 9, 2007, www.tc.gc.ca
5. A Canadian solution to scrap tie disposal; CP signs agreement with the ACC, Nov. 9, 2007, www.cpr.ca
6. The Government of Canada and Railway Association of Canada Sign New Agreement on Railway Security, November 15, 2007, www.tc.gc.ca
7. Canadian Pacific and Teamsters agree to no strike/no lockout protocol pending further discussions, Nov. 18, 2007, www.cpr.ca
8. Railway carloadings [September 2007 and third quarter 2007], Nov. 21, www.statcan.ca

HIGHWAY TRANSPORTATION

1. Couriers and Messengers Services Price Index [September 2007]

The Couriers and Messengers Services Price Index decreased 0.1% to 125.4 (2003=100) in September 2007. The courier portion remained unchanged on a monthly basis, while the local messengers component edged down 0.3%.

2. Movin' on UPS: Carrier makes largest ever Canadian capital investment

Courier giant UPS Canada announced on November 31, 2007 that it will be expanding its already huge Vaughan, Ont., hub as part of a \$72-million expansion project, scheduled for completion by 2009. This new facility will be the largest UPS small package hub in Canada. The capital investment is expected to generate 900 new jobs. **3. Four-lane Trans-Canada Highway in New Brunswick Open to Traffic**

On November 1, 2007, the last 98 kilometres of the four-lane Trans-Canada Highway (Route 2) in the province was opened. The entire 516 kilometres of highway from the Nova Scotia border to the Quebec border is now a divided, four-lane highway increasing safety and economic opportunity.

4. Trucking Alliance Urges Transport Minister to Take Action to Prevent Provinces from Opting out of Harmonized Hours of Service Rules for Truck Drivers

The Canadian Trucking Alliance is raising alarm bells over the stated intention of a number of provinces, particularly in western Canada, to back away from a commitment to adopt the new Canadian standard for truck driver hours of service that came into force at the beginning of this year.

5. New minister confirms commitment to speed limiters

Ontario's new transportation minister, Jim Bradley, says speed limiters will remain on the docket. When the matter is complete new legislation will be introduced.

6. Motor Vehicle Fuel Consumption Standards Act Proclaimed

On November 7, 2007, government officials welcomed the proclamation into law of the *Motor Vehicle Fuel Consumption Standards Act* (MVFCSA). Besides providing for one national standard, it will help regulate efficiency and achieve reduction of gas emissions to 5.3 megatonnes by 2010.

7. Strike Averted at Blue Water Bridge

Employees of the union at the Blue Water Bridge have voted in favour of the contract put forth by the Blue Water Bridge Canada authority. As a result there will be no strike.

8. Government of Canada and Province of B.C. Support Highway Upgrading

The Government of Canada and the Province of British Columbia will contribute to the upgrading of 4.2 km of highway to four lanes at the Wright Station Curves in B.C. The Government of Canada will contribute up to \$4.2 million for the project.

9. Chrysler CEO urges new international bridge

The president and CEO of Chrysler Canada insists that the Windsor-Detroit Gateway needs a new bridge. This was heightened by the rapidly rising loonie and the impact on efficiency. He echoed sentiments reflected in a recent Conference Board Report.

10. Quebec to accelerate speed limiter legislation

On November 13, 2007, the transport minister of Quebec indicated that her

Highway Transportation

Canada

1. Couriers and Messengers Services Price Index [September 2007], October 31, 2007, www.statcan.ca
2. Movin' on UPS: Carrier makes largest ever Canadian capital investment, Nov. 31, 2007, www.todaystrucking.ca
3. Four-lane Trans-Canada Highway in New Brunswick Open to Traffic, November 1, 2007, www.tc.gc.ca
4. Trucking Alliance Urges Transport Minister to Take Action to Prevent Provinces from Opting out of Harmonized Hours of Service Rules for Truck Drivers, Nov. 6, 2007, www.cantruck.ca
5. New minister confirms commitment to speed limiters, Nov. 6, 2007, www.todaystrucking.ca
6. *Motor Vehicle Fuel Consumption Standards Act* Proclaimed, Nov. 7, 2007, www.tc.gc.ca
7. Strike Averted at Blue Water Bridge, November 6, 2007, www.ontruck.ca
8. Government of Canada and Province of B.C. Support Highway Upgrading, Nov. 8, 2007, www.tc.gc.ca
9. Chrysler CEO urges new international bridge, Nov. 9, www.todaystrucking.ca
10. Quebec to accelerate speed limiter legislation, Nov. 13, 2007, www.todaystrucking.ca
11. Action needed on dollar, borders to revive economy: OTA, Nov. 14, 2007, www.todaystrucking.ca
12. No More Summer of the Rollover: OTA Supports Mandatory Installation of Anti-Rollover Devices on all New Heavy Trucks, Nov. 15, 2007, www.ontruck.ca
13. US group purchases Consolidated Fastfrate, Nov. 19, 2007, www.cfl.ca
14. Ontario bridges crumbling: Construction group, Nov. 20, 2007, www.todaystrucking.ca
15. Large urban transit (September 2007 (Pre)), Nov. 20, 2007, www.statcan.ca
16. New Lanes to Keep People and Goods Moving along the QEW, Nov. 20, 2007, www.tc.gc.ca
17. The Governments of Canada and Quebec Announce the Start of Work on the Saint Raymond Sound Barrier, Nov. 26, 2007, www.tc.gc.ca
18. Canada and the United States Sign Memorandum of Cooperation Leading to Increased Border Capacity and an Efficient and Secure Detroit-Windsor Corridor, Nov. 27, 2007, www.tc.gc.ca
19. CTA Urges Finance Committee to Recommend Incentives for Investment in Green Trucks and Harmonization of Key Business Input Tax with the GST in next Federal Budget, Nov. 27, 2007, www.cantruck.ca

US

1. BTS Releases North American Surface Trade Numbers for August: August Surface Trade with Canada and Mexico Rose 4.2 Percent from August 2006, November 31, 2007, www.dot.gov
2. NAFTA surface trade rises, November 1, 2007, www.joc.com
3. BTS Releases [US] Freight Transportation Services Index (TSI): Freight Index Fell 0.7 Percent in September 2007 from August [2007] [5th consecutive decline], Nov. 15, 2007, www.dot.gov
4. BTS Reports that U.S. Freight Shipments with Canada and Mexico Reached a Record High in 2006, Nov. 19, 2007, www.dot.gov

department plans to fast-track a controversial bill that includes mandating speed limiters on all trucks after a recent tragedy. The Minister of transport in Ontario also confirmed that he would pursue similar legislation.

11. Action needed on dollar, borders to revive economy: OTA

According to the Ontario Trucking Association President David Bradley the appreciation in the value of the loonie, combined with slowing U.S. economic activity and the resultant impact on Ontario's manufacturing and export-based economy will continue to drag down freight volumes and create challenges for motor carriers in 2008. He indicates the industry will be faced with the following issues: excess capacity; anticipated mergers and acquisitions; emission regulations (which will have an impact on the previous two); shortage of drivers; control of costs in the face of rising fuel costs; and need for a second crossing at Windsor.

12. No More Summer of the Rollover: OTA Supports Mandatory Installation of Anti-Rollover Devices on all New Heavy Trucks

To avoid truck rollovers, the Canadian Trucking Alliance (CTA) indicated at its Annual Convention that it is seeking to get the North American manufacturers of Class 8 tractors to voluntarily make anti-rollover technology standard equipment in their new vehicle packages as soon as possible. A parallel technology, known as Electronic Stability Control or ESC, is also widely used in light duty vehicles around the world and will be required in the U.S. by 2011

13. US group purchases Consolidated Fastfrate

US private equity firm Fenway Partners announced that it has reached an agreement to acquire Consolidated Fastfrate, Canada Drayage and Koch Transport. The company transports more than two billion pounds of freight each year and provides LTL and truckload services in Canada and the Northeast and Midwest US. It has 17 terminals in Canada as well as a sales office in Shanghai.

14. Ontario bridges crumbling: Construction group

According to a study commissioned by the Residential and Civil Construction Alliance of Ontario, Ontario needs to spend about \$2 billion to repair the province's aging bridges. It examined the state of Ontario's 12,000 municipal bridges and found that no provincial agency is responsible for ensuring regular inspection and maintenance.

15. Large urban transit (September 2007 (preliminary))

Combined ridership on 10 large urban transit systems in Canada was 5.1% higher in August 2007 than it was for the same month in 2006. Approximately 100.8 million passenger trips were taken generating \$174.2 million in revenue (excluding subsidies).

16. New Lanes to Keep People and Goods Moving along the QEW

Government officials announced on November 22, 2007 that construction to help reduce congestion and to keep people and goods moving along 5.2 kilometres of the Queen Elizabeth Way has been completed and will be fully open to traffic on November 23, 2007.

17. The Governments of Canada and Quebec Announce the Start of Work on the Saint Raymond Sound Barrier

On November 26, 2007 government officials announced the start of construction of the Saint Raymond sound barrier in Gatineau. The project is undertaken to improve the quality of life of Lac-des-Fées residents living along the Saint Raymond Boulevard. Funding of the sound barrier is estimated to be \$1.5 million and will be shared equally between the governments of Canada and Quebec.

18. Canada and the United States Sign Memorandum of Cooperation Leading to Increased Border Capacity and an Efficient and Secure Detroit-Windsor Corridor

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, and United States Secretary of Transportation, Mary E. Peters, announced on November 26, 2007 that the two countries have signed a Memorandum of Cooperation (MOC) to maintain a high priority on the development of enhanced capacity of the border-crossing infrastructure in the Detroit-Windsor region.

19. CTA Urges Finance Committee to Recommend Incentives for Investment in Green Trucks and Harmonization of Key Business Input Tax with the GST in next Federal Budget

CTA, David Bradley, appeared before the House of Commons Standing Committee on Finance that is holding hearings into the 2008 federal budget which is expected to be tabled by the Minister of Finance in the first part of next year. He urged the all-party committee of MPs to recommend the alliance's enviroTruck initiative. That is accelerating the penetration of smog-free, low-GHG heavy trucks into the Canadian fleet through financial or tax incentives and

harmonizing the federal excise tax on diesel fuel with the federal goods and services tax (GST).

Other Transportation

1. Canadian officials: Improve supply chain efficiency

Fourteen Canadian counsels general from across the United States met in Washington on November 7, 2007, to remind members of Congress of the importance of Canada's economic relationship with the U.S., and the benefits of an efficient supply chain for companies on both sides of the border. Michael Wilson, Canadian ambassador to the United States said that "Inefficiencies in supply chains translate into decreased competitiveness for North American firms." To increase supply chain efficiency, the U.S. and Canada must cooperate to streamline regulations, and eliminate redundant testing and certification while maintaining high standards of health, safety, security and environmental protection.

2. Riding the Dragon: Canada-China trade surges in '07

The rate of Canadian exports to China surpassed that of any other G7 country this year making China Canada's third largest export market. The Canadian Economic Observer indicates that Canada's exports to China increased by 43

percent in 2007 from the same period in 2006, while its imports from the Asian powerhouse rose only 17 percent.

3. North American Transportation Statistics [2006]

On November 19, 2007, Statistics Canada released an updated version of the North American Transportation Statistics (NATS) database, a unique online source for comprehensive information on transportation activity.

4. Travel between Canada and other countries (September 2007)

Canadians made an estimated 2.1 million same-day car trips south of the border in September 2007, a 4.0% increase from August 2007. It was the seventh consecutive monthly gain and the highest level since August 2001. Same-day car travel from the United States fell 2.3% in September 2007. The total number of overseas travellers to Canada increased in September 2007, it was up 0.4% from the previous month.

5. Tourism satellite account: Human resource module update (1997 to 2005)

The Tourism satellite account human resource module for the period 1997-2005 has been released by Statistics Canada. It is useful for studying impact of tourism.

Other Transportation

CANADA

1. Canadian officials: Improve supply chain efficiency, Nov. 7, 2007, www.joc.com
2. Riding the Dragon: Canada-China trade surges in '07, Nov. 8, 2007, www.todaystrucking.ca
3. North American Transportation Statistics [2006], Nov. 19, 2007, www.statcan.ca
4. Travel between Canada and other countries (September 2007), Nov. 20, 2007, www.statcan.ca
5. Tourism satellite account: Human resource module update (1997 to 2005), Nov. 21, www.statcan.ca

US

Report pushes 10 steps to national transportation policy, Nov. 12, 2007, www.joc.com

Conferences

1. CTRF Conference June 1-4, 2008, Crowne Plaza Lord Beaverbrook Hotel, Fredericton, N.B., www.ctrf.ca

Publications

1. Managing Urban Traffic Congestion, ECMT, www.cemt.eu
2. Transport and International Trade, Round Table 30, ECMT, www.cemt.eu
3. CAC Newsletter, October/September, Sept 21, 2007, www.cacairports.ca
4. Canadian Transport Agency Performance Report for the period ending, March 31, 2007, www.cta-otc.gc.ca
5. Competitive Tendering of Rail Services, ECMT, Nov. 20, 2007, www.ecmt.org

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