

Transportation Information Update*

Editor: Joseph Monteiro**

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Associate Editor: Gerald Robertson**

Speech from the Throne

The speech from the throne does not specifically mention transport. However, the economic stimulus plan described therein indicates that “Our government is taking immediate action to build Canada through new investment in infrastructure.” It also indicates that “Our government is acting to support industries in difficulty - including ... tourism ... - and to protect families and communities who depend on those jobs.” Speech from the Throne, January 26, 2009, www.gc.ca

Budget 2009 – Budget in Brief

One of the important highlights of Budget 2009 was its attention to infrastructure. Budget 2009 accelerates and expands the recent historic federal investment in infrastructure with almost \$12 billion in new infrastructure. Some of the infrastructure projects mentioned with regard to transport and the funds provided for it are: **1) Railways:** VIA Rail Canada (\$407 m); two First Nations railways (\$7.9 m); and railway safety (\$72 m); **2) Bridges and Harbours:** Champlain Bridge (\$12 m); two of the busiest U.S.–Canada border crossings (\$14.5 m); other federal bridges (\$ 42m); and Pangnirtung Harbour in Nunavut and small craft harbours (\$217m). **3) Border Service Funding:** Prescott, Ontario; Huntingdon, Kingsgate, and the Pacific Highway in British Columbia. **4) Airport security improvement:** Canadian Air Transportation Security Authority, new air passenger assessment system and a new security program for air cargo. **5) Tourism Budget:** Canadian Tourism Commission - Olympic (\$40 m); cruise ship tourism along the Saint Lawrence and Saguenay Rivers (\$12m); and marquee festivals (\$100m). Budget 2009 – Budget in Brief, January 27, www.budget.gc.ca

AIR TRANSPORTATION

1. WestJet files new initiatives in flight plan

The key initiatives that WestJet has for 2009 according to its CEO Sean Durfy are: a frequent-flier program; and the signing of two partnerships with global carriers. It hopes to capitalize on the shift of passengers to it as a low cost carrier and to expand by more code sharing agreements together with new destinations.

2. Air Canada buckles up to ride out storm

Air Canada’s initiatives for 2009 according to its CEO, Montie Brewer, are to capitalize on cost-cutting measures to fight high fuel prices already introduced. It also plans to free up money by selling some of its existing planes and leasing them back, together with hopes to build transborder traffic with the decline in the value of the Canadian dollar. The decline in oil prices will also enable it to take account of this factor as 70% of its purchases are not hedged.

3. International Cargo Down 13.5% in November - Passenger Declines by 4.6%

The International Air Transport Association (IATA) announced results for November 2008 showing a 4.6% drop in international passenger traffic and a 13.5% drop in international cargo compared to the same month last year. IATA indicated that the decline in cargo is shocking. It resulted from the decline of cargo carried by Latin American carriers, North American carriers and European carriers. The decline in oil prices has been unable to counterbalance the worsening global economic situation.

4. CIBC provides \$100 million deal with Air Canada

CIBC will provide a total of \$100 million to Air Canada, spread equally over two years. Before Christmas, it signed a deal with General Electric Leasing Corp. for \$195 million. Before that, it made agreements for \$78 million and \$70 million with three other institutions.

5. Air Canada's Unhappy Holidays

Air Canada is unhappy about the cost faced by it due to the bad weather, in terms of hotel rooms, baggage pile up, etc. Air Canada indicates that it does not normally pay for such costs and it could have responded to the situation more efficiently after the stormy weather cleared out. It is studying how to deal with similar situations in the future. Its competitor, WestJet, incurred a cost of 500,000 in terms of hotel bills and 25,000 meal vouchers costing \$220,000.

Current Developments in Brief

Air Transportation

CANADA

1. WestJet files new initiatives in flight plan, December 30, 2008, www.globeandmail.ca
2. Air Canada buckles up to ride out storm, December 30, 2008, www.globeandmail.ca
3. International Cargo Down 13.5% in November - Passenger Declines by 4.6%, December 30, 2008, www.iata.org
4. CIBC provides \$100 million deal with Air Canada, December 31, 2008, www.globeandmail.ca
5. Air Canada's Unhappy Holidays, January 7, 2009, www.globeandmail.ca
6. ATAC announces new president and chief executive officer, January 6, 2009, www.atac.ca
7. WestJet announces record load factor, January 7, 2009, www.westjet.ca
8. Air Canada, WestJet post record load factors, January 7, 2009, www.globeandmail.ca
9. Air Canada reports December traffic; record load factors for December and full year 2008, January 7, 2009, www.aircanada.com
10. Air Canada, WestJet on Different flight paths, January 7, 2009, www.nationalpost.ca
11. Air Canada opens new escape routes with the latest addition to its family of Flight Pass products, January 8, 2009, <http://www.aircanada.com/en/about/media/facts/index.html>
12. Winnipeg flies from white snow to Snow White, January 12, 2009, www.westjet.com
13. Zoom Airlines may fly again, January 12, 2009, www.globeandmail.ca
14. Ex-Zoom chief signs up Finnish carrier, January 14, 2009, www.globeandmail.ca

* The CTRF is not responsible for the information provided in this Update.

** The information provided is from the Authors and neither the Competition Bureau or Industry Canada is responsible for it.

6. ATAC announces new president and chief executive officer

ATAC announces Mr. McKenna as President and Chief Executive Officer of ATAC. He has a wide variety of private and public experience and has three masters degrees in various fields.

7. WestJet announces record load factor

On January 7, 2009, WestJet announced a load factor of 80.9 for December 2008, 1.6 points higher than December 2007. Available seat miles and revenue passenger miles were 10.6% and 12.8% higher than the December 2007 statistics, respectively. Sean Durfy stated that "These results come from continued dedication of Westjetters..."

8. Air Canada, WestJet post record load factors

Air Canada and WestJet posted record load factors surpassing expectations. Air Canada's load factor was 81.7 for December 2008, 2.9 points higher than December 2007. Air Canada achieved its high load factor by cutting capacity. WestJet, however, achieved its success notwithstanding the fact that it did not cut capacity.

9. Air Canada reports December traffic; record load factors for December and full year 2008

Air Canada mainline reported for December 2008: a load factor of 82.7% (compared to 79.3% for December 2007); revenue passenger miles 3,462 million (6.2% lower compared to December 2007); and available seat miles or capacity 4,152 million (10.0% lower compared to December 2007). For the entire year the load factor, revenue passenger miles and available seat miles were 1.1 points higher, 0.1% higher and 1.2% lower, respectively. For the combined carriers (Air Canada and Jazz) statistics for December 2008 were: a load factor of 81.7% (compared to 78.8% for December 2007); revenue passenger miles 3,279 million (6.6% lower compared to December 2007); and available seat miles or capacity 4,564 million (9.9% lower compared to December 2007). For the entire year, the load factor, revenue passenger miles and available seat miles were 0.8 points higher, 0.2% lower and 1.2% lower, respectively.

10. Air Canada, WestJet on different flight paths

Current statistics suggests that Air Canada and WestJet appear to be on two different flight paths. Air Canada plans to reduce capacity and focus on profitability whereas WestJet plans to increase capacity and increase market share. WestJet has a cost advantage of 30% over Air Canada. This advantage of WestJet and its plan should enable it to increase its market share from 37% by 1% or 2% every year and to become the country's leading carrier by 2013.

11. Air Canada opens new escape routes with the latest addition to its family of Flight Pass products

Air Canada on January 8, 2009 launched its new 'Escape Pass', giving customers the opportunity to make multiple getaways affordable across North America. The 'Escape Pass' is sold by zone corresponding to each of the country's four main regions. It will be on sale until January 28, 2009.

12. Winnipeg flies from white snow to Snow White

On January 12, 2009, WestJet announced the launch of a limited-time non-stop route between Winnipeg and Orlando, Florida, beginning on February 4, 2009. WestJet is the only carrier in Canada to fly non-stop service between Winnipeg and Orlando.

13. Zoom Airlines may fly again

As a result of the sharp fall in oil prices, Zoom Airlines could return to the skies in the summer of 2009 under a new owner who pledges to restore low-cost transatlantic service less than a year after the carrier folded. The owner also felt that the brand name was worthwhile bringing back.

14. Ex-Zoom chief signs up Finnish carrier

Go Travel Direct, majority-owned by former Zoom Airlines chairman Hugh Boyle, has signed up Finland's national airline to launch transatlantic flights this summer. This will clear the way for discount flights to London from Winnipeg, Toronto, Halifax and St. John's. In late June 2009, non-stop flights will begin once a week from those Canadian cities, while Montreal-Paris service will be twice a week. Toronto-London service would be boosted to twice a week, starting in July 2009. Go Travel's fares start at \$299 each way.

15. Air Canada and Canadian Auto Workers reach tentative agreement on new contract, January 14, 2009, www.aircanada.com

16. New Flights to Cancun, Mexico Provide More Choice for Consumers, January 14, 2009, www.tc.gc.ca

17. Aircraft movement statistics: Small airports [September 2008], January 15, 2009, www.statcan.gc.gov

18. IATA Reiterates its Environmental Commitment Even in Times of Crisis, January 16, 2009, www.iata.org

19. Top four airlines launch federal lobby group, January 21, 2009, www.globeandmail.ca

20. Government of Canada Invests in Airport Safety Across the Country, January 23, 2009, www.tc.gc.ca

21. Air Canada lays off more staff, January 25, www.globeandmail.ca

22. Union members reject Air Canada labour deal, January 28, 2009, www.nationalpost.ca

23. Air Canada comments on Canadian Auto Workers vote, January 28, 2009, www.aircanada.ca

24. Airports Commends fund for Tourism, Aviation Security, January 27, 2009, www.cacairports.ca

25. Introducing non-stop flights from the capital to Cancun, January 27, 2008, www.westjet.ca

26. Canadian Transportation Agency Issues Formal Warning to Go Travel Direct, January 28, 2009, www.cta-otc.gc.ca

27. ATAC reflects on Budget, January 27, 2009, www.atac.ca

28. Cargo Plummets 22.6% in December, January 29, 2009, www.iata.org

US

1. November Airline On-Time Performance Improves from Last Year, January 14, 2009, www.dot.gov

2. U.S. Transportation Secretary Mary E. Peters Announces Final Plan for Schedule Reductions to Address LaGuardia Airport Congestion and Delays, January 14, 2009, www.dot.gov

3. October 2008 Airline Traffic Data: System Traffic Down 7.1 Percent in October from 2007 and Down 2.6 Percent for January-to-October, January 15, 2009, www.dot.gov

4. November 2008 Passenger Airline Employment Down 6.5 Percent from November 2007, January 16, 2009, www.dot.gov

5. Breakthrough in EU-Japan aviation relations, January 16, 1, 2009, www.europa.eu

15. Air Canada and Canadian Auto Workers reach tentative agreement on new contract

Air Canada announced on January 14, 2009 that it has reached a tentative, three-year labour contract with the Canadian Auto Workers. The agreement is subject to a ratification vote by its union members (approximately 5000).

16. New Flights to Cancun, Mexico Provide More Choice for Consumers

Canada's Transport Minister, John Baird, announced on January 14, 2009 that WestJet Airlines Ltd. has been designated to operate scheduled international air services between Ottawa and Cancun, Mexico. It will provide more choice for travellers, create new jobs and boost our economy.

17. Aircraft movement statistics: Small airports [September 2008]

In September 2008, the number of take-offs and landings at the 117 airports without air traffic control towers reached 59,145 movements. This is a decrease of 17.6% compared to that reported in September 2007 at 118 airports. Welland / Niagara Central, Ontario, was the most active site for September 2008.

18. IATA Reiterates its Environmental Commitment Even in Times of Crisis

Aviation accounts for 2% of global CO2 emissions and the International Air Transport Association has highlighted its commitment to its environmental responsibility at the inauguration of its aviation and environment display. This commitment is delivering results as indicated by the fall in emissions in past years and its expected fall by 4.5% in 2009.

19. Top four airlines launch federal lobby group

The country's four largest airlines (Air Canada, Air Transat, Jazz Air LP and WestJet) have launched a new lobby group (National Airlines Council of Canada) to press the federal government on airport rents and other issues nine months after abruptly pulling out of Air Transport Association of Canada. It is suggested that "There was just a sense that the airlines could be better represented through a new, more focussed group."

20. Government of Canada Invests in Airport Safety Across the Country

The Honourable Jean-Pierre Blackburn, Minister of National Revenue and Minister of State (Agriculture), on January 23, 2009 announced funding under Round One of the federal government's 2009-2010 Airports Capital Assistance Program (ACAP). Since the inception of ACAP, the Government of Canada has invested a total of \$476 million for 571 projects at 165 airports. Air travellers and airport workers will benefit from more than \$7 million to enhance airport safety across Canada from this investment.

21. Air Canada lays off more staff

The recession is reducing travel demand at Air Canada, resulting in the air carrier temporarily laying off up to 345 flight attendants (6% of the Canadian Union of Public Employees) as it makes further cuts on some routes. Air Canada also plans to scale back flight frequencies or use smaller planes on certain routes.

22. Union members reject Air Canada labour deal

On January 28, 2009, Air Canada's customer service and sales agents (5000 members of the CAW) overwhelmingly voted down an early labour pact with the airline. The CAW said it would be meeting with its members in the coming weeks to come up with a list of priorities for a new round of negotiations, and would hold a strike vote and form a strike committee at that time.

23. Air Canada comments on Canadian Auto Workers vote

Commenting on the Canadian Auto Workers (CAW) vote, Air Canada said on January 28, 2009 that they will await the completion of the CAW's internal processes as the present collective agreement remains in effect till May 31, 2009. They indicated that they respect the democratic processes of the CAW, and that it would not be appropriate for them to comment further on the union's internal dialogue.

24. Airports Commends fund for Tourism, Aviation Security

On January 27, 2009, the Canadian Airports Council, commended increased funds for tourism and aviation security. CEO Jim Facette said "As a method of stimulating the economy, we believe funding the shovel-ready infrastructure projects, totalling \$1.75 billion, submitted by Canada's airports is a valuable way to support Canada's competitiveness, including the competitiveness of the 70\$ billion tourism industry we support." "The development of a national tourism strategy is much needed in this country....As governments around the world have found, the cost competitiveness of the aviation sector is a vital part of any successful tourism strategy."

25. Introducing non-stop flights from the capital to Cancun

On January 27, 2009, WestJet announced the launch of a limited-time, non-stop route between Ottawa and Cancun, Mexico beginning March 4, 2009.

26. Canadian Transportation Agency Issues Formal Warning to Go Travel Direct

The Canadian Transportation Agency issued a formal warning to Go Travel Direct on January 28, 2009 for sale of flights from Canada to London, United Kingdom and Paris, France using Finnair OYJ. Under section 59 of the *Canada Transportation Act*, no person shall sell, cause to be sold or publicly offer for sale in Canada an air service unless the person holds a licence issued in respect of that service. The Agency has not received an application from Finnair OYJ or any other airline requesting a licence or charter permit to operate these flights advertised by Go Travel Direct. An offence could result in a penalty of \$25,000 per violation.

27. ATAC [Air Transport Association of Canada] reflects on Budget

The President of ATAC considered the Budget a step in the right direction. Funding to support development of aviation security plans, improving operations of CATSA and implementing a new passenger assessment system were positive steps. He also indicated that not raising taxes to fund the Canadian Air Transport Security Authority is a positive measure.

28. Cargo Plummets 22.6% in December

The International Air Transport Association (IATA) data for December 2008 indicated that global international cargo traffic plummeted by 22.6% compared to December 2007 and international passenger traffic showed a 4.6% drop with a load factor of 73.8%. For the full-year 2008, international cargo traffic was down 4.0%, passenger traffic showed an increase of 1.6% and the international load factor stood at 75.9%. The CEO of IATA said "2009 is shaping up to be one of the toughest years ever for international aviation..." Airlines have registered a US\$5 billion loss in 2008 and expect a further loss of US\$2.5 billion in 2009.

WATER TRANSPORTATION

1. Vancouver work stoppage averted, new talks scheduled

A threatened work stoppage at Vancouver, Prince Rupert and other British Columbia ports on January 2, 2009 has been temporarily averted as the parties decided to continue the bargaining talks past that date.

2. Seaway aims for tax change

The United States St. Lawrence Seaway Administrator on December 29, 2008 said his top priority in 2009 will be to convince Congress to drop the Harbor Maintenance Tax for short sea shipping. The objective is to promote short-sea shipping. Other legislative changes that could be on the agenda would be amendments to the *U.S. Jones Act* requiring coastal and other short-sea shipping to be operated by ships owned and crewed by Americans in the US and an end to its 25-percent duty imposed on short-sea ships built outside.

3. Panama Canal-direct

A report forecasts that as much as 25 percent of the container cargo moving through U.S. West Coast ports may switch to all-water routings through the Panama Canal shortly after the expanded waterway opens in 2014 or 2015.

4. Evergreen to trim, restructure Agency in North America

Evergreen will trim its Agency operations in North America. Canada will also be affected by the restructuring. Its customer and logistic service from the Toronto office will be assigned to the Vancouver Office.

5. Cumulative Container Traffic Statistics January to November 2008

Cumulative container traffic (TEUs) for the Port of Montreal from January to November 2008 increased by 8.2% above 2007 levels. Inbound traffic increased by 8.6% and outbound traffic increased by 7.9% compared to a similar period last year.

6. Port workers in strike position; no action from workers yet

The port workers are in strike position but no action has been taken yet as talks broke off without an agreement, according to the newspaper *Surrey Leader*.

7. Progress in BC Talks

The possibility of a threat at BC Ports seems less likely after the BC Maritime Employers Association and the International Longshore and Warehouse Union ended a marathon bargaining session. In a worse case scenario, the strike could begin on January 12, 2009.

8. Port of Montreal expects strong 2009

The Port of Montreal was the most successful of Canada's ports in 2008 and it expects to do well in 2009. Container tonnage is expected to increase by 2.7% in 2009 despite a decrease in growth in container tonnage by 3.7% compared to 2008. The CEO of the Port called on the government to continue investment in its continental gateway and trade corridor project.

9. Federal Government Invests in the Security of Domestic Ferries

John Baird, Canada's Minister of Transport, announced on January 8, 2009 that the federal government will fund projects to enhance security for domestic ferries under the Marine Security Contribution Program. This Marine Security Contribution Program is a \$115-million initiative.

10. Shippers cool to TSA capacity discussions

The Transpacific Stabilization Agreement on December 18, filed an amendment to its agreement with the FMC seeking to allow its 14 members to discuss and reach agreements on "cost savings and more efficient use of vessel and equipment

assets and networks." Shipper advocate organizations are expected to ask the U.S. Federal Maritime Commission to question transpacific container lines' need to jointly discuss capacity among themselves through a discussion agreement that covers about 85 percent of the trade.

Water Transportation

Canada

1. Vancouver work stoppage averted, new talks scheduled, December 29, 2008, www.joc.com
2. Seaway aims for tax change, December 29, 2008, www.joc.com
3. Panama Canal-direct, December 29, 2008, www.americanshipper.com
4. Evergreen to trim its Agency in North America, January 2, 2009, www.americanshipper.com
5. Cumulative Container Traffic Statistics January to November 2008, January 2, 2009, www.portofmontreal.ca
6. Port workers in strike position, no action from workers yet, January 5, 2009, www.ctl.ca
7. Progress in BC Talks, January 5, 2009, www.joc.com
8. Port of Montreal expects strong 2009, January, 5, 2009, www.globeandmail.ca
9. Federal Government Invests in the Security of Domestic Ferries, January 8, 2009, www.tc.gc.ca
10. Shippers cool to TSA capacity discussions, January 8, 2009, www.americanshipper.com
11. NEW -- NCBFAA: No special treatment for lines, January 8, 2009, www.americanshipper.com
12. Detroit River International Crossing Study Team Files Ontario Environmental Assessment Report, January 2, 2009, www.mto.gov.on.ca
13. DRIC Wants You to Know the Facts, January 12, 2009, www.mto.gov.on.ca
14. Lines diverting Vancouver ships as union talks go on, January 12, 2008, www.joc.com
15. Port of Vancouver Accumulated Traffic Report [Year to Date - December 2008], January 12, 2008, www.portvancouver.ca
16. Montreal Traffic Grew in 2008, *The Journal of Commerce*, January 12, 2009, p. 8.
17. Sides exchange proposals in Vancouver contract talks, January 16, 2009, www.joc.com
18. Government of Canada successfully implements Marine Transportation Security Clearance Program, January 15, 2009, www.tc.gc.ca
19. EC plans shipping policy, January 21, 2009, www.joc.com
20. Vancouver Port negotiations continue between ILWU, CAW, January 21, 2009, www.ctl.ca
21. Increased container traffic traveling through Prince Rupert, January 22, 2009, www.todaystrucking.ca
22. No new talks slated in Vancouver negotiations, January 26, 2009, www.joc.com
23. Canada moves to further protect its sovereignty and safeguard Arctic waters from pollution, January 28, 2009, www.tc.gc.ca

11. NEW -- NCBFAA: No special treatment for lines

The National Customs Brokers and Freight Forwarders Association (NCBFAA) said in a filing with the Federal Maritime Commission on January 8, 2009 that the agency should either challenge or at least seek detailed justification from transpacific container carriers who want antitrust immunity to discuss capacity rationalization. NCBFAA said it is concerned that approval of the request from the Transpacific Stabilization Agreement -- which it said controls about 90 percent of the trade -- could lead to less service and higher rates. NCBFAA believes that the proposal on its face raises concern that could result in an unreasonable reduction in transportation service or an unreasonable increase in transportation costs.

12. Detroit River International Crossing Study Team [DRIC] Files Ontario Environmental Assessment Report

The Environmental Assessment Report (EA Report) filed by the DRIC with the Ontario Minister of the Environment on December 31, will provide 12,000 jobs if it receives approval this year. The DRIC studies in Canada and the United States were coordinated to allow for the development of an end-to-end border transportation system. The Governments of Canada, the U.S., Ontario and Michigan are committed to an efficient and secure Windsor-Detroit Trade Corridor. The development of additional border capacity is a national priority in both countries to support trade between Canada and the U.S.

13. DRIC Wants You to Know the Facts

The DRIC study team placed a high priority on air quality, one of the seven evaluation factors taken into consideration as part of the Environmental Assessment study. The results of this analysis concluded: 1) The Recommended Plan does not increase the risk of cancer for local residents exposed to vehicular emissions; and 2) The Recommended Plan does not result in an increased health risk in comparison to either the existing conditions or the future conditions that could be expected if the access road is not built. In fact, the reduction of truck idling along the traffic corridor results in health benefits.

14. Lines diverting Vancouver ships as union talks go on

Diversion of container ships from Canada's west coast Port of Vancouver to the ports of Seattle and Tacoma in the United States has already become "significant" as marathon collective bargaining continues between waterfront employers and union foremen. A strike or lockout can be called on three days notice.

15. Port of Vancouver Accumulated Container Traffic [YTD to December]

The Port of Vancouver released its accumulated container traffic report for January to December 2008. Total year-to-date traffic was 2,492,107 TEUs to December 2008, with a marginal decrease of less than 1% (i.e., 3,415 TEUs) over the same period in 2007. Year-to-date imports (TEUs) decreased by 1% and exports remained unchanged.

16. Montreal Traffic Grew in 2008

Container traffic through the Port of Montreal should reach a record 1,460,500 TEU's in 2008, up 7.2% over the previous year. Patrice Pelletier, President of the Montreal Port Authority, called the achievement "an exceptional result," despite the economic slowdown in the later part of 2008. He said he expects tonnage to decline 3.7 percent in 2009.

17. Sides exchange proposals in Vancouver contract talks

Contract negotiations continue in Vancouver between the British Columbia waterfront employers and the unionized ship and dock foremen at the province's ports. The uncertainty has prompted some shipping lines to divert ships and cargo from Vancouver to Tacoma and Seattle.

18. Government of Canada successfully implements Marine Transportation Security Clearance Program

Canada's Transport Minister, John Baird, announced on January 15, 2009 that phase II of the Marine Transportation Security Clearance Program has been successfully implemented on schedule, as of December 15, 2008. This program enhances marine and port security by requiring background security checks for specified port workers.

19. EC plans shipping policy

The European Commission released its 10-year policy plan for maritime shipping on November 21, 2009 placing strong emphasis on achieving long-term competitiveness by promoting "safe, secure, clean and efficient shipping" while reducing regulatory barriers. Its plan is aimed at creating a "maritime transport area without borders in Europe." The main aspects of its strategic policy include: advancing a framework for competitive shipping; supporting measures for short sea shipping;

US

1. Idle US ports signal two 'bleak' years ahead in world trade, January 8, 2009, www.ctl.ca
2. Port Tracker: US container volume worst since 2004, January 9, 2009, www.joc.com
3. Retail port traffic down 7% in 2008, January 9, 2009, www.americanshipper.com
4. Idle US ports signal two 'bleak' years ahead in world trade, January 9, 2009, www.ctl.ca
5. Maersk sees '11 recovery, won't acquire rivals, January 13, 2009, www.joc.com
6. Marad: US maritime policy doesn't support int'l. trade, January 13, 2009, www.joc.com
7. FMC rejects expedited review for TSA capacity proposal, January 14, 2009, www.joc.com
8. LA boxes decline 6% January 14, 2009, www.joc.com
9. Drewry: 2009 container industry's toughest test, January 14, 2009, www.americanshipper.com
10. Maersk Line, CMA CGM join on USEC-Med service, January 28, 2009, www.joc.com

promoting green maritime operations, with a long-term objective of 'zero-waste, zero-emissions'; placing priority on a safe and secure system; encouraging innovation and technological development; and making maritime professions more attractive to young people.

20. Vancouver Port negotiations continue between ILWU, CAW

Negotiations are continuing between the British Columbia Maritime Employers Association and the International Longshore and Warehouse Union Local 514, who have been working for over three months towards a resolution. The current round of labour negotiations is centred on issues related to pension payments and working conditions.

21. Increased container traffic traveling through Prince Rupert

The Fairview Terminal, at the Port of Prince Rupert, handled 10,596,863 tonnes in 2008, a moderate increase over 2007. It handled 181,890 TEUs from 78 vessels in its first full year of operations since its opening in October 2007. The terminal's throughput for the first six months was 42,555 TEUs, before jumping more than 300 percent in the second half of 2008 with 139,335 TEUs.

22. No new talks slated in Vancouver negotiations

The 450 union foremen representing the 5,000 dockworkers at British Columbia ports and their employers are at an apparent impasse and no dates for further negotiations have been announced. Further, no date has been set for additional negotiations and neither party indicates whether this is to be interpreted as a good or a bad sign.

23. Canada moves to further protect its sovereignty and safeguard Arctic waters from pollution

On January 28, 2009, Canada's Transport Minister, John Baird, introduced amendments to the *Arctic Waters Pollution Prevention Act* in the House of Commons to enhance Canada's sovereignty over Arctic waters and to protect them from pollution. The amendment will extend the application of the *Act* by amending the definition of "arctic waters" from 100 to 200 nautical miles, to help ensure that ships do not pollute Canadian waters.

RAIL TRANSPORTATION

Canada

1. CN and CPR exceed their Western Grain Cap for 2007-2008 Year

CN and CPR have exceeded the western grain revenue cap for the second time. The two companies have exceeded the cap by \$25 million and \$33 million, respectively, and have to repay the excess plus a 15% penalty to the Canadian Grain Research Foundation. The two companies have 30 days to make the payments.

2. Grain revenue overage will hurt, CN CP revenue

An analyst of J.P. Morgan states that the revenue overage above the 2007-8 limit will affect the 4th quarter earnings of the two railways. Both the railways expected the overcharge to be about \$23 million (\$7 million for CN and \$16 million for CP). In addition, the volumes expected to be moved by the two railways is expected to be down by 9.8% for CN and 9.4% for CP.

3. Major Construction Begins at West Toronto Diamond

Construction of an underpass to separate GO commuter rail lines and Canadian Pacific Railway's (CP's) freight trains along GO Transit's Georgetown line is well underway. The \$277-million West Toronto Diamond grade separation is expected to be a welcome improvement for commuters who use this GO Train service.

4. Changes may put Pearson rail link back on track

On January 21, 2009, Ontario Premier Dalton McGuinty said that construction of a long-awaited rail link between downtown Toronto and Pearson airport could begin in a year. The new proposal now includes an extra stop and a tunnelled section.

Rail Transportation

Canada

1. CN and CP exceed their Western Grain Cap for 2007-2008 Year, December 30, 2008, www.cta-otc.gc.ca
2. Grain revenue overage will hurt, CN CP revenue, January 2, 2009, www.globeandmail.ca
3. Major Construction Begins at West Toronto Diamond, January 16, 2009, www.tc.gc.ca
4. Changes may put Pearson rail link back on track, January 22, 2009, www.globeandmail.ca
5. CN reports Q4-2008 net income of C\$573 million, or C\$1.21 per diluted share, including deferred income tax recovery of C\$0.09, January 22, 2009, www.cn.ca
6. CN announces 10 per cent increase in quarterly cash dividend, January 22, 2009, www.cn.ca
7. CN boosts dividend by 10 per cent, January 23, 2009, www.globeandmail.ca
8. Government of Canada and Viteria Inc. Deliver Low-emission Locomotive, January 23, 2009, www.tc.gc.ca
9. Canadian Pacific announces 2008 results, January 27, 2009, www.cpr.ca
10. Canadian Pacific profit drops, January 27, 2009, www.theglobeandmail.ca
11. Canadian Pacific profit drops, sees lower capex, January 27, 2009, www.nationalpost.ca
12. Railway carloadings [November 2008], January 28, 2008, www.statcan.gc.ca

5. CN reports Q4-2008 net income of C\$573 million, or C\$1.21 per diluted share, including deferred income tax recovery of C\$0.09

CN's net income for the fourth quarter of 2008 was C\$573 million; revenues increased 13% to C\$2,200 million, while operating expenses rose 15% to C\$1,380 million compared to the same quarter in 2007; operating income was C\$820 million, an increase of 11% compared to the same quarter in 2007; and operating ratio increased six-tenths of a point to 62.7%. E. Hunter Harrison, president and chief executive officer, said: "CN turned in a solid fourth-quarter 2008 performance despite significantly lower volumes. Two factors acted as shock absorbers, ... the decline in the value of the Canadian dollar versus the American dollar, ... the two-month lag in CN's fuel surcharge catching up to lower fuel prices."

6. CN announces 10 per cent increase in quarterly cash dividend

CN announced on January 22, 2009 that its Board of Directors has approved a 10% increase in the company's quarterly cash dividend. A quarterly dividend of 25.25 cents will be paid on March 31, 2009, to shareholders.

7. CN boosts dividend by 10 per cent

Canadian National Railway Co. boosted its quarterly dividend by 10% preparing for a slow down. Its fourth-quarter profit fell to \$573-million, mainly because of big gains earlier in the period. It earned \$1.21 per diluted share for the three months ended Dec. 31, including a \$42-million tax recovery. Excluding this item, net income would have been \$531-million, or \$1.12 per share. This can be compared with a profit of \$833-million, or \$1.68 per share, for the same period in 2007 when it had a \$284-million tax recovery and a \$64-million gain from the sale of its headquarters in Montreal. As well, CN made a \$41-million gain on the sale of its English Welsh and Scottish Railway in the 2007 quarter. Excluding these items, CN's adjusted 2007 fourth-quarter earnings were \$444-million, or 90 cents per share. CN's volume was down 9.8%.

8. Government of Canada and Viterra Inc. Deliver Low-emission Locomotive

On January 23, 2009, a new low-emission locomotive that will improve air quality in Vancouver and the Lower Fraser Valley was unveiled by government and Viterra company officials at the company's Pacific grain terminal. The locomotive will significantly reduce emissions of greenhouse gases and other air pollutants, and speed up terminal traffic.

9. Canadian Pacific announces 2008 results

Canadian Pacific Railway announced its fourth-quarter results and year-end results on January 27, 2009. For the fourth quarter: net income decreased to \$201 million, a decrease of 41.4% when compared to same period in 2007; operating ratio was 76.5 per cent, a increase of 2.2 points; freight revenue was \$1.258 billion, a increase of 10.1%; and operating income and expenses were \$304.9 million and \$994.8 million. The former was down by 0.6 million or 0.2%. The later was up by \$112 million or 12.7%. For the entire year of 2008: net income was \$619 million a decrease of \$327.2 million down 34.6% compared to 2007; operating ratio was 78.6 per cent, a increase of 3.3 points; freight revenue was \$4.815 billion, a increase of 5.7% per cent; and operating income and expenses were \$1057.4 million and \$1305.5 million. The former was down by 106.8 million or 9.2%. The later was up by \$21.3 million or 1.7%.

10. Canadian Pacific profit drops

CP said its 2008 fourth-quarter profit slipped to \$201-million, or \$1.29 a share, from its 2007 fourth-quarter earnings of \$342-million, or \$2.21 a share. The company recorded full-year profits of \$619-million or \$3.98 a share, down from \$946-million, or \$6.08 a share recorded in 2007. The railway said it would tighten spending in the coming year, setting its 2009 capital expenditures budget between \$800-million and \$820-million.

11. Canadian Pacific [CP] profit drops, sees lower capex

According to the January 27, 2009 *National Post*, CP managed to beat the stock market expectations of \$1.09 a share. The company said in a news release "The impact of a stronger U.S. dollar in the fourth quarter increased both freight revenues and operating expenses."

12. Railway carloadings [November 2008]

The Canadian railway industry loaded 22.4 million metric tonnes in November 2008, down 8.3% from November 2007 and the lowest amount loaded for the month of November 2008 in six years. Both non-intermodal and intermodal transportation systems experienced decreased activity for the month. Containerized cargo and trailers on flat cars decreased by 15.7% and 10.5%, respectively.

HIGHWAY TRANSPORTATION

1. Ryder buys Canadian, Asia based logistics operation

Ryder has purchased almost all the assets of Canadian based Transpacific Container Terminal (TCTL) and CRSA Logistics. It also purchased the operations of CRSA in HongKong and Shanghai, China. The new company will be called Ryder CTCL and the acquisition will increase its presence in Asia together with their revenue by \$25 million.

2. October Surface Trade with Canada and Mexico Fell 2.1 Percent from October 2007

According to the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation, trade using surface transportation between the United States and its North American Free Trade Agreement (NAFTA) partners Canada and Mexico was 2.1 percent lower in October 2008 than in October 2007, reaching \$72.7 billion. U.S.– Canada surface transportation trade totalled \$44.8 billion in October, down 6.1 percent compared to October 2007. The value of imports carried by truck was 17.5 percent lower in October 2008 compared to October 2007, while the value of exports carried by truck was 9.5 percent lower. Michigan led all states in surface trade with Canada in October with \$5.3 billion.

3. UPS adds domestic service in 16 countries

UPS said on January 7, 2009 that it has increased the number of countries in which it offers domestic express pickup and delivery from 29 to 45. This will enable UPS to offer international package delivery service into and out of more than 200 countries and territories.

4. Government of Canada Invests in Improvements to Montreal Bridges

The Honourable Christian Paradis, Minister of Public Works and Government Services, on January 9, 2009 announced that the Government of Canada is making important investments in Montreal bridges to enhance the safety of commuters and stimulate the local economy. It will contribute \$50 million to redeck the Honoré Mercier Bridge (\$85 million was granted in 1996) and \$11 million to reconfigure the access roads and ramps to the Champlain Bridge.

5. US-Canada trucks decline

The Public Border Operators Association reported a sharp decline in trucks crossing the US-Canada border. In December 2008 (compared to December 2007), traffic on the Ambassador Bridge was down 17.9%, for the Blue Water Bridge it was down 11.87%, for the Peace Bridge it was down 3.2% and for the N.Y.-Queenston Bridge it was down 9.9%. For the year, it was down 15.1%, 2.45%, 1.9% and 11.6% for these bridges, respectively.

6. Michigan Governor Signs Bill Exempting Canadian Trucking, Auto Parts Companies from State Business Tax

A bill was approved exempting Canadian transborder trucking companies and auto parts manufacturers that do not have a permanent establishment in the state of Michigan from having to pay the punitive Michigan Business Tax. The Ontario Trucking Association has been lobbying for this exemption for over one year. It would cost a truck \$1000 a year and Ontario trucking companies \$40 million a year.

7. Government of Canada supports railway safety in Beaver County and Saskatchewan

The Government of Canada is helping to keep the people travelling in Beaver County and Saskatchewan safe by supporting the closure of a railway crossings there, Canada's Transport Minister, John Baird, announced on January 14, 2009. The government will contribute \$20,000 and \$100,000 to close the crossings in the two areas, respectively.

8. CTA Targets Roads, Bridges and Borders Crossings that Need to Make it on Fed's Infrastructure Priorities List

According to the CEO of the Canadian Trucking Alliance, the best way for the government to help kick start the economy are highway improvements, bridge upgrades, and safety improvements across Canada. These projects represent a significant undertaking and will not only provide immediate economic stimulus through the creation of construction jobs, but will also provide long term economic benefits by enhancing our ability to move goods safely, economically, and efficiently according to the CEO.

Highway Transportation

Canada

1. Ryder buys Canadian, Asia-based logistics operations, January 7, 2009, www.ctl.ca
2. October Surface Trade with Canada and Mexico Fell 2.1 Percent from October 2007, January 8, 2009, www.dot.gov
3. UPS adds domestic service in 16 countries, January 8, 2009, www.americanshipper.ca
4. Government of Canada Invests in Improvements to Montreal Bridges, January 9, 2008, www.tc.gc.ca
5. US-Canada trucks decline, January 9, 2009, www.ioc.com
6. Michigan Governor Signs Bill Exempting Canadian Trucking, Auto Parts Companies from State Business Tax, January 9, 2009, www.ont.gc.ca
7. Government of Canada supports railway safety in Beaver County and Saskatchewan, January 14, 2009, www.tc.gc.ca
8. CTA Targets Roads, Bridges and Borders Crossings that Need to Make it on Fed's Infrastructure Priorities List, January 14, 2009, www.ontruck.org
9. PM joins Premier Campbell for official start of construction on South Fraser Perimeter Road, January 16, 2009, www.tc.gc.ca
10. Ottawa transit union rejects arbitration offer, strike continues, January 18, 2009, www.nationalpsot.ca
11. Federal Government, Translink and Vancouver Improve City Buses, January 17, 2009, www.tc.gc.ca
12. First leg of Niagara bridge work completed, January 19, www.todaystrucking.ca
13. Ontario business groups seek tax change, January 22, 2009, www.todaystrucking.ca
14. Large urban transit, January 23, 2009, www.statcan.gc.ca
15. Federal partnership delivers biofuel station to Winnipeg, January 23, 2009, www.tc.gc.ca
16. 1st Quarter 2009 Survey of Bellwether Trucking Industry Indicates Rough Road Ahead, January 23, 2009, www.ontruck.org
17. Kriska buys division of BMD; boss says not about capacity, January 23, 2009, www.todaystrucking.ca
18. Federal Government to Spend Big on Infrastructure, January 27, 2009, www.cta.ca

US

1. Freight Transportation Services Index (TSI) Fell 1.4 Percent in November from October, January 14, 2009, www.dot.gov
2. U.S. Department of Transportation Signs Agreement with Washington State to Improve Efficiency Along the Border, January 15, 2009, www.dot.gov

9. PM joins Premier Campbell for official start of construction on South Fraser Perimeter Road

Construction has officially begun on the \$1 billion South Fraser Perimeter Road, a joint building project of the Governments of Canada and British Columbia that will create jobs and improve traffic safety, travel and trade for families and businesses throughout Metro Vancouver. It is part of the Asia-Pacific Gateway Project.

10. Ottawa transit union rejects arbitration offer, strike continues

Leaders of Ottawa's 2,300 striking transit workers rejected a city council counter-offer on January 17, 2009 that could have seen the 39-day transit strike settled in days by an arbitrator. The Amalgamated Transit Union said on January 16, 2009 that it would call off the strike if the city agreed to set aside the contentious issues of work scheduling, route assignment, hours of work, and working conditions. These issues would go to binding arbitration. The councillors said that they would accept the union proposal on three conditions. The union rejected the conditions, more specifically, that scheduling and the other contentious issues be part of the binding arbitration.

11. Federal Government, Translink and Vancouver Improve City Buses

The first art showcase for the Main Street Transit and Pedestrian Priority Project was launched on January 17, 2009. The \$6m Main Street Transit and Pedestrian Priority Project - an investment in Vancouver's transportation infrastructure- will improve service reliability, reduce travel times and bus delays, shorten pedestrian crossing times, and improve pedestrian and cyclist safety. The Government of Canada is investing in public transit projects that will improve commuting times.

12. First leg of Niagara bridge work completed

The first phase of a \$49-million expansion project at the Queenston-Lewiston Bridge has been completed. At an opening ceremony on January 16, 2009, officials explained that the extra lane capacity (to five from three) and commercial processing centre expansion will immediately reduce truck traffic tie-ups at the border.

13. Ontario business groups seek tax change

The Ontario Trucking Association (OTA) is one of nine supporting organizations which is making the case for sales tax harmonization between the Provincial Sales Tax (and by extension the Multi-Jurisdictional Vehicle Tax) and the federal Goods and Services Tax. The Ontario Chamber of Commerce Report illustrates three options. David Bradley, OTA president said "The current Ontario approach taxing business inputs in the trucking industry is out-dated and uncompetitive compared to most other Canadian jurisdictions and the U.S. states with whom Ontario competes, ...Ontario trucking companies must administer two provincial sales tax systems -- the PST and the Multi-Jurisdictional Vehicles Tax -- as well as the federal GST." The OTA also claims that trucking in Ontario is being discriminated with regard to tax on inputs compared to other industries or with competitors in other provinces.

14. Large urban transit

Combined ridership on 10 large urban transit systems in Canada (accounting for 80% of all transit) was 1.2% higher in November 2008 than it was for the same month in 2007. Approximately 127.3 million passenger trips were taken generating \$211.0 million in revenue in November (excluding subsidies), a 4.2% increase over November 2007.

15. Federal partnership delivers biofuel station to Winnipeg

The Honourable Steven Fletcher, Minister of State (Democratic Reform), announced on February 23, 2009 that the federal government has invested \$185,325 (besides provincial and local governments) in a portion of the WinSmart showcase. Polluting emissions in Winnipeg will be reduced following today's unveiling of a new WinSmart biodiesel fuelling station.

16. 1st Quarter 2009 Survey of Bellwether Trucking Industry Indicates Rough Road Ahead

A survey of companies (by the Ontario Trucking Association between January 12th and January 20th) in the trucking industry, shows a marked deterioration in Ontario's outlook for the next three to six months. The survey shows that trucking companies are responding to the challenges by cutting capacity. The trucking industry has been in a recession over the last 18 months and over half of those surveyed (82 companies) indicated they were pessimistic about the next three months. They indicated that traffic volumes are declining and loaded miles are decreasing. Capacity has also been shifting from weaker sectors (automotive) to stronger sectors and companies plan to reduce the number of drivers employed together with net investments and buying intentions.

17. Kriska buys division of BMD; boss says not about capacity

Kriska Holding, parent of Kriska Transportation announced on January 23, 2009 that it intends to purchase assets of the van division of BMD Transportation, primarily a cross-border truckload carrier operating in nearby Lansdowne, Ont. About 75 van trailers and 40 trucks are part of the deal -- a dozen of which are company units and the balance being owner-operators.

18. Federal Government to Spend Big on Infrastructure

Speaking on the Budget 2009, David Bradley, CEO of the Canadian Trucking Alliance said "The trucking industry welcomes the increased investment in highways, bridges and border crossings announced in the budget, ...We are especially

pleased that a number of the specifically mentioned projects were contained on a list of infrastructure priorities compiled by CTA. ... We also hope the measures designed to provide improved access to financing for business, will help not only some trucking companies, but our members' customers as well."

GENERAL

1. New US Checks could delay Canada imports

On February 1, 2009, US will enforce a new US protocol for imports of inspecting Canadian fruit and vegetables. The exemption to Canadian fruit and inspection was removed in March 2007. It is believed that the protocol was introduced because banned imports from other countries to the US were finding their way to US through Canada. In addition, there will be custom fees for inspection.

2. Federal Government Delivers Green Transportation Initiatives

On January 8, 2009, Canada's Transport Minister, John Baird, announced that the Government of Canada will invest in 14 projects (totalling \$3 million under the ecoMOBILITY program) across the country that support environmentally friendly transportation.

3. Alberta Communities Gain Access To Infrastructure Funding

Communities of less than 100,000 across Alberta can now apply to the Building Canada Fund - Communities Component. The nine categories of infrastructure that are eligible for funding are water, wastewater, solid waste, local roads, culture, sports, connectivity, green energy, and collaborative projects. Projects will be evaluated by a federal-provincial committee through a competitive application-based process. The intake closes on March 15, 2009.

4. National tourism indicators [Third quarter 2008]

Tourism spending in Canada fell 0.7% in real terms in the third quarter of 2008, as expenditure by both Canadians and international visitors to Canada declined. This brought an end to five years of growth.

5. Travel between Canada and other countries

Overall, travel both to and from Canada declined in November 2008 compared with the preceding month and also the same period in 2007. Visitors made 2.2 million trips to Canada in November, down 0.9% from the preceding month. Travel from the United States and other countries in November declined 0.7% and 2.1%, respectively from October. Canadians made 4.1 million trips abroad in November, down 1.1% from the preceding month. Trips to the US declined (1.9 %) trips and to other countries increased (2.6 %).

General Canada

1. New US Checks could delay Canada Imports, December 31, 2008, www.joc.com
2. Federal Government Delivers Green Transportation Initiatives, January 8, 2009, www.tc.gc.ca
3. Alberta Communities Gain Access To Infrastructure Funding, January 6, 2009, www.tc.gc.ca
4. National tourism indicators [Third quarter 2008], January 12, 2009, www.statcan.gc.ca
5. Travel between Canada and other countries, January 20, 2009, www.statcan.gc.ca

US

1. Chamber: Free trade pacts should top Obama agenda, January 7, 2009, www.joc.com
2. Lower oil prices weaken Canadian trade balance, January 13, 2009, www.ctl.ca

Conferences

1. Taking Costs Out of the Supply Chain, March 2-3, 2009, Los Angeles, LA, www.joc.com/conferences/tpm

Publications

1. Freight Demand Outlook Conference - Canadian Sailings Special Report, January 19, 2009, www.westac.ca

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