

# Transportation Information Update\*

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## AIR TRANSPORTATION

### 1. WestJet Reports Second Quarter Results

On July 30, 2008, WestJet announced second quarter results. For the first six months of 2008, net earnings were \$82.7 million compared to \$41.4 million earned over the same period in 2007. Available seat miles and revenue passenger miles for the first six months increased 19.6% and 19.2%.

### 2. Air Canada helps business achieve green targets by expanding carbon offset program to corporate clients

Air Canada, in conjunction with Zerofootprint, is extending its popular carbon offset program to corporate clients to make it easier for businesses to meet their green objectives. Corporations will be able to upload travel data easily, select a percentage of travel to offset, purchase offsets online, and have the ability to access and review their past transactions.

### 3. Freight Volumes Contract and Passenger Growth Hits Five-Year Low

The International Air Transport Association international traffic showed a continued slowing of demand growth for air transport. In June 2008, cargo contracted by 0.8%, passenger demand growth fell to 3.8% and passenger load factors dropped by 1.2 percentage points (i.e., 77.6%) compared to the same month last year.

### 4. Speculation mounts over Air Canada, ACE breakup

The sale of Air Canada is now an improbability by the end of 2008 and speculation is mounting that ACE Aviation Holdings Inc. may be ready to make a decision on how it will unwind itself when it reports its second-quarter earnings on August 8, 2008. Due to the decline in the stock market, it is unlikely ACE will get a competitive price for its 75% interest in the airline. One analyst indicates that its present share value does present an opportunity for ACE to buy back the 25 million shares it doesn't own.

### 5. The wired world goes airborne

Delta Air Lines Inc. has initiated a pioneering project for its U.S. flights for WiFi (wireless mobile network), while similar Internet access for laptops and smart phones must first clear regulatory hurdles before making any debut in Canada. For \$9.95 (U.S.) for a flight lasting three hours or less, Delta passengers will be able to gain broadband access to the Internet, send and receive e-mails and text messages, as well as chat on instant messaging services. The fee will be \$12.95 for trips lasting more than three hours.

### 6. Minister Cannon Issues Statement on Helicopter Accident near Alice Arm, British Columbia

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, on August 6, 2008 released a statement concerning the accident involving an aircraft operated by Prism Helicopters near Alice Arm, British Columbia. He expressed his condolences and indicated that they will fully co-operate with the Transportation Safety Board in their investigation.

### 7. WestJet Announces a July Load Factor of 79.7

Westjet on August 8, 2008 announced its July 2008 traffic results: a load factor of 79.7 per cent (a decline of 2.9 points compared to July 2007); available seat miles of 1.448 billion miles (a capacity increase of 22.7 per cent compared to July 2007); and revenue passenger seat miles of 1.242 billion miles (an increase of 18.3 per cent

## Current Developments in Brief

### Air Transportation

#### CANADA

1. WestJet Reports Second Quarter Results, July 30, 2008, [www.westjet.ca](http://www.westjet.ca)
2. Air Canada helps business achieve green targets by expanding carbon offset program to corporate clients, July 30, 2008, [www.aircanada.ca](http://www.aircanada.ca)
3. Freight Volumes Contract and Passenger Growth Hits Five-Year Low, August 4, 2008, [www.iata.org](http://www.iata.org)
4. Speculation mounts over Air Canada, ACE breakup, August 5, 2008, [www.nationalpost.ca](http://www.nationalpost.ca)
5. The wired world goes airborne, August 6, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
6. Minister Cannon Issues Statement on Helicopter Accident near Alice Arm, British Columbia, August 6, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
7. WestJet Announces a July Load Factor of 79.7, August 7, 2008, [www.westjet.ca](http://www.westjet.ca)
8. Air Canada reports July traffic - Load Factor of 83.0 per cent, matching July 2005 record, August 7, 2008, [www.aircanada.ca](http://www.aircanada.ca)
9. Air Canada reports second quarter results, August 7, 2008, [www.aircanada.ca](http://www.aircanada.ca)
10. Air Canada profit falls 21 per cent, August 8, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
11. Aircraft movement statistics: Small airports January, February and March 2008, August 7, 2008, [www.statcan.ca](http://www.statcan.ca)
12. Canadian Transportation Agency appoints new board member, August 7, 2008, [www.ctl.ca](http://www.ctl.ca)
13. Government of Canada Proposes Enhanced Regulations to Better Locate Aircraft in Distress, August 8, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
14. Air Canada aims to wean fliers from free headsets, August 12, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
15. Aeroplan profit sinks to \$31.4-million, August 14, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
16. Airlines form Transatlantic agreement, August 15, 2008, [www.globalcompetitionreview.com](http://www.globalcompetitionreview.com)
17. BAA braced for airport sale, August 18, 2008, [www.globalcompetitionreview.com](http://www.globalcompetitionreview.com)
18. BA says "no" to Heathrow divestitures, August 18, 2008, [www.globalcompetitionreview.com](http://www.globalcompetitionreview.com)
19. Aircraft movement statistics: Major airports [July 2008], August 18, 2008, [www.statcan.ca](http://www.statcan.ca)
20. Leadership Challenges For Australia, August 20, 2008, [www.iata.org](http://www.iata.org)
21. Zoom cancels all flights, suspends operations, August 29, 2008, [www.nationalpost.ca](http://www.nationalpost.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.

compared to July, 2007). The CEO for WestJet , Sean Durfy stated “Given our substantial growth in capacity, we are pleased with our strong load factor.”

#### **8. Air Canada reports July traffic - Load Factor of 83.0 per cent, matching July 2007 record**

Air Canada reported a load factor of 84 percent for July 2008, 1.5 points higher than that recorded in July 2007. The main line carrier flew 0.1 percent less revenue passenger miles (RPMs) in July 2008 than in July 2007. Air Canada’s capacity decreased by 1.8 percent for July 2008. Jazz’s capacity for July 2008 decreased 4.1 per cent, resulting in a load factor of 72.1 percent, compared to 74.2 percent in July 2007, a decrease of 2.1 points. On a combined basis (Air Canada and Jazz), system traffic decreased 0.6 per cent while capacity decreased 2.1 percent, resulting in a load factor of 83 percent for July 2008, 1.2 percentage points higher than a year earlier. International traffic (RPMs) increased by 3.2% for the same period on a capacity decrease of 1%.

#### **9. Air Canada reports second quarter results**

Air Canada on August 8, 2008 reported that for the second quarter: passenger revenue increased 5 per cent to \$2.5 billion, due to growth in traffic and yield; unit cost declined 1.7 per cent, excluding fuel expense, from the second quarter of 2007; net income of \$122 million compared to net income of \$155 million in the second quarter of 2007; earnings before income tax (EBITDAR) of \$249 million, a decrease of \$50 million from the same quarter in 2007; and operating income of \$7 million compared to operating income of \$88 million in the second quarter of 2007.

#### **10. Air Canada profit falls 21 per cent**

Air Canada made \$122-million in the second quarter, compared with \$155-million a year earlier, the Montreal-based airline reported on August 8, 2008. Its parent company, ACE Aviation Holdings Inc., meanwhile reported a profit of \$830-million, compared with \$118-million a year earlier. This year's figure included pre-tax gains of \$908-million for the sale of the Jazz regional airline unit, as well as the Aeroplan loyalty program. Montie Brewer, chief executive officer and president of the airline stated “I am pleased to report solid operating results for the quarter, despite the difficult industry environment created by unrelentingly high fuel prices.”

#### **11. Aircraft movement statistics: Small airports January, February and March 2008**

Goose Bay, Newfoundland and Labrador, was the most active site (itinerant movements i.e., flights from one airport to another) in the first three months of 2008. Guelph, Ontario was the most active airport for local movements for this period.

#### **12. Canadian Transportation Agency appoints new board member**

Jean-Denis Pelletier of Laval, Quebec has been appointed to the Canadian Transportation Agency's board of directors for a term of five years.

#### **13. Government of Canada Proposes Enhanced Regulations to Better Locate Aircraft in Distress**

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, on August 8, 2008 announced proposed amendments to the *Canadian Aviation Regulations* to help search and rescue authorities better locate aircraft in distress. The aircraft will be required to be equipped with an emergency locator transmitter operating at the 406 MHz frequency or any other alternative equivalent means. These regulations will harmonize Canadian requirements with international standards.

#### **14. Air Canada aims to wean fliers from free headsets**

Starting Oct. 1, 2008, Air Canada will be offering passengers seated in economy class on North American flights the choice of sticking with the free headset or paying extra for the higher-quality one. Outside North America, Air Canada's upgraded headsets will be complimentary this fall for overseas flights. WestJet Airlines Ltd. of Calgary already charges \$3 for its headset.

#### **15. Aeroplan profit sinks to \$31.4-million**

In the second quarter of 2008, Groupe Aeroplan Inc. saw its profits drop despite an increase in its revenue by 52 per cent. Profit fell to \$31.4-million, or 16 cents per unit, from \$49.4-million or 25 cents per unit a year earlier. Revenues rose to \$336.7-million, up from \$220.3-million a year earlier.

#### **16. Airlines form Transatlantic agreement**

American Airlines, British Airways and Iberia on August 15, 2008 signed a joint venture agreement, which will allow them to act as a single carrier on flights between North America and Europe. Under the transatlantic alliance, the three airlines - all members of the Oneworld Alliance - will cooperate on flights between the US, Mexico and Canada, and the European Union, Switzerland and Norway. They are applying for antitrust immunity in the US and the EU. If antitrust immunity is

22. Zoom grounded, August 29, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)

23. WestJet comments on Zoom Airlines announcement, August 28, 2008, [www.westjet.ca](http://www.westjet.ca)

#### **US**

1. June Airline On-Time Performance Better than Last Year, Down from May, August 5, 2008, [www.dot.gov](http://www.dot.gov)

2. Americans Divided on Airplane Cell Phone Use, According to New BTS Special Report, August 7, 2008, [www.dot.com](http://www.dot.com)

3. EU clears Delta-Northwest merger, August 7, 2008, [www.joc.com](http://www.joc.com)

4. BA, AA seek to form trans-Atlantic giant, August 11, 2008, [www.joc.com](http://www.joc.com)

5. May 2008 Airline Traffic Data: Five-Month 2008 System Traffic Up 0.1 Percent from 2007 but Down 1.3 Percent in May, August 14, 2008, [www.bts.gov](http://www.bts.gov)

6. June 2008 Passenger Airline Employment [in the US] Up 0.1 Percent from June, August 19, 2008, [www.bts.gov](http://www.bts.gov)

7. BAA must sell three airports, August 20, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)

granted, the carriers would be allowed to coordinate prices, schedules and routes, and to share profits.

#### **17. BAA braced for airport sale**

UK's Competition commission will release provisional findings in its investigation of UK airports in the week of August 18, 2008. On August 16, 2008, BAA chairman Nigel Rudd told the BBC that he expects the commission to demand that BAA divest Gatwick or London's Stansted, as well as one of its airports in Scotland. BAA owns Glasgow, Edinburgh and Aberdeen airports. The Manchester Airport Group and a consortium spearheaded by Virgin Atlantic confirmed interest in making bids for the airports.

#### **18. BA says "no" to Heathrow divestitures**

On August 18, 2008, executives from both British Airways and American Airlines said they will resist any attempt by antitrust authorities to force them to divest coveted slots at London's Heathrow airport to clear their proposed joint venture. The US Department of Transportation and the European Commission will review the deal for possible competition concerns.

#### **19. Aircraft movement statistics: Major airports [July 2008]**

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations increased 4.6% in July 2008 compared with July 2007. The 95 airports reported 631,455 movements in July compared with 603,909 movements in July 2007.

#### **20. Leadership Challenges For Australia**

Giovanni Bisignani, IATA's Director General and CEO, in a speech to the Australian National Aviation Press Club in Sydney on August 20, 2008 challenged Australia to take a leadership role in three areas that are critical to aviation: security, environment and liberalisation.

#### **21. Zoom cancels all flights, suspends operations**

Zoom Airlines Inc., the discount carrier suspended all operations at dozens of airports across Canada, Europe and the United States on August 28, 2008 citing imminent insolvency proceedings. Hugh and John Boyle, the founders of Zoom, said in the statement "We have done everything we can to support the airline and left no stone unturned to secure a re-financing package that would have kept our aircraft flying. " Unfortunately, for air passengers they were unsuccessful. **22. Zoom grounded**

Zoom airlines collapsed on August 28, 2008. The Ottawa based airlines was co-founded in 2002 by the Boyles brothers. Zoom's network included eight cities in Canada and six in Britain, as well as Paris, Rome, San Diego, New York, Fort Lauderdale and Bermuda. The high price of fuel, a slumping economy that hurt fall bookings and fares as low as \$99 (Canadian) one-way on transatlantic routes, before various taxes were some of the factors that were the cause of the airlines demise. According to said Robert Kokonis, president of airline consulting firm AirTrav Inc., "They expanded too fast, too far." The Boyles expressed regret that they were forced to cease operations by creditors. The Canadian Transportation Agency said consumers who used credit cards to pay for their Zoom tickets should contact financial firms to have charges reversed. National Bank Financial analyst David Newman said Zoom's demise comes as welcome news for tour operator Transat A.T. Inc. As a result, Transat shares rose 16.8 percent.

#### **23. WestJet comments on Zoom Airlines announcement**

WestJet commented on Zoom Airlines announcement to suspend operations on August 28, 2008, indicating its regret and help if possible. It will offer stranded passengers discounts on all fares across Canada. Zoom passengers can book WestJet flights by calling WestJet's SalesSuper.

## WATER TRANSPORTATION

### 1. Port of Montreal Cumulative containerized traffic summary January to June 2008

Cumulative containerized traffic in TEUs totalled 725,283 by the end of June 2008 (i.e. for the first six months), a 7.9% increase over the same period in 2007 at the Port of Montreal. Inbound and outbound containerized traffic increased 8.7% and 7.2% from the year before, respectively.

### 2. Governments of Canada, New Brunswick and Nova Scotia Come Through with Support to Ensure the Digby-Saint John Ferry Service Continues

On August 1, 2008, government officials announced significant investments to ensure the Digby-Saint John ferry service will continue to run. It also announced investments to repair the Digby Fishermen's Wharf.

### 3. Minister Cannon Issues Statement on Aviation Accident near Port Hardy, British Columbia

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, on August 4, 2008 released the following statement concerning the accident involving an aircraft operated by Pacific Coastal Airlines near Port Hardy, British Columbia. He expressed his condolences and indicated that they will fully cooperate with the Transportation Safety Board in their investigation.

### 4. Ports from Texas to Florida are building or expanding container terminals

New container terminals are emerging as US Gulf ports are building or expanding facilities to handle growth and prepare for the expansion of the Panama Canal which they hope will attract all-water services from Asia. This article examines the developments at: Houston, Freeport, New Orleans, Gulfport, Mobile and Tampa, together with changes in its exports and imports in addition to the market shares of the largest carriers at these ports.

### 5. Government of Canada Delivers on Air Quality: Applications for Funding under the Marine Shore Power Program Launched

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, on August 7, 2008 announced that the Government of Canada is taking one more step towards better air quality by setting up the Marine Shore Power Program. The program aims to improve air quality by enabling ships to turn off their diesel engines while docked. Under the program, ships would be connected to electric power that travels to them from specially designed transformers at port facilities.

### 6. Coal, potash, containers offer bright spots in Port Metro Vancouver's mid-year stats

Statistics for the first half of 2008 for the Port Metro Vancouver show significant growth in coal and potash exports, along with positive increases in both import and export container volumes. Cruise passenger volumes remained relatively stable, while overall tonnage was down slightly from the same period in 2007.

### 7. Port of Vancouver Accumulated Traffic Report [Year to Date - July 2008]

The Port of Vancouver released its accumulated container traffic report for July 2008. Total year-to-date traffic was 1,392,915 TEUs for July 2008, an increase of 4% over July 2007. Year-to-date imports (TEUs) increased by 4% and exports

## Water Transportation

### Canada

1. Port of Montreal Cumulative containerized traffic summary January to June 2008, August 4, 2008, [www.portofmontreal.ca](http://www.portofmontreal.ca)
2. Governments of Canada, New Brunswick and Nova Scotia Come Through with Support to Ensure the Digby-Saint John Ferry Service Continues, August 1, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
3. Minister Cannon Issues Statement on Aviation Accident near Port Hardy, British Columbia, August 4, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
4. Ports from Texas to Florida are building or expanding container terminals, *The Journal of Commerce*, June 16, 2008, pp. 20-32.
5. Government of Canada Delivers on Air Quality: Applications for Funding under the Marine Shore Power Program Launched, August 7, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
6. Coal, potash, containers offer bright spots in Port Metro Vancouver's mid-year stats, August 11, 2008, [www.ctl.ca](http://www.ctl.ca)
7. Port of Vancouver Accumulated Traffic Report [Year to Date - July 2008], August 12, 2008, [www.portvancouver.ca](http://www.portvancouver.ca)
8. Living on the Edge Pacific Northwest ports press ahead in a down economy, *Journal of Commerce*, August 4, 2008, pp. 28-29.
9. ASC asks China to clear up confusion over liner antitrust issues, August 20, 2008, [www.americanshipper.com](http://www.americanshipper.com)

### US

1. Report: Hamburg group high bidder for Hapag-Lloyd, July 30, 2008, [www.joc.com](http://www.joc.com)
2. US] West Coast volume declines, August 1, 2008, [www.joc.com](http://www.joc.com)
3. Freight study says China will remain cargo king, August 1, 2008, [www.joc.com](http://www.joc.com)

4. Customs requires ISO seals on all boxes, August 7, 2008, [www.joc.com](http://www.joc.com)
5. Preparing for take off. Express carriers move to take advantage of Asian growth, *The Journal of Commerce*, July 28, 2008, pp. 52-53.
6. The bidding begins. At least three prospective buyers are interested in acquiring Hapag-Lloyd, *The Journal of Commerce*, July 28, 2008, p. 65.
7. Study: Cargo diversions contributing to SoCal ports volume declines, June 19, 2008, [www.americanshipper.com](http://www.americanshipper.com)
8. TSA to raise bunker surcharge to record level Monday, August 26, 2008, [www.americanshipper.com](http://www.americanshipper.com)
9. Going with the Flow [Surging exports bring trans-Atlantic trade into balance - almost], *The Journal of Commerce*, August 18, 2008, pp. 18-27.

increased by 4%.

### **8. Living on the Edge [Pacific Northwest ports press ahead in a down economy]**

The five Pacific Northwest ports (Seattle, Portland, Tacoma, Vancouver and Prince Rupert) moved 3.21m TEUs in the first six months of 2008 compared to 3.18m TEUs for the same period in 2007. Seattle performed the worst and Portland and Tacoma were down about 1 percent. Vancouver increased its volume by 4.3 percent and Prince Rupert began operations for the first time moving 43,555 TEUs. Notwithstanding the marginal increase in volume, terminal expansion plans remain in place despite the slowdown.

### **9. ASC asks China to clear up confusion over liner antitrust issues**

At the beginning of August 2008, China enacted a new antitrust law pertaining to shipping conferences. It does not provide block exemption for shipping conferences. The Asian Shippers Council has asked China to clarify whether the antitrust law or existing maritime regulations would take precedence in court. This would avoid unnecessary confusion. The Council said shippers should not be continually subjected to new and increased surcharges and that these surcharges should only be temporary. The list of new surcharges continues to grow and a view was expressed that there should only be all-in freight rates.

## **RAIL TRANSPORTATION**

### **Canada**

#### **1. CN comments on regulator's draft environmental review of proposed EJ&E railway transaction and pledges to continue negotiations with affected communities**

Environmental Analysis section of the Surface Transportation Board issued a Draft Environmental Impact Statement (DEIS) on the company's proposed acquisition of the principal lines of the Elgin, Joliet & Eastern Railway Company (EJ&E) on July 25 2008. CN said it is an important step in the regulatory process. Chief executive officer of Canadian National Railway said "It is clear that the only significant issues remaining to be resolved in this proceeding relate to reasonable mitigation of impacts of increased train traffic in communities along the EJ&E line." However, he expressed disappointment with certain aspects of the DEIS,

especially the road crossing analysis and approach to mitigation. He was also disappointed that the DEIS did not fully identify the benefits that our proposed transaction would bring to the Chicago region.

#### **2. Railway on track for rally**

Analysts say CN, and to a lesser extent CPR, are positioned to gain ground on U.S. rivals. CN is expected to do better than CPR according to analysts. But they do not all agree. A National Bank Financial Inc. analyst rates CN an "outperform," with a 52-week target price of \$57 (Canadian). He kept CPR as a "sector perform," but lowered its 52-week target to \$67 from \$73. UBS Securities Canada Inc. analyst placed both CN and CPR in his "buy" category, maintaining a 52-week target price of \$61 for CN and \$80 for CPR.

#### **3. CP, CNR stocks on track despite headwinds, says Odlum Brown**

An analyst in Odlum Brown Limited says that he likes both CN and CP, but for

different reasons. "We like CN because it is the best-in-class operator at a below average valuation." "We like CPR because it has good global exposure and a solid opportunity for efficiency improvement." He gave a buy rating to both stocks, maintaining a price target of \$65 for CN, and \$77.50 for CPR.

#### **4. The Government of Canada Delivers on a Rail Freight Service Review: Final Terms of Reference Announced And Request For Proposals Issued**

The final terms of reference for the rail freight service review have been established and the first stage of the review is set to begin. The review will examine the services offered by CN and CPR to Canadian shippers and customers. The review will be conducted in two stages. The first project will focus on describing key elements of the logistics chain and conducting a quantitative analysis of the railways' ability to fulfill shipping orders and to provide consistent transit times in moving traffic from origin to destination. The second project will examine operating practices within the rail-based logistics system and identify those practices that adversely affect service to shippers.

#### **5. CN asks regulator to modify review of EJ&E deal**

### **Rail Transportation**

#### **Canada**

1. CN comments on regulator's draft environmental review of proposed EJ&E railway transaction and pledges to continue negotiations with affected communities, July 30, 2008, [www.cn.ca](http://www.cn.ca)
2. Railway on track for rally, July 31, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)
3. CP, CNR stocks on track despite headwinds, says Odlum Brown, August 1, 2008, [www.nationalpost.ca](http://www.nationalpost.ca)
4. The Government of Canada Delivers on a Rail Freight Service Review: Final Terms of Reference Announced And Request For Proposals Issued, August 12, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
5. CN asks regulator to modify review of EJ&E deal, August 15, 2008, [www.globeandmail.ca](http://www.globeandmail.ca)

6. GO Transit Service Is Expanding, August 22, 2008, [www.mto.on.gov.ca](http://www.mto.on.gov.ca)
7. Go Transit on Track to Improved Service along Lakeshore East Line, August 22, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
8. CN and City of Joliet approve agreement on CN acquisition, August 25, 2008, [www.cn.ca](http://www.cn.ca)
9. Windsor project aims to consolidate rail lines, August 26, 2008, [www.todaystrucking.com](http://www.todaystrucking.com)
10. Government of Canada Continues Funding for Northern Manitoba Passenger Rail Service, August 27, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
11. Railway freight tonnage drops in June: StatsCan, August 28, 2008, [www.cfl.ca](http://www.cfl.ca)

Canadian National Railway Co. [CN] said it asked the U.S. Surface Transportation Board on August 15, 2008 to take a new approach to its proposed takeover of Elgin, Joliet & Eastern Railway Co in hopes of securing an approval by the year-end. The request was made because United States Steel Corp, which owns Elgin, Joliet & Eastern Railway Co, has refused to extend the deadline for the deal into 2009, according to CN.

#### **6. GO Transit Service Is Expanding**

GO Transit which began in 1967 carried 2.5 million passengers in the first year of service. Today, it carries more than 50 million passengers each year, it runs seven train lines, radiating from Union Station west. It is a greener transportation option and since 2003, the McGuinty government has invested \$1.8 billion in GO Transit to improve service and expand routes. Now there are more terminals, more buses and trains, more service and more parking lots. With all this, GO reliability options continues to grow.

#### **7. Go Transit on Track to Improved Service along Lakeshore East Line**

GO Transit's Lakeshore East rail line improvements were recently completed. The Lakeshore East corridor expansion projects ( \$69.5 million) included the construction of a third track on the main rail line from Danforth GO Station to Scarborough GO Station. These project are part of the GO Transit Rail Improvement Program (GO TRIP), a \$1 billion-dollar expansion initiative. These improvements will relieve congestion and reduce delays for the 44,700 riders who use the corridor each weekday and the additional track will improve train service, increasing the efficiency of the commute for the passengers who travel along the corridor.

#### **8. CN and City of Joliet approve agreement on CN acquisition**

CN said on August 25, 2008 that it has reached an agreement with the City of Joliet regarding CN's proposed acquisition of the major portion of the Elgin, Joliet & Eastern Railway Company (EJ&E). The agreement resolves the outstanding concerns the City of Joliet has related to quiet zones, operations, and communications surrounding the transaction. The commitments in the agreement are expected to be completed within three years.

#### **9. Windsor project aims to consolidate rail lines**

The city of Windsor's 'railway issues committee' has released a report that recommends a \$313-million multiphase project that would merge its existing lines for Canadian National, Canadian Pacific Railway and VIA Rail into one major double-tracked route linking to Detroit. As a result, two-thirds of the railway tracks in Windsor be eliminated. This study estimates that the project would cost over \$575million.

#### **10. Government of Canada Continues Funding for Northern Manitoba Passenger Rail Service**

On August 27, 2008, Government officials announced that it will invest \$2.8 million in the Keewatin Railway Company. This will enable the company to proceed with capital improvements to the passenger rail service between The Pas and Pukatawagan, Manitoba. Keewatin Railway Company, jointly owned by three Manitoba First Nations, operates passenger rail and freight service between the above mentioned points.

#### **11. Railway freight tonnage drops in June: StatsCan**

The Canadian railway industry loaded 22.4 million metric tonnes of freight in June 2008, a 6.7% decline from June 2007 levels, according to StatsCan. The economic softness in the US, particularly for forestry and automotive-related products, as well as delays due to flooding in the Midwestern states contributed to the decline. Intermodal loadings edged down 1.9%, from June 2007 levels.

## HIGHWAY TRANSPORTATION

### 1. TransForce reports record revenue, lower profits

TransForce Canada's largest for-hire trucking company posted record revenue in the second quarter of 2007, but saw its net income slip. Revenue increased by 20% to \$595.6 million for the quarter. Alain Bedard, chairman, president and CEO of TransForce said "Everyone at TransForce can be proud of our performance in the latest quarter." Net income slipped to \$19.3 million compared to \$26.3 million during the second quarter of 07. For the six-month period ending June 30, 2008, TransForce reported a 16.8% revenue increase (to \$1.1 billion) over 2007. However, net income (after taxes) was down to \$38.4 million for the first half compared to \$47.2 million over the first six months of 07.

### 2. Ontario Looks Into Low-Speed Electric Vehicle Use

Ontario is commissioning a study to help determine safety standards for low-speed vehicles and how these vehicles can be used safely on Ontario's roads.

### 3. BTS Releases North American Surface Trade Numbers for May: Surface Trade with Canada and Mexico Rose 6.8 Percent from May 2007

The US Bureau of Transportation Statistics reported that trade using surface transportation between the United States and its North American Free Trade Agreement (NAFTA) partners Canada and Mexico was 6.8 percent higher in May 2008 than in May 2007, reaching \$74.1 billion. Of this total, U.S.–Canada surface transportation trade totalled \$48.9 billion in May, up 10.5 percent compared to May 2007. The value of imports carried by truck was 6.2 percent lower in May 2008 than May 2007, while the value of exports carried by truck was 10.0 percent higher.

### 4. Couriers and Messengers Services Price Index [June 2008]

The Couriers and Messengers Services Price Index increased 2.1% to 142.6 (2003=100) in June 2008. The courier portion rose 2.0%, while the local messengers component advanced 2.6%.

### 5. Saskatchewan enhances border travel options

The Saskatchewan government has approved a program to offer an enhanced driver's licence (EDL) or an enhanced identification card (EIC) as voluntary options for Saskatchewan residents as an alternative for a passport to meet the new border crossing rules to the US.

### 6. DHL-UPS probe sought

Two U.S. senators are calling for a federal antitrust investigation into plans by DHL to contract with competitor UPS as part of its move to scale back operations in the United States. This is because DHL will now become reliant for air transportation on UPS, it raises the question whether DHL will still be able to effectively compete against UPS.

### 7. Zero-emissions, Electric Low-speed Trucks Can Now Be Marketed Across Canada

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities announced on August 6, 2008 that with an updated federal definition of low-speed vehicles (LSVs), manufacturers of small LSV trucks can now begin to market them across Canada. These low-speed trucks are designed for use in locations such as: grounds keeping, landscaping, campuses and resorts, where they can be operated safely.

### 8. Trucking Commodity Origin and Destination Survey [2006]

Canadian trucking companies with annual revenue of \$1 million or more carried more than 607.4 million tonnes of goods in 2006, up 3.4% from 2005. Domestic shipments represented 84% of all shipments and 86% of all tonnage hauled in 2006. Transborder shipments represented just 16% of all shipments, but generated 35% of total revenue. The top three commodities hauled across the border in terms of tonnage were general freight (18%), vehicles and parts (10%) and pulp and paper products (7%).

## Highway Transportation

### Canada

1. TransForce reports record revenue, lower profits, July 30, 2008, [www.ctl.ca](http://www.ctl.ca)
2. Ontario Looks Into Low-Speed Electric Vehicle Use, July 28, 2008, [www.mto.gov.on.ca](http://www.mto.gov.on.ca)
3. BTS Releases North American Surface Trade Numbers for May: Surface Trade with Canada and Mexico Rose 6.8 Percent from May 2007, August 1, 2008, [www.dot.com](http://www.dot.com)
4. Couriers and Messengers Services Price Index [June 2008], August 1, 2008, [www.statcan.ca](http://www.statcan.ca)
5. Saskatchewan enhances border travel options, August 1, 2008, [www.todaystrucking.ca](http://www.todaystrucking.ca)
6. DHL-UPS probe sought, August 5, 2008, [www.joc.com](http://www.joc.com)
7. Zero-emissions, Electric Low-speed Trucks Can Now Be Marketed Across Canada, August 6, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
8. Trucking Commodity Origin and Destination Survey, August 11, 2008, [www.statcan.ca](http://www.statcan.ca)
9. The Full Cost Investigation of Transport in Canada, August 11, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
10. Transport Canada Investigation Says Full Cost of Transportation in Canada Cost \$200 Billion Plus in 2000, August 11, 2008, [www.cantruck.ca](http://www.cantruck.ca)
11. \$50 million slated for Saskatchewan highway improvements, August 12, 2008, [www.ctl.ca](http://www.ctl.ca)
12. Mullen thrives in challenging environment, August 13, 2008, [www.ctl.ca](http://www.ctl.ca)
13. Canada and Ontario Announce Start of Construction on Essex County Road 22, August 15, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
14. Opening of 4-lane Divided Stretch of Highways 73/175, August 15, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
15. Canada and Ontario Announce Start of Construction on Essex County Road 22, August 15, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
16. Opening of 4-lane Divided Stretch of Highways 73/175, August 15, 2008, [www.tc.gc.ca](http://www.tc.gc.ca)
17. Large urban transit June 2008 (preliminary), August 21, [www.statcan.ca](http://www.statcan.ca)
18. Feds mull scrapping of diesel tax: Report, August 26, 2008, [www.todaystrucking.com](http://www.todaystrucking.com)
19. Couriers and Messengers Services Price Index [July 2008], August 28, 2008, [www.statcan.ca](http://www.statcan.ca)
20. BTS Releases North American Surface Trade Numbers for June: June Surface Trade with Canada and Mexico Rose 6.6 Percent from June 2007, August 28, 2008, [www.dot.gov](http://www.dot.gov)

### US.

1. American Driving Reaches Eighth Month of Steady Decline, August 13, 2008, [www.dot.gov](http://www.dot.gov)
2. Freight Transportation Services Index (TSI) Rose 0.1 Percent in June from May, August 13, 2008, [www.bts.gov](http://www.bts.gov)

## **9. The Full Cost Investigation of Transport in Canada**

The Full Cost Investigation project (FCI) was undertaken by Transport Canada to provide estimates of the financial and social costs of transportation for Canada. The project team estimated the full costs of transportation in 2000 to range between \$ 198 billion and \$ 233 billion. Of that total, the share of infrastructure-related costs was between \$ 43 billion and \$ 55 billion. The bulk of the infrastructure costs of the country's transportation system are attributable to the infrastructure capital assets (between \$ 28.5 billion and \$ 37.5 billion), while operating costs associated to this infrastructure were between \$ 8.5 billion and \$ 9.2 billion. The remaining portion of infrastructure-related costs has to do with the estimated value of the land used by the infrastructure. The major source of transportation's financial costs is related to the vehicle assets and the operation costs of the vehicles – between \$ 145 billion and \$ 153 billion. The social costs associated with the impacts of transportation activities in 2000 were in the order of between \$ 24.4 billion and \$ 39.5 billion. In terms of relative importance, the five social costs considered rank as: accidents, air pollution, congestion, GHG emissions and finally noise.

## **10. Transport Canada Investigation Says Full Cost of Transportation in Canada Cost \$200 Billion Plus in 2000**

David Bradley, CEO of the Canadian Trucking Alliance commenting, on the Full Cost report says that though it is interesting, it cannot be relied upon for policy purposes. Perhaps the most interesting part of the investigation is the attempt to quantify the social costs of transportation but here too allocating cost and determining social cost is more art than science. In comparing the modal costs, the investigators according to Bradley relied upon an outdated and biased measurement of modal activity (tonne-kilometres). This favours certain modes. The biggest weakness of the report he says is that it only looks at the costs of transportation, it does not look at the benefits.

## **11. \$50 million slated for Saskatchewan highway improvements**

The Ministry of Highways and Infrastructure of Saskatchewan announced that the province is injecting more than \$50 million into the provincial and municipal road network in Lloydminster and west-central Saskatchewan, to better support the region's growing economy and roadways that are heavily used by trucks.

## **12. Mullen thrives in challenging environment**

Mullen Group set a new record for revenue in the second quarter and boosted its profit over the same period last year. Mullen's revenue was \$249.1 million for the second quarter of 2008 (a 13.8% increase from the second quarter of 2007). Its net income was \$19.9 million, up from \$16.6 million compared to the same quarter in 2007. The trucking/logistics segment was largely responsible for the record-setting revenue, making a \$10.9 million contribution. The company said it is experiencing continued strong freight demand in Western Canada.

## **13. Canada and Ontario Announce Start of Construction on Essex County Road 22**

On August 15, 2008, the governments of Canada and Ontario, in partnership with the County of Essex, announced the start of construction for the widening of Essex County Road 22 from Lakeshore Boulevard to Patillo Road. Funding for this strategy comes from the Canada-Ontario Border Infrastructure Fund.

## **14. Opening of 4-lane Divided Stretch of Highways 73/175**

The governments of Canada and Quebec announced on August 15, 2008 the rebuilding the 4-lane divided stretch of Highway 175. The opening of this stretch of road is part of the project to rebuild Highways 73/175 between Quebec City and Saguenay. The governments of Canada and Quebec are each committed to contributing \$262.5M to the first phase of funding for this project.

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## **17. Large urban transit June 2008 (preliminary)**

Combined ridership on 10 large urban transit systems in Canada was 4.1% higher in June 2008 than it was for the same month in 2007. Approximately 124.4 million passenger trips were taken on these transit systems in June accounting for about 80% of total urban transit in Canada. The trips generated \$211.9 million in revenue in June (excluding subsidies), a 6.8% increase over June 2007.

### **18. Feds mull scrapping of diesel tax: Report**

The trucking industry, has lobbied hard to get the 4c excise tax on diesel removed. This tax generates over \$1 billion in revenue to the federal government. According to a report by the *Financial Post* there has been discussion in Ottawa to scrap this tax and a fair amount of paper work has to be done before the tax is eliminated. However, the proposal is meeting opposition from the Department of Finance and the Prime Minister's office has denied that work is being done on the proposal.

### **19. Couriers and Messengers Services Price Index [July 2008]**

The Couriers and Messengers Services Price Index for Canada increased 2.0% to 145.4 (2003=100) in July 2008. The courier portion rose 2.2%, while the local messenger component advanced 1.0%.

### **20. BTS Releases North American Surface Trade Numbers for June: June Surface Trade with Canada and Mexico Rose 6.6 Percent from June 2007**

Trade using surface transportation between the United States and its NAFTA partners Canada and Mexico was 6.6 percent higher in June 2008 than in June 2007, reaching \$74.1 billion. U.S.–Canada surface transportation trade totalled \$48.9 billion in June, up 8.7 percent compared to June 2007. Michigan led all states in surface trade with Canada in June 2008 with \$6.5 billion

## **GENERAL**

### **1. Loblaw's chooses Saskatchewan for new distribution hub**

Loblaw Companies, Canada's largest food distributor, has chosen Saskatchewan as the new location for its western Canadian distribution facility. This facility will be located adjacent to the Canadian Pacific (CP) Railway. It is expected to generate 750 jobs within two years and as many as 1,500 jobs by 2017.

### **2. Travel between Canada and other countries [June 2008]**

Travel to and from Canada declined marginally from May 2008 to June 2008. Travel to Canada fell to 2.3 million trips in June, down 1.3% from May and 12.7% from June 2007. Travel from the United States fell 1.2% from May. Travel from 9 of the top 12 overseas markets to Canada declined in June. The largest decline was from China and largest increase was from U.K.

### **3. Prentice urges US politicians to break down trade barriers**

On August 18, 2008, Canada's Industry Minister Jim Prentice at the Americas Competitiveness Forum issued a warning to US politicians to relax barriers that hinder cross-border trade. He argued that a smooth flow of goods across the Canada/US border is essential to economic prosperity.

## **Canada**

1. Loblaw's chooses Saskatchewan for new distribution hub, July 31, 2008, [www.ctl.ca](http://www.ctl.ca)
2. Travel between Canada and other countries [June], August 18, 2008, [www.statcan.ca](http://www.statcan.ca)
3. Prentice urges US politicians to break down trade barriers, August 19, 2008, [www.ctl.ca](http://www.ctl.ca)

## **US**

1. New view on fees [infrastructure], *The Journal of Commerce*, August 18, 2008, pp. 12-16.

## **Conferences**

1. TPM Asia Conference, September 17 and 18, 2008, Intercontinental Hotel Shenzhen, China, [www.joc.com](http://www.joc.com)
2. 3<sup>rd</sup> Annual Canada Maritime Conference, September 30–October 1, 2008, Sheraton Vancouver Wall Centre Hotel in Vancouver, British Columbia, Canada.
3. Freight Demand Forecasts, December 3 and 4, Vancouver, BC, [www.westac.com](http://www.westac.com)
4. 19th Annual Breakbulk Conference & Exhibition, October 14 to 16, 2008, New Orleans, Louisiana, [www.joc.com](http://www.joc.com)