

Transportation Information Update*

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AIR TRANSPORTATION

1. ACE sells remaining stakes in Aeroplan, Jazz Air

ACE Aviation Holdings Inc. said on May 28, 2008 that it sold its remaining interests in Aeroplan Income Fund and Jazz Air Income Fund for \$434 million, moving closer to its goal of winding up operations.

2. Canada-European Union Air Transport Agreement Within Reach

On May 29, 2008, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities concluded his participation at the first meeting of the International Transport Forum, which took place in Leipzig, Germany from May 28-30, 2008. He reviewed the considerable progress made to date and said that "Canada remains strongly committed to concluding a comprehensive Open Skies agreement with the European Union, consistent with current Canadian policy and legislation, ...The basis for an agreement appears to be within reach."

3. Canada's Government Announces New Air Agreement with the Republic of the Philippines

On May 30, 2008, the Honourable Helena Guergis, Secretary of State, announced the successful conclusion of a new air transport agreement with the Philippines to increase trade and tourism. She made the announcement on behalf of the Minister of International Trade and Minister responsible for the Pacific Gateway and Vancouver-Whistler Olympics.

4. Aircraft movement statistics: Small airports [August to December 2007]

The airport at Guelph, Ontario, was the most active site overall in August 2007 with 5,345 movements, down 3,754 (-41.2%) from August 2006. Goose Bay, Newfoundland and Labrador, was the most active airport for itinerant movements with 3,127 take-offs and landings in August 2007, up 6.3% compared with August 2006.

5. IATA sees air industry \$2.3 billion in red for 2008

The leading international air transportation trade group predicted that the industry will experience a \$2.3 billion loss this year due primarily to the surging price of fuel worldwide.

6. WestJet's People Focus Tops in Canada

WestJet announced on June 5, 2008 that it has been named one of Canada's top companies for managing human resources, according to a national survey (The Beacon Group) of top business executives. It surveyed more than 4,000 Canadian executives. The survey ranked WestJet at the top, along with Research in Motion of Waterloo, Ontario.

7. WestJet Announces May Load Factor of 79.5 Per Cent

Westjet on June 4, 2008 announced that its May 2008 traffic results indicated: a load factor of 79.5 per cent (a change of 0.5 points compared to May 2007); available seat miles of 1.419 billion miles (a capacity increase of 20.1 per cent compared to May 2007); and revenue passenger seat miles of 1.129 billion miles (an increase of 19.4 per cent compared to May 2007).

8. Air Canada's Ontario and Quebec passes return to offer unlimited flying this summer for only \$1,099

Air Canada on June 2, 2008 indicated that it will once again offer summertime passes to passengers in Ontario and Quebec. It will provide unlimited intra-provincial flying during July and August for only \$1,099. The Ontario Pass and Quebec Pass is available for less than \$600 a month.

Current Developments in Brief

Air Transportation

CANADA

1. ACE sells remaining stakes in Aeroplan, Jazz Air, May 28, 2008, www.nationalpost.ca
2. Canada-European Union Air Transport Agreement Within Reach, May 29, 2008, www.tc.gc.ca
3. Canada's Government Announces New Air Agreement with the Republic of the Philippines, May 30, 2008, www.tc.gc.ca
4. Aircraft movement statistics: Small airports, June 4, 2008, www.statcan.ca
5. IATA sees air industry \$2.3 billion in red for 2008, June 4, 2008, www.americanshipper.com
6. WestJet's People Focus Tops in Canada, June 5, 2008, www.westjet.ca
7. WestJet Announces May Load Factor of 79.5 Per Cent, June 4, 2008, www.westjet.ca
8. Air Canada's Ontario and Quebec passes return to offer unlimited flying this summer for only \$1,099, June 2, 2008, www.aircanada.ca
9. Air Canada reports record load factor for the month of May, June 4, 2008, www.aircanada.ca
10. United's new Service to Canada, www.chicago.gc.ca
11. Airlines entice with summer seat sales, June 5, 2008, www.globeandmail.ca
12. Industry Leaders Agree To Historic Declaration, June 6, 2008, www.iata.org
13. Royal Jordanian's Majali is New IATA Chairman, Cathay Pacific's Tyler To Follow In 2009, June 2, 2008, www.iata.org
14. Further Choices for Canadians Flying to Mexico, June 9, 2008, www.tc.gc.ca
15. WestJet Comments on Canadian Gov't Designation for Mexico, June 9, 2009, www.westjet.com
16. Air Canada flip-flops on fatter surcharge, June 9, 2009, www.globeandmail.ca
17. Canada rejects first private access leave request, June 9, 2008, www.globalcompetitionreview.com
18. How airports profit from your wait, June 13, 2008, www.financialpost.ca
19. Air Canada reduces fall and winter capacity in response to record price of fuel, June 17, 2008, www.aircanada.com
20. Fuel crisis hits domestic airline passengers, June 17, 2008, www.globeandmail.ca

* The CTRF is not responsible for the information provided in this Update. ** The information provided is from the Authors and neither the Competition Bureau or Industry Canada is responsible for it.

9. Air Canada reports record load factor for the month of May

Air Canada reported a load factor of 84.3 percent for May 2008, 0.5 points lower than that recorded in May 2007. The main line carrier flew 5.4 percent more revenue passenger miles (RPMs) in May 2008 than in May 2007. Air Canada's capacity increased by 4.7 percent for May 2008. Jazz's capacity for May 2008 decreased 2.6 per cent, resulting in a load factor of 72.4 percent, compared to 74.5 percent in May 2007, a decrease of 2.1 points. On a combined basis (Air Canada and Jazz), system traffic rose 4.5 per cent on a capacity increase of 4 percent, resulting in a load factor of 83.2 percent for May 2008. International traffic (RPMs) increased by 8.8% for the same period on a capacity increase of 7.7%.

10. United's new Service to Canada

United Airlines begins new service from Chicago to Quebec City on June 5, 2008. On the same day, United Airlines begins service from San Francisco to Victoria, B.C. On September 2, 2008, United Airlines begins service between Denver and Saskatoon, SK.

11. Airlines entice with summer seat sales

Seat sales have resurfaced at Canada's two major airlines, but travel experts are cautioning consumers against expecting a return to an era of cheap flights this summer. The two airlines have trimmed base fares to boost June flying, but summer prices remain higher due in part due to new fuel surcharges.

12. Industry Leaders Agree To Historic Declaration

The leaders of the world's airlines unanimously agreed to a resolution calling for governments, airports and labour to take immediate action to help the industry survive the growing financial crisis. The resolution comes after a recent spike in fuel prices that has led to two-dozen airlines ceasing operations or filing for bankruptcy.

13. Crisis Again - Deep Losses Projected

The International Air Transport Association revised its industry financial forecast for 2008 significantly downwards to a loss of US\$2.3 billion. This is a swing of US\$6.8 billion from the previously forecasted industry profit of US\$4.5 billion that was announced in March 2008.

14. Further Choices for Canadians Flying to Mexico

In accordance with the recently-expanded bilateral air transport agreement between Canada and Mexico. The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on June 9, 2009, that Air Canada, Air Transat, Skyservice Airlines Inc., Sunwing Airlines Inc., and WestJet Airlines Ltd., have been designated to operate additional air services between the two. In addition, Cargojet has been designated to operate all-cargo air services between Canada and Mexico.

15. WestJet Comments on Canadian Gov't Designation for Mexico

On June 9, 2008, WestJet commented on the federal government's granting of designation for WestJet to provide increased scheduled service to Mexico. Sean Durfy, WestJet President and Chief Executive Officer, said these designations are a continuing expression of the government's confidence in WestJet to provide Canadians with high-value, low-cost travel. This announcement is another step forward in their strategic plan, which includes significant international expansion.

16. Air Canada flip-flops on fatter surcharge

On June 9, 2008, Air Canada reverted to its previous fee schedule of \$20 one-way for short haul, \$30 for medium haul and \$45 for long haul after complaints from consumer advocates about the increase in its one-way fuel surcharge to \$30 for short-haul flights of 483 kilometres or less, \$40 for medium-haul between 484 kilometres and 1,609 kilometres, and \$55 for long-haul of 1,610 kilometres or more for travel in Canada. The airline indicated that the price of fuel is volatile as a result surcharges could fluctuate.

17. Canada rejects first private access leave request

Canada's Competition Tribunal will hear arguments in the second week of June that the newly implemented, worldwide electronic airline ticketing system is anti-competitive and could harm independent Canadian travel agents.

21. Fuel prices force Jazz to pull out of Hamilton, June 19, 2008, www.globeandmail.ca

22. Leaner WestJet eyes Air Canada's market share, June 19, 2008, www.nationalpost.ca

23. Government of Canada Announces New Air Agreement with Panama, June 19, 2008, www.tc.gc.ca

24. IT Solutions Needed to Battle Crisis, June 19, 2008, www.iata.org

25. IATA Welcomes EC VP Tajani's Single European Sky Priority, June 18, 2008, www.iata.org

26. Canadian Transportation Agency Decision Ensures Sufficient Space for Service Animals, June 20, 2008, www.cta-otc.gc.ca

27. Ottawa airport to cut fees for airlines, June 24, 2008, www.globeandmail.ca

28. WestJet Comments on Announcement by Ottawa Airport Authority to Reduce Terminal Fees, June 23, 2008, www.westjet.ca

29. Air Transport Association of Canada, June 24, www.atac.ca

30. 11 New Locations Earmarked for E-freight, June 25, 2008, www.iata.org

31. WestJet Expands International Network With Two New Sun Destinations, June 25, 2008, www.westjet.ca

32. Canadian Transportation Agency Decision on use of Medical Oxygen by Air Travellers, June 26, 2008, www.cta-otc.gc.ca

33. DOJ Slams air cargo cartellists, June 26, 2008, www.globalcompetition.com

34. Aircraft movement statistics: Major airports, June 26, 2008, www.statcan.ca

35. Airports Say Competitiveness Panel Recommendations a Good Approach for Canada's Aviation Sector, June 26, 2008, www.cacairports.ca

36. Competition review calls for domestic airline shakeup, June 26, 2008, www.vancouversun.com

37. 5 more airlines plead guilty in DOJ freight price fixing probe, June 30, 2008, www.joc.com

38. Air Canada announces retirement of Executive Vice President and Chief Operating Officer Rob Reid, June 27, 2008, www.aircanada.ca

39. Air Canada to stem losses with route cuts, June 30, 2008, www.globeandmail.ca

18. How airports profit from your wait

According to a May report from Congress' Joint Economic Committee total losses from flight delays was estimated to be \$40 billion annually. Travellers lost 320 million hours to flight delays. As a result, airlines are paying extra for crew, fuel and maintenance. Passengers are missing connecting flights, business meetings, dinner and hotel reservations. In the 1990s, only about 30% of airport revenue came from retail, parking, concessions and other business partnerships. Today, the portion of revenue coming from non-aeronautical sources has risen to 50%, and at larger airports it is as high as 60%.

19. Air Canada reduces fall and winter capacity in response to record price of fuel

In response to record high fuel prices, Air Canada on June 17, 2008 announced a reduction in capacity for the fall and winter seasons. The airline plans to reduce total system capacity by 7.0 per cent in the fourth quarter of 2008 and the first quarter of 2009, compared to the same period a year earlier. The reduction in flying will require fewer employees to operate the airline. This will result in a decrease in staff levels of up to 2,000 positions across all levels of the organization.

20. Fuel crisis hits domestic airline passengers

Air Canada is resorting to U.S.-style cost-cutting measures amid record-high prices for jet fuel by reducing capacity and reducing its labour force. In total, Air Canada plans to reduce seat capacity by 7 per cent on overseas service, 13 per cent on transborder flights into the United States and 2 per cent domestically. Routes will be examined to determine its profitability. Air Canada CEO Montie Brewer said in an internal message to employees "We hope these measures will be adequate, but there is no guarantee. If these current high prices persist, and given the wild swings in the cost of fuel and the extreme predictions of how high oil prices might go, we cannot rule out further capacity reductions."

21. Fuel prices force Jazz to pull out of Hamilton

Air Canada Jazz is pulling out of Hamilton, the first in a series of decisions to cancel flights and consolidate routes to help battle high fuel prices. Currently Jazz has three round-trips a day between Hamilton and Montreal, and two round trips daily on the Hamilton-Ottawa route. Since other carriers serve Hamilton, its impact on the airport will not be as severe as if there were no carriers.

22. Leaner WestJet eyes Air Canada's market share

The head of WestJet Airlines Ltd. said he plans to capitalize on the Calgary carrier's lower cost structure to take market share from Air Canada and other North American carriers in the months ahead as his rivals pull capacity out of the market due to the soaring price of fuel.

23. Government of Canada Announces New Air Agreement with Panama

Consistent with Canada's Blue Sky policy, government officials announced on June 19, 2008 a new air transport agreement with the Republic of Panama for scheduled air services between the two countries. Airlines from both countries can serve any point in each others' territory, with greater flexibility for establishing airfares, and greater certainty surrounding operational business issues. The agreement also includes strong safety and security provisions, reflecting the importance that both countries attach to these subjects.

24. IT Solutions Needed to Battle Crisis

The Director General and CEO of IATA said that IT must deliver solutions to drive down costs, improve passenger convenience and provide enhanced possibilities to maximise revenues. He pointed to the need for progress in several key areas: Global Distribution Systems (i.e., reduction in distribution cost of airlines services to consumers); IT and security (i.e., improving security with IT risk management, using security intelligence and harmonising global standards and taking responsibility); and Air Traffic Management and Operations (i.e., using efficient routes and aircraft allocation based on cost, capacity and demand to reduce costs).

US-EC

1. BTS Releases 2007 Passenger Airline Employment by Job Category; Airlines Employed Fewer Pilots, Maintenance Workers in 2007, May 27, 2008, www.dot.gov
2. DHL, FedEx and USPS in cooperation agreement, May 27, 2008, www.joc.com
3. Observatory of the Air Transport Market, First Quarter of 2008, May 28, 2008, www.europa.eu
4. BTS Releases North American Surface Trade Numbers for March 2008: Surface Trade with Canada and Mexico Rose 1.5 Percent from March 2007, May 29, 2008, www.dot.gov
5. U.S. Transportation Secretary Peters Announces New Open-Skies Aviation Agreement with Kenya, May 30, 2008, www.dot.gov
6. Airline On-Time Performance Improves in April, June 4, 2008, www.dot.gov
7. BTS Releases March 2008 Airline Traffic Data; Three-Month 2008 System Traffic Up 1.5 Percent from 2007 but Down 0.4 Percent in March, June 12, 2008, www.dot.gov
8. BTS Releases First-Quarter 2008 System Airline Financial Data; Network Passenger Airlines Report Second Consecutive Quarterly Loss Margin, June 16, 2008, www.dot.gov
9. BTS Releases April Passenger Airline Employment Data; April 2008 Employment Up 1.0 Percent from April 2007, June 17, 2008, www.dot.com
10. BA World Cargo raises fuel surcharge, June 23, 2008, www.americanshipper.com
11. The Commission launches Single European Sky II for safer, greener and more punctual flying, June 25, 2008, www.europa.eu
12. United States, Brazil Agree to Expanded Air Services, June 26, 2008, www.dot.com

25. IATA Welcomes EC VP Tajani's Single European Sky Priority

IATA indicated that Antonio Tajani, Vice President of the European Commission and Commissioner for Transport, by delivering a Single European Sky (SES) has selected the right priority. An effective SES would help alleviate two critical issues related to fuel burn. First, it would shave EUR5.5 billion off the fuel bill with more efficient air traffic management. Second, it would reduce carbon emissions from airlines by as much as 12 million tonnes.

26. Canadian Transportation Agency Decision Ensures Sufficient Space for Service Animals

The Canadian Transportation Agency issued its decision on June 20, 2008 ordering Air Canada and Air Canada Jazz to ensure that sufficient floor space is provided for certified service animals at the person with a disability's seat.

27. Ottawa airport to cut fees for airlines

The Ottawa International Airport Authority is trimming general terminal fees charged to airlines by 5 per cent. The airport had roughly \$11-million in terminal fees last year, accounting for 13 per cent of its revenue. Air Canada, Air Canada Jazz and WestJet Airlines Ltd. praised the Ottawa airport's cuts to terminal fees.

28. WestJet Comments on Announcement by Ottawa Airport Authority to Reduce Terminal Fees

In response to skyrocketing fuel costs and the weakened economies in Canada and the U.S., the Ottawa Airport Authority will reduce its general terminal fees by five per cent, effective July 1, 2008. WestJet thanked the Authority and commended it for acknowledging the increasing cost pressures airlines are facing as a result of fuel prices.

29. Air Transport Association of Canada Congratulates Pearson Airport Reduction of Cargo Carrier Fees

The Greater Toronto Airports Authority (GTAA) announced that cargo landing fees at Toronto Pearson will be reduced by 25 per cent effective January 1, 2009. This reduction follows the reduction in fees for passenger operations that was implemented January 1, 2008. The Air Transport Association of Canada (ATAC) welcomed the decision by the GTAA to reduce the fees of all-cargo carriers

30. 11 New Locations Earmarked for E-freight

The momentum to rid air cargo of costly paper processes is building quickly. IATA identified new E-freight locations and by the end of this year there will be 14 E-freight locations. It will deliver much-needed efficiency and cost savings (US\$1.2 billion) while responding to shippers' demands for improved reliability and more speed. IATA e-freight requires that business, technical and legal frameworks are in place to allow airlines, freight forwarders, customs administrations and governments to seamlessly exchange electronic information and e-documents instead of paper.

31. WestJet Expands International Network With Two New Sun Destinations

Westjet announced on June 25, 2008 the introduction in November 2008 of seasonal non-stop service to two new international sun destinations in the Caribbean: Bridgetown, Barbados and La Romana, Dominican Republic. These new sun destinations will also include new service to Cancun and Puerto Vallarta, Mexico, from various cities across Canada.

32. Canadian Transportation Agency Decision on use of Medical Oxygen by Air Travellers

On June 26, 2008, the Canadian Transportation Agency issued a decision outlining undue obstacles to the mobility of air travellers with disabilities who require medical oxygen and ordered a series of corrective measures to be taken by Air Canada. Westjet took corrective action to deal with the Agency's concern and Air Canada is given a year to implement corrective measures required by the Agency.

33. DOJ Slams air cargo cartelists

The US Department of Justice (DOJ) imposed criminal fines of US\$504 million against Air France, KLM Royal Dutch Airlines and three other companies involved in the international air cargo cartel on June 26, 2008. This is the second largest fine obtained by the DOJ.

34. Aircraft movement statistics: Major airports

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations remained virtually unchanged in May 2008 compared with May 2007.

35. Airports Say Competitiveness Panel Recommendations a Good Approach for Canada's Aviation Sector

The CAC said that federal government's *Compete to Win* report represents a good approach for improving the competitiveness of Canada's aviation sector. CAC supports panel recommendations on structural costs, air service liberalization and foreign ownership. Competition Policy Review Panel said that "In practice, Canadian international air policy is still relatively restrictive..." "we agree," said Mr. Facette. "We also agree that the Canadian industry currently is at a competitive disadvantage to the U.S. because of the U.S.-EU agreement and that successfully completing Canadian negotiations with the EU on a Canada-EU Open Skies agreement 'has economic importance for the nation.'"

36. Competition review calls for domestic airline shakeup

The Competitiveness Panel urged Ottawa to consider allowing foreign companies to establish airlines in Canada that operate only within the country, and to render a decision on so-called "right of establishment" airlines by December 2009.

This recommendations from the Competition Policy Review Panel promises to shake up the duopoly enjoyed by Air Canada and WestJet Airlines Ltd., and could mean lower airfares if it were implemented.

37. 5 more airlines plead guilty in DOJ freight price fixing probe

A further five major international airlines have pleaded guilty to fixing air cargo rates and will pay fines totaling \$504 million, the U.S. Justice Department reported June 26, 2008. The latest airlines to admit their roles in a "multi-year conspiracy" were: Air France, KLM Royal Dutch Airlines, Cathay Pacific, SAS Cargo and Martinair.

38. Air Canada announces retirement of Executive Vice President and Chief Operating Officer Rob Reid

Air Canada President and Chief Executive Officer, Montie Brewer, announced on June 27, 2008, the retirement of Rob Reid, the airline's Executive Vice President and Chief Operating Officer.

39. Air Canada to stem losses with route cuts

Air Canada has started shrinking its route network to combat high fuel prices, cancelling or scaling back service to places ranging from Trinidad to Deer Lake, Nfld. Non-stop service between Montreal and Deer Lake is slated to be halted Sept. 1. The route between Toronto and Port of Spain, Trinidad, is scheduled to be dropped from Air Canada's network map on Aug. 31. Air Canada plans to cut capacity by 7% and to cut jobs by 2000.

WATER TRANSPORTATION

1. The Port of Vancouver plans to build a 3 million-TEU automated terminal

The Port of Vancouver Fraser Port has begun a major container terminal project at Roberts Bank. The port and a joint venture formed recently by APM Terminals and SNC-Lavalin will create this 200-acre container terminal. The three berth 3-million TEU container terminal will practically emerge from the sea. This will boost the two Roberts Bank container terminals to about five million TEUs when open. This is part of the Pacific Gateway strategy to prepare for anticipated growth in trade with Pacific Rim countries.

2. Soaring transportation costs will ignite inflation: Rubin

According to a report from CIBC World Markets, soaring oil prices have dramatically increased the cost of transporting goods around the globe, posing a major threat to inflation and overseas manufacturing. The cost of shipping a standard 40-foot container from East Asia to the North American east coast has already tripled since 2000 and will double again as oil prices head towards US\$200 per barrel. The increase in cost has inflated the goods in the container. The report indicated that rising oil and transportation costs acts like a tariff, dampening trade and forcing markets to seek shorter, and cheaper supply lines.

3. Port of Montreal Cumulative containerized traffic summary January to April 2008

Cumulative containerized traffic in TEUs totalled 461,472 by the end of April 2008, a 7.6% increase from 2007. Inbound and outbound containerized traffic increased 7.3% and 7.9% from the year before, respectively.

4. Port of Vancouver Accumulated Traffic Report [Year to Date - May 2008]

The Port of Vancouver released its accumulated container traffic report for May 2008. Total year-to-date traffic was 1,011,824 TEUs to May 2008, a increase of 5% over May 2007. Year-to-date imports (TEUs) increased by 4% and exports increased by 6%.

5. Marine Atlantic to increase fuel surcharge to 27.7%

Soaring fuel prices have forced Marine Atlantic to drastically increase its fuel surcharge to 27.7%. The new rate comes into effect July 1, overshadowing the previous increase of 9.9% – set April 1. Marine Atlantic reviews its surcharge quarterly and the next review will be for October 1. Should the cost of fuel decrease, then the Corporation will reflect that decrease through a reduction in the surcharge at that time.

Water Transportation

Canada

1. The Port of Vancouver plans to build a 3 million-TEU automated terminal, The Journal of Commerce, May 12, 2008.
2. Soaring transportation costs will ignite inflation: Rubin, May 28, 2008, www.nationalpost.ca
3. Port of Montreal Cumulative containerized traffic summary January to April 2008, June 9, 2008, www.portofmontreal.ca
4. Port of Vancouver Accumulated Traffic Report [Year to Date - May 2008], June 11, 2008, www.portvancouver.ca
5. Marine Atlantic to increase fuel surcharge to 27.7%, June 13, 2008, www.ctl.ca
6. Sydney sets sail, The Journal of Commerce, June 2, 2008, pp. 48-49.
7. Fuel, ferry costs put Vancouver Island truckers in peril, June 18, 2008, www.ctl.ca
8. Bill Amending the *Canada Marine Act* Receives Royal Assent, June 18, 2008, www.tc.gc.ca
9. Congress urged to review shipping regulation, June 20, 2008, www.americanshipper.com
10. NOL could borrow \$5-7B for Hapag-Lloyd acquisition, June 23, 2008, www.joc.com
11. Port activity [January to June 2006], June 24, 2008, www.statcan.ca
12. Minister Cannon Helps Strengthen Marine Security, June 26, 2008, www.tc.gc.ca

US

1. EU: U.S. all-scan will slow world trade, June 10, 2008, www.joc.com
2. Head East: West Coast ports continue to lose market share to rivals in the East, June 10, 2008, www.joc.com
3. TUI could forward information on Hapag-Lloyd spinoff next week, June 10, 2008, www.americanshipper.com
4. Seattle boxes off 10%, June 18, 2008, www.joc.com
5. Supreme Court slashes Exxon Valdez fine by \$2 billion, June 26, 2008, www.americanshipper.com

6. Sydney sets sail

Two new greenfield ports both joint ventures hope to be completed in 2010-12. The two ports are Melford and Sydney in Nova Scotia. Melford on the Canso Strait would be a 1.5 million TEU facility and Sydney would be a 750,000 TEU facility. Both are deep sea water ports and are counting on large ships, traffic via the Suez Canal and rail connection to CN through to Chicago. They also have the advantage of shorter distance from the Suez compared to the ports of NY or Virginia.

7. Fuel, ferry costs put Vancouver Island truckers in peril

According to a recent story published by Canada.com some truck drivers say they are considering leaving Vancouver Island for the mainland to avoid climbing ferry fees and higher fuel prices. This could affect the costs of goods moving to the island.

8. Bill Amending the *Canada Marine Act* Receives Royal Assent

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on June 18, 2008 that Bill C-23, which amends the *Canada Marine Act*, has received Royal Assent. This Bill strengthens the operating framework for Canada Port Authorities (CPAs) by modifying the current borrowing regime, providing for access to contribution funding, and clarifying some aspects of governance.

9. Congress urged to review shipping regulation

The US NITL (National Industrial Transportation League) urged the Maritime and Coast Guard Subcommittee of the House Committee on Transportation and Infrastructure on June 19, 2008 that shipping regulation should be reviewed with an eye towards examining whether ocean carriers should continue to enjoy antitrust immunity.

10. NOL could borrow \$5-7B for Hapag-Lloyd acquisition

To finance its acquisition of German competitor Hapag-Lloyd, Neptune Orient Lines, the Singapore-based parent of APL, hopes to raise \$5-7 billion in loans.

11. Port activity [January to June 2006]

The volume of cargo handled at Canada's ports fell during the first half of 2006, compared with the same period a year earlier. It handled just under 214.5 million metric tonnes of cargo for this period. International cargo, which accounted for 72% of the total, rose 0.5% to 153.8 million tonnes, while domestic freight declined 2.0% to 60.7 million tonnes.

12. Minister Cannon Helps Strengthen Marine Security

On June 26, 2008, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced that domestic ferry operators can apply for funding under the Government of Canada's Marine Security Contribution Program. The funding is designed to help modernize and secure Canada's domestic ferries.

RAIL TRANSPORTATION

Canada

1. Railway carloadings [March 2008 and first quarter]

The Canadian railway industry continued to push ahead in the first three months of 2008, particularly during the month of March. These positive results were achieved despite being up against one of the worst winters this year. Railways loaded 22.9 million metric tonnes of freight in March, a 6.8% gain over February's loadings. Loadings in the first quarter of 2008 were up almost 1%, compared with the first quarter of the previous year, however, they were down compared to the previous quarter as is typical.

2. Government of Canada Issues Emergency Safety Directive Regarding Potentially Faulty Train Wheels

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, on June 13, 2008 issued an emergency safety directive to

Canadian National Railway to identify and remove from use as quickly as possible any potentially faulty train wheels from Canadian service by no later than October 15, 2008.

Rail Transportation

CANADA

1. Railway carloadings, May 28, 2008, www.statcan.ca
2. Government of Canada Issues Emergency Safety Directive Regarding Potentially Faulty Train Wheels, June 13, 2008, www.tc.gc.ca
3. Railway carloadings, June 25, 2008, www.statcan.ca
4. Agreement on Gary/Chicago International Airport expansion smoothes way in Indiana for CN's EJ&E acquisition, June 27, 2008, www.cn.ca

US

Domestic shipments surge while international market slumps, June 10, 2008, www.ctf.ca

3. Railway carloadings

Railways loaded 24.4 million metric tonnes of freight in April 2008, up 3.8% over April 2007 levels, close to record levels for April. Intermodal loadings increased 5.0% compared with the same month a year earlier to 2.5 million metric tonnes, the highest ever total for the month of April. The rise in loadings was almost entirely attributable to increased containerized cargo shipments.

4. Agreement on Gary/Chicago International Airport expansion smoothes way in Indiana for CN's EJ&E acquisition

CN said on June 27, 2008 that a four-party preliminary memorandum of understanding (PMOU) on the rail line relocation required for the expansion of Gary/Chicago International Airport (GCIA) should resolve a key concern that had been raised in opposition to CN's proposed acquisition of the principal lines of the Elgin, Joliet & Eastern Railway Company (EJ&E). GCIA, EJ&E, CSX Corporation, and Norfolk Southern Corporation (NS) signed the PMOU. The joint agreement as it affects CN's EJ&E transaction calls for: relocating the EJ&E line; building a bridge over the existing NS Gary Branch to assure EJ&E continued access to primary customers, and; constructing a grade separation at Industrial Highway prior to relocating EJ&E operations.

HIGHWAY TRANSPORTATION

1. New Electric Buses Unveiled in Quebec City

On June 2, 2008, eight new electric buses, designed to easily traverse Old Quebec's narrow streets, were launched into service, under Transport Canada's Urban Transportation Showcase Program. Government officials unveiled the buses in Old Quebec and indicated its commitment to clean up our air and reduce green house gas emissions.

2. Ontario Introduces Passport Alternative

The Ontario government on June 3, 2008 introduced legislation that, if passed, will allow Ontarians to use an enhanced driver's licence as an alternative to a passport when crossing Canada-U.S. borders by land and sea. Starting June 1, 2009, the U.S. government will require all visitors to prove their citizenship at the border. With more than 92,000 cars and over 22,300 trucks carrying almost \$650 million in goods crossing the Ontario-U.S. borders daily, the new card will ensure that those without a passport can cross the border using the enhanced card.

3. CTA Chief Gives His Three Priorities for Shaking Up Canada's Transportation Industry

At the Canadian Transportation Research Forum, David Bradley, CEO of the CTA gave his three essential priorities for shaking up Canada's transportation system. The three are: first, ensuring a strong, competitive customer base featuring an efficient, predictable, and reliable supply chain; second, removing impediments from the trucking industry's ability to contribute to a strong, competitive customer base; and third earning a reasonable return on their investment.

4. Don't delay speed-limit law: Bradley

Speaking on Bill 41 at Queen's Park, David Bradley, CEO of CTA said "It is OTA's view that it should be mandatory that speed limiters be activated on all trucks equipped with electronic engines built since 1995 that operate into, out of and within Ontario, regardless of domicile, and that the limiters be set at a maximum speed of no more than 105 km/hr."

5. Official Launch of the Easygo Traveller Information Systems

June 6, 2008 marked the official launch of the EasyGO traveller information systems for the Region of Waterloo. EasyGO is a key component of the region's iXpress service, which provides quick travel along a 35-kilometre central transit corridor in the Waterloo region and now carries over 6,000 riders daily.

Highway Transportation

Canada

1. New Electric Buses Unveiled in Quebec City, June 2, 2008, www.tc.gc.ca
2. Ontario Introduces Passport Alternative, June 3, 2008, www.mto.gov.on.ca
3. CTA Chief Gives His Three Priorities for Shaking Up Canada's Transportation Industry, June 4, 2008, www.cantruck.ca
4. Don't delay speed-limit law: Bradley, June 5, 2008, www.todaystrucking.com
5. Official Launch of the Easygo Traveller Information Systems, June 6, 2008, www.tc.gc.ca
6. Ontario plans to enhance border travel, June 10, 2008, www.todaystrucking.com
7. Transport experts look into their crystal balls, June 9, 2008, www.todaystrucking.com
8. For-hire motor carriers of freight, all carriers [Third Quarter], June 10, 2008, www.statcan.ca
9. Senate Committee Report Backs CTA, June 12, 2008, www.cantruck.ca
10. Teamsters want national fuel rebates for truckers, June 12, 2008, www.todaystrucking.com
11. Canada border cops could grind down int'l traffic flow, June 12, 2008, www.todaystrucking.com
12. Taxi and limousine service industry, June 13, 2008, www.statcan.ca
13. For-hire motor carriers of freight, annual supplement: Financial statistics [2006], June 13, 2008, www.statcan.ca
14. UPS expanding facility in Canada, June 12, 2008, www.americanshipper.com
15. Ontario to limit truck speed, June 16, 2008, www.mto.gov.on.ca
16. Weaker U.S.-Canada truck traffic, June 17, 2008, www.joc.com
17. Binational Effort One Step Closer to a New Border Crossing Between Windsor and Detroit, June 18, 2008, www.tc.gc.ca
18. Travel between Canada and other countries, June 18, www.statcan.ca
19. Completion of Highway 30 under a Public-private Partnership: Candidate Selected, June 19, 2008, www.tc.gc.ca
20. FedEx loses ground in fourth quarter, June 20, 2008, www.ctl.ca
21. UPS cuts estimates, June 23, 2008, www.joc.com
22. CTA's Bradley offers advice to shippers, June 24, 2008, www.ctl.ca
23. Federal Government Delivers Support for Improvements to Queenston Plaza at Queenston-Lewiston Bridge Crossing, June 25, 2008, www.tc.gc.ca

6. Ontario plans to enhance border travel

From June 1, 2009, the U.S. government will require all visitors to prove their citizenship at the border. The *Photo Card Act*, if passed, will allow Ontarians to use an enhanced driver's licence as an alternative to a passport when crossing Canada-U.S. borders by land and sea.

7. Transport experts look into their crystal balls

According to Mary Brooks, professor of marketing and transportation at Dalhousie University four main issues are expected to dominate transportation concerns: energy and fuel costs, labor availability, environmental concerns and government red tape. Stephen Blank, a retired Pace University professor and consultant, said Canadians should be concerned about continental rather than simply national transportation issues. He indicated that "There's congestion, inadequate maintenance, a lack of harmonized regulations, hardening of the border, a variety of issues that all came at the same time." The views were expressed at the Canadian Transportation Research Forum Conference.

8. For-hire motor carriers of freight, all carriers [Third Quarter]

There were an estimated 3,551 for-hire trucking companies based in Canada (annual revenue \$1 million or more) in the third quarter of 2007. These companies generated operating revenue of \$7.1 billion for the quarter, down 1.9% from the third quarter of 2006 as a result of lower revenue earned from transborder shipments. Operating expenses (\$6.7 billion) recorded a smaller decline. As a result, the operating ratio (operating expenses divided by operating revenues) deteriorated somewhat, moving from 0.93 to 0.94.

9. Senate Committee Report Backs CTA

A new report issued by the Senate Transport and Communications Committee entitled *Time for a New National Vision – Opportunities and Constraints for Canada in the Global Movement of Goods*, on June 12, 2008 has recommended that the federal government move forward on a number of crucial issues that were raised by the Canadian Trucking Alliance during the committee's deliberations.

10. Teamsters want national fuel rebates for truckers

The Teamsters union is urging Ottawa to establish a national rebate program to mitigate the effects of high gas and fuel prices. The program is

based on effective provincial models. The union said that fuel prices "imposes a perilous cost on trucking companies, brokers and owner-operators."

11. Canada border cops could grind down int'l traffic flow

A slow down could occur at international borders as contract negotiations with the Canada Border Services Agency, has slowed upsetting the union. While the union has not called for an official slowdown, disgruntled workers might shift down all on their own.

12. Taxi and limousine service industry [2005 and 2006]

The taxi and limousine services industry generated operating revenue of \$1.8 billion in 2006, up 7% compared with 2005. The industry's operating margin (operating revenue less operating expenses) rose 21% compared with an average increase of only 1% from 2002 to 2005. This was largely because of self-employed drivers.

13. For-hire motor carriers of freight, annual supplement: Financial statistics

The 3,700 for-hire trucking companies in Canada (with annual earnings of at least \$1 million) improved their financial performance in 2006. Net operating revenue rose 26% from 2005 to \$1.3 billion, as the growth in total operating revenue (+11%) outpaced that of operating expenses (+10%).

14. UPS expanding facility in Canada

UPS Canada said expansion of a "strategic logistics campus" in Burlington, Ontario, from 800,000 square feet to 975,000

24. Government of Canada Harmonizes Bumper Standard, June 26, 2008, www.tc.gc.ca
25. For-hire motor carriers of freight, top carriers, June 26, 2008, www.statcan.ca
26. US intermodal giant buys Canuck carrier; signs deal with CF, June 30, 2006, www.todaystrucking.com
27. Canada and Ontario to Widen County Road 22, June 27, 2008, www.tc.gc.ca
28. Couriers and Messengers Services Price Index [May 2008], June 27, 2008, www.statcan.ca

US

1. US Department of Transportation Unveils New Program to Fight Border Congestion, June 2, 2008, www.dot.gov
2. BTS Releases Freight Transportation Services Index (TSI); Freight Index was Unchanged in April from March, June 11, 2008, www.dot.gov
3. Americans Drove 1.4 Billion Fewer Highway Miles in April of 2008 than in April 2007 While Fuel Prices and Transit Ridership Are Both on the Rise, June 18, 2008, www.dot.gov
4. FedEx offers weak outlook, June 18, 2008, www.joc.com

square feet will support faster shipping turnaround for the local, national and international businesses it serves in the area.

15. Ontario to limit truck speed

The Ontario legislature on June 16, 2008 passed a bill mandating speed limiter use on most large trucks to cap speeds at 105 kilometres per hour to reduce pollution and improve road safety.

16. Weaker U.S.-Canada truck traffic

Surface trade between Canada and the United States fell in May 2008. Truck crossings totalled 687,338 in May, off 10.4 percent from 733,189 in the same month a year ago, according to data released by the Public Border Operators Association (PBOA). The PBOA represents 11 crossings including four of the busiest connections between Ontario and New York-Michigan which account for 70 percent of all Canada-U.S. trade.

17. Binational Effort One Step Closer to a New Border Crossing Between Windsor and Detroit

On June 18, 2008, government officials welcomed the technically and environmentally preferred location of the new inspection plazas and bridge crossing between Windsor and Detroit presented by the binational study team. The announcement of the locations of the inspection plaza and new bridge brings Canada a step closer to an end-to-end transportation solution. Increasing border crossing capacity while ensuring efficiency and security are key priorities of our government that will facilitate international trade while reducing congestion.

18. Travel between Canada and other countries

Same-day car trips by Americans to Canada in April 2008, remained virtually unchanged from March 2008. However, this was about half the level it was four years ago, and about one-quarter of the record high set in March 1981. In total, overnight travel from the United States edged up 1.0% to 1.1 million trips in April. In the opposite direction, Canadian residents made fewer trips to the United States, down 1.8% to 1.6 million.

19. Completion of Highway 30 under a Public-private Partnership: Candidate Selected

The Governments of Canada and Quebec announced on June 19, 2008 that Nouvelle Autoroute 30, S.E.N.C. has been selected to sign a 35-year partnership agreement for the design, construction, financing, operation, maintenance and repair of Highway 30.

20. FedEx loses ground in fourth quarter

FedEx Corporation's profits fell in the fourth quarter, as the company reported a loss of \$0.78 per share for the period ended May 31 2008, compared to earnings of \$1.96 per diluted share a year ago. Frederick W. Smith, FedEx Corp.'s president and CEO said " Record high fuel prices and the weak US economy dampened volume growth and substantially affected our bottom line."

21. UPS cuts estimates

On June 22, 2008, UPS announced that it expects earnings for the second quarter to be within a range of 83-88 cents per diluted share compared to 97 cents-\$1.04 per share originally anticipated. A slow economic growth in the United States and an unprecedented increase in the cost of fuel were cited as the cause.

22. CTA's Bradley offers advice to shippers

David Bradley, CEO of the Canadian Trucking Alliance, warned shippers at the Pharmaceutical and Personal Care Logistics Association that rising fuel costs will lead to continual payment of sufficient surcharges. He pointed out that 40-50% of carrier revenues currently result from fuel surcharges but carriers need to survive. If surcharges do not go up then rates will have to go up.

23. Federal Government Delivers Support for Improvements to Queenston Plaza at Queenston-Lewiston Bridge Crossing

On June 25, 2008, the Government of Canada and the Niagara Falls Bridge Commission announced funding for the second phase of the redevelopment of the Queenston Plaza at the Queenston-Lewiston border crossing. Contributions to this cost-sharing initiative include up to \$62 million from the Government of Canada and \$12.9 million from the Niagara Falls Bridge Commission.

24. Government of Canada Harmonizes Bumper Standard

A new federal regulation took effect on June 25, 2008, that improves the design of bumpers on Canadian passenger cars by harmonizing the Canadian car test speed requirements with those already established in North American and European markets. It enables new consistent safety, design and choices are available to consumers.

25. For-hire motor carriers of freight, top carriers [fourth quarter of 2007]

The top 97 for-hire carriers (Canadian-based trucking companies earning \$25 million or more annually) generated operating revenues of \$2.6 billion and operating expenses of \$2.4 billion in the fourth quarter of 2007. Increases in expenses were slightly more than increases in revenue for this quarter as a result the operating ratio increased slightly to .95 from .94.

26. US intermodal giant buys Canuck carrier; signs deal with CF

RoadLink, the largest private independent intermodal logistics service provider in North America has agreed to acquire CP Ships Trucking Ltd. (C-Truck) from Hapag-Lloyd. Hapag-Lloyd decided to divest the 240-truck container hauler (mostly owner-ops), which has six locations in Canada and the U.S. Upon closing, the Atlanta, Ga.-based RoadLink will launch a new alliance with Fastfrate, the Woodbridge, Ont.-based LTL and logistics provider that has an exclusive cross-dock partnership with Canadian Pacific.

27. Canada and Ontario to Widen County Road 22

The governments of Canada and Ontario, in partnership with the County of Essex, announced on June 27, 2008 funding for the widening of Essex County Road 22 from Lakeshore Boulevard to Patillo Road. This project is one of several projects under the Let's Get Windsor-Essex Moving strategy.

28. Couriers and Messengers Services Price Index [May 2008]

The Couriers and Messengers Services Price Index increased 2.5% to 139.7 (2003=100) in May 2008. The courier portion rose 2.7%, while the local messengers component advanced 1.5%.

GENERAL

1. International travel account [first quarter 2008 preliminary]

Canada's international travel deficit subsided in the first quarter of 2008, as a result of a significant drop in Canadian travel spending in the United States. Canadians spent about \$7.2 billion outside the country in the first quarter of 2008, down 4.6% from the record high reached in the fourth quarter of 2007. The decline was the result of lower spending in the United States.

2. Government of Canada Invests in Sustainable Transportation

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on June 5, 2008 that the Government of Canada will invest in 16 projects across the country that support environmentally friendly transportation. The projects will receive a total of over \$1 million under the Moving On Sustainable Transportation (MOST) program.

3. Government of Canada Invests in Sustainable Transportation in Newfoundland and Labrador; Quebec and British Columbia.

On June 5, 2008, government officials announced that the Government of Canada will invest in projects that supports environmentally friendly transportation. In Newfoundland and Labrador, the Atlantic Canada chapter of the Sierra Club of Canada will receive a contribution of up to \$40,000 for a project to provide bicycle repair services to users of BikeShare. In Quebec, the project, which is organized by Vélo-route trans-Québec of Gatineau, will receive a contribution of up to \$30,000. In British Columbia, the University of British Columbia Design Centre for Sustainability in Vancouver will receive a contribution of up to \$75,000; Cowichan Recyclists, based in Duncan, British Columbia, will receive up to \$6,000 for a small-scale community project that will make bicycles with trailers available to a predominantly aboriginal community; and Pedal Energy Development Alternatives (PEDAL) will receive up to \$100,000 for a bicycle project. These projects will be funded under the Moving On Sustainable Transportation (MOST) program.

4. The Government of Canada and the City of Calgary Invest in Infrastructure

The Government of Canada and the City of Calgary on June 6, 2008 announced that, as part of the Asia-Pacific Gateway and Corridor Initiative, the federal government will provide up to \$34.5 million to widen 52nd Street SE in Calgary. The work also includes the construction of a grade separation at the Canadian Pacific Railway rail line and the Western Headwaters Canal; intersection improvements; and storm water upgrades.

5. Trade surplus drops despite export energy growth

Canada

1. International travel account, May 28, 2008, www.statcan.ca
2. Government of Canada Invests in Sustainable Transportation, June 5, 2008, www.tc.gc.ca
3. Government of Canada Invests in Sustainable Transportation in Newfoundland and Labrador...June 5, 2008, www.tc.gc.ca
4. The Government of Canada and the City of Calgary Invest in Infrastructure, June 6, 2008, www.tc.gc.ca
5. Trade surplus drops despite export energy growth, June 11, 2008, www.todaystrucking.com
6. Fuel burn, June 17, 2008, www.joc.com
7. Liberal Green Shift Plan Gets Negative Reaction from Trucking Industry, June 20, 2008, www.cta-otc.gc.ca
8. Transport Canada Announces Winner of 2008 SCL Green Supply Chain Award, June 25, 2008, www.tc.gc.ca
9. Canadian Business Groups Applaud Bold, Competitive Vision Set Out by Competition Policy Review Panel, June 26, 2008, www.atac.ca
10. National tourism indicators, June 27, 2008, www.statcan.ca

US

1. Economist: "No recession, no recovery" for U.S. economy, May 27, 2008, www.americanshipper.com
2. New U.S. president will follow pro-trade policies, expert says, June 9, 2008, www.americanshipper.com
3. EU trade chief urges rethinking of global economy, June 10, 2008, www.joc.com
4. Higher logistics costs taking bigger bite of GDP: Survey, June 18, 2008, www.joc.com

According to Statistics Canada, the nation's trade surplus declined to \$5.1 billion in April 2008 from a revised \$5.7 billion in March 2008.

6. Fuel burn

In the face of soaring fuel costs intense re-evaluations are being conducted by supply-chain managers. The name of the game is network optimization. Energy costs have affected supply chains adversely and are forcing companies to squeeze more efficiency and long-term sustainability from their distribution networks.

7. Liberal Green Shift Plan Gets Negative Reaction from Trucking Industry

On June 20, 2008, the Canadian Trucking Alliance responded to Stephane Dion party's carbon tax plan. David Bradley, CEO of CTA said that "the last thing the trucking industry needs is more tax on diesel fuel; with diesel fuel prices at record highs and fuel overtaking labour as the number one component of operating cost the trucking industry does not need further price signals from government to know that improving fuel efficiency and thereby reducing GHG emissions is a good thing." He was of the opinion that this plan will simply make freight transportation in Canada more expensive, impairing Canada's competitiveness and impeding investment in fuel efficiency.

8. Transport Canada Announces Winner of 2008 SCL Green Supply Chain Award

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, on June 25, 2008 recognized XTL Transport Inc. as the recipient of the 2008 SCL Green Supply Chain Award. The award, which is issued by Supply Chain and Logistics Association Canada (SCL), is sponsored by Transport Canada and was presented in May 2008.

9. Canadian Business Groups Applaud Bold, Competitive Vision Set Out by Competition Policy Review Panel

On June 26, 2006, a broad coalition of Canadian business groups welcomed the bold vision and ambitious scope of the final report of the Competition Policy Review Panel and calls on the federal government to secure the economic future of all Canadians by acting quickly on the report's recommendations.

10. National tourism indicators

Statistics Canada reports that Tourism spending in Canada rose 1.3% during the first three months of 2008, as spending by Canadians continued to advance, while that by international visitors declined. Tourism spending has increased in every quarter since the second quarter of 2003.

New Publications

1. Observatory of the Air Transport Market, First Quarter of 2008, May 28, 2008, www.europa.eu
2. Handbook with estimates of external costs in the transport sector, June 9, 2008, www.europa.eu