

Transportation Information Update*

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Speech From the Throne

The Speech from the Throne states “Our Government will announce an infrastructure program, the Building Canada Plan, to support our long-term growth. By investing in our transport and trade hubs, including the Windsor–Detroit corridor and the Atlantic and Pacific gateways, our Government will help rebuild our fundamentals for continued growth. The result will be safer roads and bridges, shorter commutes, more competitive business, improved cultural infrastructure and a better quality of life for all Canadians.” Speech From the Throne, October 17, 2007, www.nationalpost.ca

AIR TRANSPORTATION

1. Aircraft movement statistics: Major airports [August 2007]

Aircraft take-offs and landings in August 2007 witnessed the 15th consecutive monthly increase. The 96 airports with NAV CANADA air control towers and flight control centres reported 586,186 movements in August 2007 compared with 561,106 movements at 97 airports in August 2006, an increase of 4.5% (+25,080 movements).

2. Canadian Aviation Industry Applauds ICAO Commitment to Address Greenhouse Gas Emissions

The Air Transport Association of Canada on September 28, 2007, congratulated the International Civil Aviation Association for its clear statement of purpose and commitment to reduce greenhouse gas emissions.

3. Passenger and Freight Demand Hit 16-Month High

The International Air Transport Association reports that demand for international passenger and freight remained solid for August 2007. International passenger demand increased 8.6% for the month of August 2007 compared to August 2006. International air freight demand increased 6% in August 2007 compared to 3.9% in August 2006. These increases are the fastest increases over the last 16 months. This, combined with strong revenues over the first half of the year, has resulted in improved industry profitability forecast of US\$5.6 billion for 2007.

4. ACE Aviation to sell \$750-million worth of stock

ACE Aviation Holdings Inc., the parent company of Air Canada, announced that it would significantly reduce its ownership stake in its frequent flyer program, Aeroplan Income Fund, and its regional carrier, Jazz Air Income Fund, to just over 20% from 30% by selling 22 million units of Aeroplan for \$481.8-million and 35.5 million units in Jazz for \$275.1-million.

5. Air Canada reports September traffic

Air Canada reported a load factor of 78.7 percent for September 2007, 0.2 points lower than that recorded in September 2006. The main line carrier flew 3 percent more revenue passenger miles (RPMs) in September 2007 than in September 2006. Air Canada's capacity increased by 3.7 percent for September 2007. Jazz's capacity for September 2007 increased by 3.6 per cent, resulting in a load factor of 73.5 percent, compared to 71.6 percent in September 2006; an increase of 1.9 percentage points. On a combined basis (Air Canada and Jazz), system traffic rose 3.3 per cent on a capacity increase of 3.7 percent, resulting in a load factor of 78.7 percent for September 2007. International traffic (RPMs) increased by 3.6% for the same period on a capacity increase of 3.3%.

6. Air Canada's load factor dips, WestJet's rises

On October 3, 2007, Air Canada indicated that its load factor was slightly lower in September 2007 as it boosted capacity by nearly 4 percent. Its chief competitor,

Current Developments in Brief

Air Transportation

CANADA

1. Aircraft movement statistics: Major airports [August 2007], September 28, 2007, www.statcan.ca
2. Canadian Aviation Industry Applauds ICAO Commitment to Address Greenhouse Gas Emissions, September 28, 2007, www.atac.ca
3. Passenger and Freight Demand Hit 16-Month High, October 1, 2007, www.iata.org
4. ACE Aviation to sell \$750-million worth of stock, October 1, 2007, www.nationalpost.ca
5. Air Canada reports September traffic, October 3, 2007, www.aircanada.ca
6. Air Canada's load factor dips, WestJet's rises, October 3, 2007, www.globeandmail.ca
7. WestJet Reports a Ninth Consecutive Month of Record Load Factor, October 3, 2007, www.westjet.com
8. WestJet Adds St. Lucia to Growing List of Sun Destinations, October 3, 2007, www.westjet.com
9. Canada's Airports Look Forward to Favourable EU Talks, October 3, 2007, www.cacairports.ca
10. Canadian Transportation Agency Disallows a US\$100 Service Charge Proposed by KLM and Northwest Airlines, October 3, 2007, www.cta-otc.gc.ca
11. Canada's New Government Invests Nearly \$1 Million in Safety Improvements at Abbotsford Airport, October 4, 2007, www.tc.gc.ca
12. Air Canada announces new daily service to Madrid, October 10, 2007, www.aircanada.ca
13. IATA Standard Paves Way for Global Mobile Phone Check-in, October 11, 2007, www.iata.org
14. Air Canada commends GTA for fee reduction, October 16, 2007, www.aircanada.ca
15. ACE Aviation completes ACTS sale, October 16, 2007, www.nationalpost.ca
16. Appointment to the Canadian Transportation Agency, October 15, 2007, www.tc.gc.ca
17. Sunwing Designated to Offer Scheduled Air Services to Antigua and Barbuda, and St.

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WestJet Airlines Ltd, increased its load factor despite a double-digit jump in capacity. The stock market reflected the results as Air Canada A shares fell C\$0.29 to C\$14.30 on the Toronto Stock Exchange and Jazz income trust units climbed 6cents to C\$7.71. WestJet stock rose C\$0.42 to C\$17.57.

7. WestJet Reports a Ninth Consecutive Month of Record Load Factor

WestJet announced on October 3, 2007, its ninth consecutive month of record load factors. Its traffic for September 2007 featured a record load factor of 78.7%, compared with 75.2% in September 2006. Revenue passenger miles (RPMs) and available seat miles (ASMs) for September 2007 increased by 18% and 13% over September 2006, respectively. Sean Durfy WestJet's president said "Guest confidence in our brand is measuring at the highest levels ever. This, coupled with our convenient schedule, strong operational performance and commitment to our culture continues to generate strong momentum for WestJet."

8. WestJet Adds St. Lucia to Growing List of Sun Destinations

WestJet announced on October 3, 2007, the introduction of new seasonal non-stop service from Toronto to St. Lucia. Service to this new sun destination begins December 16, 2007. WestJet's enhanced winter schedule also includes new non-stop flights from Hamilton to Nassau, Fort Lauderdale, Orlando and Tampa.

9. Canada's Airports Look Forward to Favourable EU Talks

On October 3, 2007, the Canadian Airports Council said it looks favourably to talks between Canada and the EU on an open skies agreement. It indicated that an open skies agreement similar to the one negotiated between US and EU would be a big step forward. Apart from its close ties to Europe, air traffic between Canada and Europe doubled between 2000 and 2005. The European Commission estimates that an open aviation area would generate \$110 million in benefits to consumers in the form of lower prices and result in 3,700 jobs.

10. Canadian Transportation Agency Disallows a USD\$100 Service Charge Proposed by KLM and Northwest Airlines

The Canadian Transportation Agency has disallowed a proposal made by KLM and Northwest Airlines to assess a USD\$100 service charge for the refund of taxes paid on a non-refundable ticket for transportation between points in Canada and points outside the country as the airlines have failed to demonstrate that the proposal was just and reasonable.

11. Canada's New Government Invests Nearly \$1 Million in Safety Improvements at Abbotsford Airport

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on October 4, 2007 that the federal government is investing nearly \$1 million to expand Abbotsford Airport's Administration Building to house two new fire trucks through its Airports Capital Assistance Program. The Abbotsford Airport was Canada's sixth busiest airport in aircraft movements in 2006. The airport also had a record-breaking year in passenger traffic in 2006 as over 500,000 passengers used the airport.

12. Air Canada announces new daily service to Madrid

On October 10, 2007, Air Canada announced that it will commence non-stop flights to Spain with daily service between Toronto and Madrid starting next summer.

13. IATA Standard Paves Way for Global Mobile Phone Check-in

The International Air Transport Association (IATA) announced a global standard that paves the way for global mobile phone check-in using two-dimensional (2D) bar codes. Passengers simply register their mobile number with their airline at the time of booking to receive a text message with a 2D bar code, or instructions to download it. The bar code becomes the passenger's boarding pass eliminating paper.

14. Air Canada commends GTA for fee reduction

On October 16, 2007, Air Canada President and Chief Executive, Montie Brewer, commended the Greater Toronto

Lucia, October 19, 2007, www.tc.gc.ca
18. Aircraft movement statistics (September 2007 - Preliminary), October 19, 2007, www.statcan.ca
19. Air Canada expands service to Venezuela and Trinidad - New flights will provide non-stop service, better connections, October 18, 2007, www.aircanada.ca
20. Former WestJet bosses hatch NewAir, October 22, 2007, www.globeandmail.ca
21. Passenger numbers to reach 2.75 billion by 2011, October 24, 2007, www.iata.org
22. Canadian Transportation Agency Holds Public Hearing on the use of Medical Oxygen on Board Aircraft, October 26, 2007, www.cta-otc.gc.ca
23. Porter sues Air Canada, October 26, 2007, www.nationalpost.ca
24. Air Canada responds to Porter Airlines allegations, October 26, 2007, www.aircanada.ca
25. Aircraft movement statistics: Major airports [September 2007], October 29, 2007, www.statcan.ca
US/EU
1. Department of Transportation Announces New Steps to Tackle Aviation Congestion and Delays in New York Area, Across the Nation, September 27, 2007, www.dot.gov
2. Airline On-Time Performance in August Better Than July, Slips From Previous Year, October 3, 2007, www.dot.gov
3. NY airfreight up 5.8%, October 3, 2007, www.joc.com
4. United States and Australia Announce Intent to Agree on Aviation Open Skies, October 4, 2007, www.dot.gov
5. Mexico's Federal Competition Commission has blocked Mexicana Airline's proposed acquisition of rival carrier Aeroméxico, October 12, 2007, www.globalcompetitionreview.com
6. Irish discount airline Ryanair has lodged a complaint with the European Commission alleging that four other European airlines have conspired to fix jet fuel surcharges, October 12, 2007, www.globalcompetitionreview.com
7. BTS Releases July 2007 Airline Traffic Data; U.S Airlines Carried Record Number of Passengers in July, October 15, 2007, www.dot.gov
8. Dutch ticket tax proposal is ineffective and inappropriate - breaches international obligations, October 15, 2007, www.iata.org
9. BTS Releases August Passenger Airline Employment Data; August 2007 Employment Up 2.4 Percent from August 2006, October 18, 2007, www.statcan.ca
10. Antitrust: Commission market tests commitments from eight members of SkyTeam concerning their alliance cooperation, October 19, 2007, www.europa.eu
11. Aviation Sets a Benchmark on Environmental Performance For Other Industries to Follow, October 18, 2007, www.iata.org
12. BTS Releases Second-Quarter 2007 Air Fare Data; Average Second-Quarter Air Fares Fell 4.5 Percent from 2006; Top 100 Airports: Highest Fare in Cincinnati, Lowest Fare at Lihue, Hawaii, October 24, 2007, www.dot.gov

Airports Authority (GTA) for reducing landing fees and terminal charges at its operational hub, The Lester B. Pearson International Airport. It asks the government to follow the Authority's example and reduce airport rents.

15. ACE Aviation completes ACTS sale

ACE Aviation Holdings Inc. said on October 16, 2007 that it has completed the sale of a 70% stake in its maintenance unit, ACTS, to a consortium consisting of New York's Kohlberg Kravis Roberts & Co and its partner, Sageview Capital LLC. It received \$723-million net cash proceeds from the deal and will retain a 23% stake in the company.

16. Appointment to the Canadian Transportation Agency

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on October 15, 2007 the appointment of Mr. John Scott as vice-chair of the Canadian Transportation Agency.

17. Sunwing Designated to Offer Scheduled Air Services to Antigua and Barbuda, and St. Lucia

On October 19, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced the designation of Sunwing Airlines to operate scheduled international air services between Canada and Antigua and Barbuda, and Canada and St. Lucia.

18. Aircraft movement statistics (September 2007 - Preliminary)

The 42 Canadian airports with NAV CANADA air traffic control towers reported 443,944 aircraft take-offs and landings in September 2007, up 10.8% compared with September 2006 (400,522 movements).

19. Air Canada expands service to Venezuela and Trinidad - New flights will provide non-stop service, better connections

In Spring of 2008, Air Canada plans to expand service to Venezuela and Trinidad and Tobago with designated, non-stop flights to each country that will provide greater convenience and better connections for travellers.

20. Former WestJet bosses hatch NewAir

Four former WestJet Airlines Ltd. executives are drawing up plans to launch a new Canadian carrier. The name of the new carrier is NewAir & Tours, modelled after Allegiant Travel Co., a Las Vegas-based firm that runs a vacation division and a low-cost airline. The goal is to fly travellers in smaller cities to larger centres and to U.S. holiday destinations. It is expected to focus initially in Western Canada.

21. Passenger numbers to reach 2.75 billion by 2011

The International Air Transport Association (IATA) released passenger and freight traffic forecasts projecting that in 2011 the air transport industry will handle 2.75 billion passengers (620 million more passengers than in 2006) and 36 million tonnes of international freight (7.5 million tonnes more than in 2006). The projections reveal a fall in the growth rate compared to the 2002-2006 period due to a slightly slower global economic growth.

22. Canadian Transportation Agency Holds Public Hearing on the use of Medical Oxygen on Board Aircraft

The Canadian Transportation Agency will hold a public hearing in Ottawa beginning October 29, 2007 to continue its investigation into 25 complaints against Air Canada and one against WestJet regarding persons with disabilities who require that medical oxygen be available to them when travelling by air.

23. Porter sues Air Canada

Porter Airlines wants Air Canada to sever ties with its regional carrier, Jazz Air in a suit filed on October 25, 2007. Porter accused the pair of "fixing prices" through a special deal it says is anti-competitive in nature. It claims that this violates the *Competition Act* and is looking for \$850 million in damages. The argument is over a Capacity Sharing Agreement between Air Canada and Jazz. Porter alleged that this unfairly establishes airfare prices, maintains Air Canada's dominance in the market, avoids competition, and impedes upon new competitors, including itself, from entering the market. The agreement also requires consumers to enter into an exclusive contract that offers discounts only if Air Canada and Jazz are assured of a substantial percentage of business system-wide. The court action is a longstanding battle for the Toronto-Montreal-Ottawa market.

24. Air Canada responds to Porter Airlines allegations

Air Canada in response to being named by Porter Airlines as a party in a court action filed in the Ontario Superior Court of Justice indicated that its Capacity Purchase Agreement between Air Canada and Jazz Air became effective before the launch of Porter Airlines. The action consists of a counterclaim by Porter Airlines to Jazz Air's lawsuit against the Toronto Port Authority and Porter Airlines gaining fair and equal access at Toronto City Airport for all carriers.

25. Aircraft movement statistics: Major airports [September 2007]

In September 2007, aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations were 557,020 movements compared with 509,267 movements in September 2006, an increase of 9.4% (+47,753 movements).

WATER TRANSPORTATION

1. Study: Containership operating costs rise faster

According to a study by a London-based accounting firm, ship operating costs increased an average of 8.5 percent in 2006 compared to less than 4 percent in 2005. The rise in costs for different size vessels were not the same.

2. Port of Montreal - Accumulated Container Traffic Report - Year to Date (Y-T-D) August 2007

Y-T-D (i.e., January to August 2007) container traffic statistics were released by the Port of Montreal. For the period January to August 2007, the total container traffic was 917,007 (TEUs) an increase of 6.5% over the same period in 2006. Exports did better than imports, recording an increase of 9.6% compared to 3.2%. In terms of metric tonnes total container traffic was 10.1% greater than the same period last year.

3. Port of Montreal - Accumulated General and Bulk Cargo Report - Year to Date August 2007

Year-to-date (i.e., January to August 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 August 2007, the total volume of general cargo was 8,489,316 (metric tonnes) an increase of 7.8% over the same period in 2006. The total volume of bulk cargo was 8,436,917 (metric tonnes) a decrease of 3.1% over the same period in 2006. Exports did better than imports recording an increase of 26% compared to a decrease of 9.2% for both general and bulk cargo.

4. End of the Line

Shippers in Asia are seeking change after the *Global Shippers Forum* meeting in Singapore last week. They declared that “the time for watching and waiting in Asia is now drawing to a close.” They indicated that the end of the liner conference system in Europe “continues to send profound signals for change to those regions of the world that have not yet followed suit” and that Asia is the “next target for regulatory reform to take hold.” The Forum noted that the draft guidelines recently published by the European Commission are a step in the right direction but that they do not go far enough. The European Shipper’ Council believes that the guidelines should be stronger. A consultant for Global Insight drew attention to forecasts that would be allowed under the guidelines. He indicated that “Forecasts of demand, produced in consultation with the member lines of an association is not acceptable and would probably constitute collusion.” Similarly, forecasts of capacity that are not based on publicly available information may be considered as anti-competitive even in an aggregated format given that it would not be difficult to disaggregate the data based on individual lines public announcement.

5. Chinese New Law

China has passed a new law at the end of August that will eliminate antitrust exemption for ocean carriers in August 2008.

6. Canada's New Government Takes Action to Improve the Health of Our Oceans

On October 5, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced a five-year commitment by Canada's New Government to the Health of the Oceans Initiative. It will invest more than \$60 million in initiatives.

7. Latest proposal from the commission takes integrated approach to all maritime sectors.

Until now, EU policies on maritime transport, industry, coastal regions, offshore energy and fisheries were developed

Water Transportation

Canada

1. Study: Containership operating costs rise faster, September 28, 2007, www.americanshipper.ca
2. Port of Montreal - Accumulated Container Traffic Report - Year to Date August 2007, October 1, 2007, www.portofmontreal.ca
3. Port of Montreal - Accumulated General and Bulk Cargo Report - Year to Date August 2007, October 1, 2007, www.portofmontreal.ca
4. End of the Line, *The Journal of Commerce*, September 24, 2007, pp. 10-15.
5. End of the Line, *The Journal of Commerce*, September 24, 2007, pp. 10-15.
6. Canada's New Government Takes Action to Improve the Health of Our Oceans, October 5, 2007, www.tc.gc.ca
7. Latest proposal from the commission takes integrated approach to all maritime sectors, October 10, 2007, www.europa.eu
8. An ocean of opportunity: Commission proposes Integrated Maritime Policy for the EU, October 10, 2007, www.europa.eu
9. EC delivers grand vision for future maritime policy, October 10, 2007, www.americanshipper.ca
10. Gateway study first step to creating New Brunswick gateway, October 11, 2007, www.ctl.ca
11. Canada's New Government Signs Memorandum of Understanding with Atlantic Provinces to Develop an Atlantic Gateway Strategy, Oct. 14, 2007, www.tc.gc.ca
12. Port of Vancouver, Accumulated Traffic Report [September 2007], October 18, 2007, www.portvancouver.com
13. Port of Vancouver, Accumulated Traffic Report [September 2007], October 18, 2007, www.portvancouver.com
14. Port of Vancouver, Accumulated Traffic Report [Third Quarter 2007], October 18, 2007, www.portvancouver.com
15. Port of Halifax Monthly Statistics [YTD to end of September 2007], October 24, 2007, www.portofhalifax.ca
16. Estimating Global Logistics Spending, *Logistics Focus 2007*, October 2007.
17. Transport Canada Tables Amendments to the Pilotage Act, October 26, 2007, www.tc.gc.ca

US

1. Concerns new terminal owners won't invest in upgrades, October 2, 2007, www.joc.com
2. Drewry: Weaker trades by 2009, October 10, 2007, www.joc.com
3. Vancouver, Wash. port volumes up 21%, October 10, 2007, www.joc.com
4. Double throughput or suffer, U.S. ports told, October 16, 2007, www.joc.com
5. Hanjin to build 1M-TEU Jaxport box terminal, October 18, 2007, www.joc.com
6. Carriers call for clarity on EC guidelines, October 19, 2007, www.joc.com
7. [European Liners Affairs Association] asks EC for clarity over post-conference guidelines, October 22, 2007, www.americanshipper.com

separately. But this is set to change with its new integrated approach to all maritime sectors. The action plan includes exciting new developments such as: 1) a strategy to mitigate the effects of climate change on coastal regions; 2) a European marine observation and data network; and 3) a European maritime transport space with no restrictions on integrated national maritime policies.

8. An ocean of opportunity: Commission proposes Integrated Maritime Policy for the EU

The European Commission adopted on October 10, 2007 a Communication setting out its vision for an Integrated Maritime Policy for the EU, together with a detailed action plan setting out an ambitious work programme for the years ahead. An integrated maritime policy will enable the Union to meet the challenges head on. The Communication and Action Plan are accompanied by a report on the results of the consultation which revealed strong stakeholder support for the Commission's initiative. These actions cover a wide spectrum of issues ranging from maritime transport to the competitiveness of maritime businesses, employment, scientific research, fisheries and the protection of the marine environment.

9. EC delivers grand vision for future maritime policy

On October 10, 2007, after public consultation, the European Commission laid out its vision for an integrated maritime policy for the European Union. It identifies five key areas of action: 1) Environmentally sustainable use of oceans and seas; 2) Knowledge and innovation; 3) Quality life in coastal regions; 4) European leadership in international maritime affairs; and 5) Visibility of Europe's maritime identity and heritage.

10. Gateway study first step to creating New Brunswick gateway

The Saint John Port Authority in cooperation with the City of Saint John has taken the first steps towards forming the Southern New Brunswick Gateway. By creating a Southern New Brunswick Gateway, they hope to increase their ability to market this potential to trading partners globally, and to make a better case for Federal investment in our infrastructure.

11. Canada's New Government Signs Memorandum of Understanding with Atlantic Provinces to Develop an Atlantic Gateway Strategy

Canada's New Government and the provinces of Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador, announced on October 14, 2007 the signing of a Memorandum of Understanding (MOU) on the development of Canada's Atlantic Gateway. The common vision of the five governments is to establish the Atlantic Gateway as a strategic, integrated and globally competitive transportation system, facilitating the movement of international commerce on North America's east coast.

12. Port of Vancouver, Accumulated Traffic Report [September 2007]

The Port of Vancouver released its accumulated container traffic report for September 2007. Total year-to-date traffic was 1,707,419 TEUs for September, an increase of 4% over September 2006. Year-to-date imports (TEUs) increased by 6% and exports increased by 2%.

13. Port of Vancouver, Accumulated Cruise Traffic Report [September 2007]

The Port of Vancouver released its accumulated cruise traffic report for September 2007. Total year-to-date cruise traffic was 950,319 passengers for September an increase of 14.4% over September 2006. For the month of September 2007, cruise traffic was 180,652 passengers, a 8% increase over September 2006.

14. Port of Vancouver, Accumulated Traffic Report [Third Quarter 2007]

Container traffic at the Port of Vancouver for the third quarter of 2007 compared to the previous quarter indicates that imports increased by 12.48% and exports increased by 0.5%. Compared to the third quarter in 2006, the increase was 5.7% and 0.45%, respectively.

15. Port of Halifax Monthly Statistics [YTD to end of September 2007]

The Port of Halifax reported that container traffic in TEUs for the first nine months of 2007 was down 7.3% compared to the first nine months of 2006. Imports were down by 9.5% and exports were down 5.2%. In metric tonnes, container cargo was down 5.6% for the first nine months. All types of cargo (i.e., bulk, container, breakbulk and ro/ro) were down 12%.

16. Estimating Global Logistics Spending

This article presents an analysis of 3PL costs. Total global logistics and third-party logistics (3PL) costs for 2006 were estimated to be US\$5,399 billion. For Canada and US, the costs were US\$122 billion and US\$1,305 billion. These costs as a percent of GDP for the two countries were estimated to be 10.4% and 9.9%. 3PL revenue was estimated to be US\$10.2 billion and US\$113.6 billion. Global costs were also subdivided by mode. Trucking and Inventory carrying account for the largest percent of the total. In case of Canada, they were US \$59 billion and US \$ 30 billion, respectively.

17. Transport Canada Tables Amendments to the *Pilotage Act*

On October 26, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, re-

introduced five key amendments to the *Pilotage Act* to help ensure the financial self-sufficiency of pilotage authorities while maintaining high levels of safety.

RAIL TRANSPORTATION

1. Canadian Pacific completes acquisition of DM&E Railroad

Canadian Pacific Railway Limited announced on October 2007 that it has completed the transaction to acquire Dakota, Minnesota & Eastern Railroad Corporation and its subsidiaries (DM&E). The transaction is subject to review and approval by the U.S. Surface Transportation Board.

2. [US] Rail traffic improves

Freight traffic on U.S. railroads increased in week 38 from a year ago, the Association of American Railroads reported.

3. Canada's New Government Revitalizes Inter-city Passenger Rail Services in Canada

Government officials announced on October 11, 2007 a new funding package for VIA Rail Canada Inc., a Crown corporation, to revitalize inter-city passenger rail services in Canada. The funding totals \$691.9 million over the next five years. Of the total funding package, \$516 million in capital funds will be allocated over five years for infrastructure improvements and equipment refurbishments, beginning in 2007. This investment will be targeted towards: 1) fleet renewal, through refurbishment of the F40 locomotives and Light, Rapid and Comfortable passenger cars; 2) strategic infrastructure improvements to eliminate bottlenecks in the Quebec City-Windsor corridor; and 3) station refurbishments. The remainder of the funding, \$175.9 million over five years, will be directed towards VIA Rail's operating costs.

4. "Unfair Double Standard," Canada's Airports Decry Continued Subsidization of Via Rail

Canadian Airports Council decried the continued subsidization of VIA Rail while Canada's aviation sector suffers from competitiveness challenges. They indicated that Canadian aviation sector suffers from serious competitive disadvantages with other modes of transport and airports across the border. It called for the government to end the double standard.

5. Canadians Travelling by Air Deserve Fair Treatment

The Air Transportation Association of Canada indicated that the Government of Canada's announcement of \$691 million in new funding to VIA rail is simply the latest in a long line of bottomless subsidies to Canada's ailing passenger rail company. On average, every VIA passenger is subsidized by taxpayers \$45 per trip approximately. ATAC President and CEO, Sam Barone said "We support the need to ensure viable transportation infrastructure, we simply can't understand why air passengers are getting ripped off while rail passengers are getting the royal treatment.

6. CN opens C\$20-million intermodal and distribution centre terminal in Prince George, B.C.

On October 15, 2007, CN began operation of its Prince George intermodal and distribution centre terminal, which will play a significant role in generating backhaul traffic destined for Asian markets via the new Port of Prince Rupert, B.C. It was built at a cost of C\$20 million. Prince George, located 500 miles east of Prince Rupert, is in close proximity to British Columbia's large fibre reserves and other natural resources. It is also CN's divisional headquarters and main operations hub in northern B.C.

7. Package of measures to promote freight transport

The European Commission is proposing a series of measures to promote freight transport logistics, make rail freight more competitive, create a framework which will allow European ports to attract investment for their modernisation, place maritime freight transport on an equal footing with other transport modes and review progress made in developing Motorways of the Sea.

8. CN reports Q3-2007 net income of C\$485 million, or C\$0.96 per diluted share, including \$0.03 per share

Rail Transportation

Canada

1. Canadian Pacific completes acquisition of DM&E Railroad, October 4, 2007, www.cpr.ca
2. [US] Rail traffic improves, October 4, 2007, www.joc.com
3. Canada's New Government Revitalizes Inter-city Passenger Rail Services in Canada, October 11, 2007, www.tc.gc.ca
4. "Unfair Double Standard," Canada's Airports Decry Continued Subsidization of Via Rail, Oct. 11, 2007, www.cacairports.ca
5. Canadians Travelling by Air Deserve Fair Treatment, October 12, 2007, www.atac.ca
6. CN opens C\$20-million intermodal and distribution centre terminal in Prince George, B.C., October 15, 2007, www.cn.ca
7. Package of measures to promote freight, October 19, 2007, www.euroopa.eu
8. CN reports Q3-2007 net income of C\$485 million, or C\$0.96 per diluted share, including \$0.03 per share benefit from favorable tax adjustments, October 22, 2007, www.cn.ca
9. CN's showing like playing good golf in bad weather, October 22, 2007, www.globeandmail.ca
10. CN declares fourth-quarter 2007 dividend, October 22, 2007, www.cn.ca
11. Railway carloadings [August 2007], October 24, 2007, www.statcan.ca
12. CN responds to Transportation Safety Board of Canada investigation report on 2005 Wabamun, Alta., derailment, October 25, 2007, www.cn.ca
13. Canada Transportation Act and *Aeronautics Act* Amendments Reintroduced in Parliament, October 29, 2007, www.tc.gc.ca
14. Railway Noise and Vibration: Canadian Transportation Agency Holding Consultations to Establish Guidelines for Complaint Resolution, October 29, 2007, www.cta-otc.gc.ca
15. Canadian Pacific posts strong third quarter earnings, October 29, 2007, www.cpr.ca
16. CPR reports sharply higher profit, October 29, 2007, www.globeandmail.ca

US

1. Norfolk Southern sees more int'l. traffic through East Coast ports, October 4, 2007, www.joc.com
2. US Canadian railroads knit together new intermodal routes, *The Journal of Commerce*, October 15, 2007, p. 31.

benefit from favorable tax adjustments

CN announced its third-quarter results for 2007, on October 22, 2007. The highlights for the third quarter compared to the same period in 2006 were: net income of C\$485 million, down 2.4%; operating income of C\$768 million, down 9%; and operating ratio of 62.0, a 3.5 point increase. Third-quarter 2007 revenues remained nearly flat at C\$2,023 million. Operating expenses for the quarter increased by 6 per cent to C\$1,255 million. E. Hunter Harrison, president and chief executive officer, said: "CN's third-quarter results are a solid achievement given the challenges we faced during the period. ..."

9. CN's showing like playing good golf in bad weather

Given mixed economic signals, CN isn't sure where it's headed in 2008, according to its chief financial officer. It has therefore postponed discussing a financial outlook that has been delivered in previous years in October and November. Movements in the exchange rate are partially to blame. Every 1-cent rise in the Canadian dollar versus its U.S. counterpart over the course of a year translates into a reduction of 2 cents in earnings per share at Canada's largest railway.

10. CN declares fourth-quarter 2007 dividend

On October 22, 2007, CN announced that a quarterly dividend of twenty-one cents (C\$0.21) per common share will be paid on Dec. 31, 2007, to shareholders.

11. Railway carloadings [August 2007]

In August 2007, railways carried 24.9 million metric tonnes of freight, an increase of 1.4% from the 24.6 million metric tonnes reported in July 2007. The intermodal portion, consisting of containers and trailers loaded on flat cars, climbed 4% in August to 2.6 million metric tonnes. On a year-over-year-basis, intermodal loadings climbed 6.1% from August 2006. Total freight traffic grew for the third consecutive month.

12. CN responds to Transportation Safety Board of Canada investigation report on 2005 Wabamun, Alta., derailment

CN's CEO responded to the report by the Transportation Safety Board [TSB] on the derailment at Wabamun, Alberta by saying that the TSB report reflects a very thorough investigation of the unfortunate accident that they experienced at Wabamun more than two years ago. The company has taken many steps to reduce the risk of recurrence of accidents of this nature, and will continue to do so together with government and industry experts. He also indicated that the company has made substantial progress on the commitments made at the time of the accident.

13. Canada Transportation Act and Aeronautics Act Amendments Reintroduced in Parliament

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, on October 29, 2007 reintroduced the former Bill C-6 (Act to amend the *Aeronautics Act*) and former Bill C-58 (Act to amend the *Canada Transportation Act*) in the House of Commons. The first reflects measures to protect rail shippers from the potential abuse of market power by railways and the second reflect new strategies being implemented to regulate aviation safety.

14. Railway Noise and Vibration: Canadian Transportation Agency Holding Consultations to Establish Guidelines for Complaint Resolution

The Canadian Transportation Agency launched a 45-day consultation process on October 29, 2007 regarding the establishment of its new guidelines for the resolution of complaints over railway noise and vibration.

15. Canadian Pacific posts strong third quarter earnings

Canadian Pacific Railway announced its third-quarter results on October 29, 2007. For the third quarter: net income was \$218.6 million, a increase of 34% when compared to same period in 2006; operating ratio was 72.9 per cent, an improvement by 1.1; freight revenue was \$1.147.6 billion, an increase of 2.26 per cent; and operating expenses were \$866.2 million, up by 14 million or 1.64%. Fred Green, CP's President and CEO said "We moved record volumes in the quarter and with the recent acquisition of Dakota Minnesota & Eastern Railroad (DM&E), the largest regional railroad in the U.S., we are well-positioned to continue our growth."

16. CPR reports sharply higher profit

The railway said it earned a third-quarter profit of \$219-million or \$1.41 per share compared with a profit of \$164-million or \$1.04 per share a year ago. The company warned its earnings for the full-year could be at the low end of its guidance because of the strong loonie and high fuel prices. Adjusted diluted earnings per share for the year is expected to be \$4.30 to \$4.45. The stronger Canadian dollar will also affect revenue, which is expected to be just below its target of 4 to 6 per cent growth for 2007.

HIGHWAY TRANSPORTATION

1. Schenker of Canada to launch new courier services division

Schenker of Canada Limited has announced the coming launch of its new Courier Division. Schenker will provide a complete door to door transportation and logistics service. It recently completed its integration with BAX Global and is the only company offering trans-border, domestic and international service with both heavy weight and courier integrated services.

2. Purolator introduces electric curbside delivery vehicle

Purolator celebrated a significant milestone in its commitment to the environment by introducing the Quicksider prototype, a battery-operated electric delivery vehicle. It is the first in Canada with zero emission.

3. The Governments of Canada and Quebec and the City of Gatineau Break Ground for Construction of the Maloney Sound Barrier

On September 28, 2007, the construction of the sound barrier along the Maloney exit of Highway 50 in Gatineau was opened by government officials. Funding for the sound barrier, estimated at about \$5 million, will be shared by the three levels of government.

4. Official Opening of a New Section of Route 95 in Woodstock, New Brunswick

On October 4, 2007 government officials opened Route 95. This opening permits the flow of trade between Atlantic Canada and the United States more efficiently.

5. Official Opening of Vaughan Harvey and Assomption Boulevard Extensions in New Brunswick

On October 9, 2007, government officials opened the Vaughan Harvey and Assomption boulevards extensions. The extended bypass routes will improve traffic flow and will provide better access to several arterial routes throughout the city. The total project cost was estimated at approximately \$30 million.

6. "Building Canada" — Stronger, Safer, Better — Canada's New Government and Province of Manitoba to Invest in Highway Interchange and Grade Separation Projects near Portage La Prairie

Proposals by the government to invest up to \$21 million for the construction of an interchange of the TransCanada and Yellowhead highways and of a road/rail grade separation at the Canadian National Railway (CNR) main line were made by government officials on October 9, 2007. The junction of these highways is seven kilometres west of the City of Portage La Prairie. "Investing in strategic infrastructure is key to Canada's competitiveness in the rapidly changing world of global commerce, and benefits our communities," said Minister Cannon. The proposed project is expected to cost approximately \$50 million.

7. Trucking Commodity Origin and Destination Survey [2004 revised and 2005]
Trucking companies in Canada (with annual revenue of at least \$1 million) transported 66.7 million shipments in 2005, up slightly from 2004. These companies hauled 615 million tonnes of goods, compared with 609 million tonnes in the previous year. This increase in shipments resulted from domestic rather than transborder activity, as domestic shipments increased 2.5% while transborder shipments were down 4.0%. Domestic shipments accounted for 85% of the truck traffic in 2005. The remaining shipments were transborder, generating 35% of total revenue and 43% of tonne-kilometres.

8. Canada's New Government and Province of B.C. Support Upgrade to Highway Infrastructure

The federal government and British Columbia government will contribute to the upgrade of a section of the Trans-Canada Highway, between the communities of Sorrento and Salmon Arm, British Columbia. The two will contribute

Highway Transportation

Canada

1. Schenker of Canada to launch new courier services division, September 28, 2007, www.ctl.ca
2. Purolator introduces electric curbside delivery vehicle, September 28, 2007, www.ctl.ca
3. The Governments of Canada and Quebec and the City of Gatineau Break Ground for Construction of the Maloney Sound Barrier, September 28, 2007, www.tc.gc.ca
4. Official Opening of a New Section of Route 95 in Woodstock, New Brunswick, October 4, 2007, www.tc.gc.ca
5. Official Opening of Vaughan Harvey and Assomption Boulevard Extensions in New Brunswick, October 9, 2007, www.tc.gc.ca
6. "Building Canada" — Stronger, Safer, Better — Canada's New Government and Province of Manitoba to Invest in Highway Interchange and Grade Separation Projects near Portage La Prairie, October 9, 2007, www.tc.gc.ca
7. Trucking Commodity Origin and Destination Survey [2004 revised and 2005], October 10, 2007, www.statcan.ca
8. Canada's New Government and Province of B.C. Support Upgrade to Highway Infrastructure, October 11, 2007, www.tc.gc.ca
9. U.S., EU authorities raid forwarders in antitrust probe, October 11, 2007, www.joc.com
10. Forwarder antitrust probe widens, October 12, 2007, www.joc.com
11. Canada's New Government and Province of B.C. to Support Highway Improvements near Vanderhoof, October 11, 2007, www.tc.gc.ca
12. Canada's New Government and Province of B.C. Support Twinning of the Simon Fraser Bridge, October 12, 2007, www.tc.gc.ca
13. Environmental Benefits of New Heavy Truck Initiative Validated, October 15, 2007, www.cantruck.ca
14. Environmental Truck Convoy Calls Upon Federal Support for Smog-Free, Reduced GHG Tractor-Trailers, October 15, 2007, www.cantruck.ca
15. Large urban transit (August 2007 - Preliminary), October 19, 2007, www.statcan.ca
16. South Edmonton Ring Road Crosses the Finish Line, October 22, 2007, www.tc.gc.ca
17. Twinning of Trans-Canada Highway in Western Manitoba Ready to Be Opened, October 25, 2007, www.tc.gc.ca
18. TransForce making money. Just not as much, company says, October 25, 2007, www.todaystrucking.com

up to \$8million for the project. The contribution is part of the estimated total project cost of \$18 million.

9. U.S., EU authorities raid forwarders in antitrust probe

European Union competition regulators have conducted searches of the offices of leading freight forwarders across Europe in a joint investigation with U.S. and Swiss antitrust authorities into possible illegal cartel activities. The investigations are believed to focus on surcharges applied by freight forwarders, principally for fuel. Though companies were not named by the authorities, companies that acknowledged they were searched were: Schenker, a forwarding unit of Deutsche Bahn, Deutsche Post, Kuehne and Nagel, and Panalpina.

US

1. BTS Releases Freight Transportation Services Index (TSI); Freight Index Rose 0.4 Percent in August from July, October 10, 2007, www.dot.gov

10. Forwarder antitrust probe widens

The investigation of freight forwarders' business practices continues to widen in several countries. Offices of some freight forwarders in United Kingdom and the European Union were visited besides those in US and Switzerland mentioned earlier. Other companies not mentioned before were UTi Worldwide, EGL and Expeditors International. UTi indicated that it had received a notice that the Canadian Competition Bureau had begun an investigation in connection with "alleged anticompetitive activity by persons involved in the provision of international freight forwarding services to and from Canada and requesting that UTi preserve any records relevant to such an investigation."

11. Canada's New Government and Province of B.C. to Support Highway Improvements near Vanderhoof

On October 11, 2007, Canada's New Government and the Province of British Columbia announced that the two will contribute up to \$1.05 million for highway improvements near Vanderhoof, British Columbia. The estimated total cost of the project is \$3.1 million

12. Canada's New Government and Province of B.C. Support Twinning of the Simon Fraser Bridge

Canada's New Government and the Province of British Columbia will contribute to the twinning of the Simon Fraser Bridge in Prince George, British Columbia. This project will alleviate traffic congestion and enhance the efficient delivery of goods. Canada's New Government will contribute up to \$18 million for the project. The funding is part of the estimated total project cost of \$42 million.

13. Environmental Benefits of New Heavy Truck Initiative Validated

A study conducted by Rocky Mountain Institute (RMI) for the Canadian Trucking Alliance (CTA) indicates that if trucks add a device to their fleet it would reduce smog and save diesel fuel. According to RMI, "while the payback periods for the fuel-saving devices range from 1 to 3 years, the investment costs are significant for truck operators." David Bradley, CEO of CTA said "The technology to eliminate emissions that cause smog from the trucking industry and to reduce GHG's through improved fuel efficiency is here ...the key is to get this equipment out into the marketplace on an accelerated basis. The federal government can assist by helping to defray some of the costs and by identifying qualifying equipment much like they have with the Energy Star program for household appliances and more recently with the rebates for purchasing fuel efficient cars."

14. Environmental Truck Convoy Calls Upon Federal Support for Smog-Free, Reduced GHG Tractor-Trailers

Canadian Trucking Alliance in an effort to inform citizens and get federal politicians behind an initiative it is calling 'enviroTruck' sent a environmental truck convoy to Parliament Hill. David Bradley, CEO of the trucking alliance said "Current government environmental policy and regulation of trucks deals with only one side of the equation and that is clean air". He went on to say that in introducing new standards for truck engine emissions smog emissions from trucks will be 'virtually eliminated' by 2010, but that an unintended consequence of this will be to impair the industry's fuel efficiency, and therefore its GHG performance.

15. Large urban transit (August 2007 - Preliminary)

In August 2007, 100.8 million passengers took trips on 10 large transit systems. These systems account for about 80% of total urban transit in Canada and generated \$174.2 million in revenue in August (excluding subsidies), a 4.9% increase over August 2006. The combined ridership was 5.1% higher in August 2007 than for the same month in 2006.

16. South Edmonton Ring Road Crosses the Finish Line

Transport Canada on October 22 announced that the southeast leg of Anthony Henday Drive in South Alberta which extends 11 kilometres has been completed. It is the first P3 project that has been completed. According to government officials it will ease traffic in southeast Alberta.

17. Twinning of Trans-Canada Highway in Western Manitoba Ready to Be Opened

On October 25, 2007, the twinning of the Trans-Canada Highway in the west was opened. The four-lane highway stretches across Manitoba from near the Manitoba-Ontario border in the east for a distance of approximately 500 kilometres. The twinning cost \$32.8 million and will improve traffic flows and safety.

18. TransForce making money. Just not as much, company says

Canada's biggest trucking company reported lower than expected third-quarter earnings this week due to the rising Canadian dollar and falling manufacturing output. A slowdown in volumes meant distributable cash was \$54.6 million, down from \$60.4 million one year earlier. Revenue, however, went up eight percent from \$448.7 million to \$486 million.

OTHER TRANSPORTATION

1. EU Probes Deutsche Post Aid

European Union regulators are investigating claims that Deutsche Post, the German mail and logistics group, illegally used state subsidies to protect its parcel-delivery business from competition from private firms. The Commission indicated that it would scrutinize all state aid given to the former state owned postal monopoly since 1989.

2. Competition Bureau Publishes Post-Merger Review Study

On October 2, 2007, the Competition Bureau published a post-merger review study that it commissioned last year from CRA International. CRA found that, in general, the Bureau's analyses accurately assessed market conditions, and reasonably predicted outcomes (based on information that was available at the time). In addition, the report does identify areas where the Bureau could make incremental improvements. These include a greater use of quantitative analysis, and more critical consideration before accepting claims of 'countervailing power' from buyers.

3. Report: Logistics M&A activity rising, more deals to come

The *American Shipper* reports that the value of mergers and acquisition deals in the global transport and logistics industry during 2006 rose 8.6 percent over 2005 to £36.7 billion (\$73.4 billion) according to a London-based Transport Intelligence report.

4. Canadian tourism satellite account [2002]

Tourism accounted for 2.2% of Canada's gross domestic product (GDP) in 2002. It accounted for 23.3 billion dollars up 4.1% from 2000 and 611,100 jobs or 3.9% of employment up 0.1% from 2000.

5. Canada needs to close transportation gaps to seize historic opportunity

According to a Conference Board study released on October 22, 2007, Canada will miss the chance to become a gateway unless governments and industry work to address shortcomings in the country's transportation network. Canada needs to move away from its current policy that ports must be financially self-sustaining in order to support nationally-significant projects. It also has to address "soft" issues, i.e., goods have to be processed efficiently at the border; and the need for a human resource strategy.

6. Domestic travel [Annual 2006 and fourth quarter 2006]

Canadian travellers made 206.4 million domestic visits during 2006. They spent \$32.3 billion in total travelling within the country in 2006. Spending on travel for pleasure or to visit friends or relatives and for pleasure amounted to \$26.8 billion, up 3.5% from 2005. Of this, transportation spending represented almost one-third (\$8.7 billion) of travel expenditures.

7. Minister Responsible for Canada Post Tables an Amendment to the *Canada Post Corporation Act*

On October 29, 2007, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, tabled a key amendment to the *Canada Post Corporation Act* that would permit letter exporters to collect letters in Canada for transmittal and delivery outside Canada. "This amendment is intended to facilitate more competitiveness for companies within the mail industry worldwide and further facilitate the growth of the outbound international mail market in

Other Transportation

1. EU Probes Deutsche Post Aid, *The Journal of Commerce*, September 24, 2007, p. 10.
2. Competition Bureau Publishes Post-Merger Review Study, October 4, 2007, www.ic.gc.ca
3. Report: Logistics M&A activity rising, more deals to come, October 11, 2007, www.americanshipper.ca
4. Canadian tourism satellite account [2002], October 16, 2007, www.statcan.ca
5. Canada needs to close transportation gaps to seize historic opportunity, October 22, 2007, www.conferenceboard.ca
6. Domestic travel [Annual 2006 and fourth quarter 2006], October 24, 2007, www.statcan.ca
7. Minister Responsible for Canada Post Tables an Amendment to the Canada Post Corporation Act, October 29, 2007, www.tc.gc.ca

Canada."

Conferences

1. "Maximizing Value in Supply Chains", November 14-15, Vancouver. See www.westac.com
2. Shaking Up Canada's Transportation Systems to meet future needs, June 1-June 4, Fredericton, N.B., www.ctrf.ca

Publications

1. Managing Urban Traffic Congestion, CEMT, www.cemp.org
2. Transport and International Trade, Round Table 30, CEMT, www.cemt.org
3. CAC Newsletter, October/September, Sept. 21, 2007, www.cacairports.ca
- Just Published: Estimation and Evaluation of Transport Costs, Round Table 136, OECD, September 2007, www.cemt.org
4. Energy and Transport in Europe Digest, Newsletter, No. 241, www.europa.eu
5. Addressing Gaps in the Transportation network: Seizing Canada's Continental Gateway Advantage, by Mary Brooks, October 2007, www.conferenceboard.ca
6. Energy and Transport in Europe Digest, Newsletter No. 242, www.europa.eu
7. Public consultation on the "Preparation of an Impact Assessment on the Internalisation of External Costs", October 29, 2007, www.europa.eu