

# Transportation Information Update\*

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## AIR TRANSPORTATION

### 1. Jetsgo founder plans summer revival

The founder of Jetsgo has devised detailed plans to get his insolvent carrier back in the air on June 25, 2005. He is planning to reduce debt by aircraft sales and is hoping to continue his operation using eight leased planes. No decision has been made whether to change Jetsgo's name and whether the restructured business should be chartered or commercial. Before the airlines take off the ground a number of hurdles have to be overcome.

### 2. Leblanc faces creditor headwinds relaunch

The president of Jetsgo says that he faces an uphill battle selling his rescue plan for the insolvent airline. He is trying to obtain support of 50.01 percent from its creditors who would cast votes on its restructuring plan. One analyst indicated that even if they relaunch it is highly unlikely that it will last for long. Transport Canada spokeswoman indicated that Jetsgo still needs to fulfill its safety obligations and update training manuals if it wishes to fly again.

### 3. Aircraft movement Statistics

Canadian airports (42) with NAV CANADA air traffic control towers reported a decrease in take-offs and landings of 10.5% to 266,931 for December 2004 compared to 298,217 for December 2003. The year-to-date (i.e., 2004) decrease was 3.2% compared to 2003. Pearson airport was the most active of the airports.

### 4. Aircraft movement statistics: small airports

In November 2004, the number of landings and take-offs at the Canadian airports without control towers totalled 45,719. This represents an increase of 7.9% over November 2003.

### 5. Airport divestiture program extended

Transport Minister announced the extension of the Regional and Small Airport Divestiture Program to March 31, 2007. This will allow Transport Canada to continue negotiations to divest the remaining eight airports under its control.

### 6. Re-balancing the Air Transport Industry - US\$5.5 billion industry loss expected for 2005

G. Bisignani, Director General and CEO of IATA, at the AirFinance Conference in New York indicated that losses in the airline industry for 2005 are expected to be US\$5.5 billion. The high price of fuel is robbing the industry of profitability. He indicated that the industry has lost its balance and change is critical. He outlined a vision for change that involves airlines, governments and the industry's monopoly suppliers (airports and air navigation providers). He singled out governments for adding costs (taxes and security charges) to the industry and challenged governments to take a different approach with air transport (i.e., with regard to freedoms, ownership and control rules).

### 7. Canada's airlines get boost by picking up Jetsgo traffic/WestJet soars on the wings of expansion

WestJet and Air Canada enjoyed strong traffic in March 2005 due to the failure of Jetsgo. Air Canada had its 12<sup>th</sup> consecutive month of record load factors in March at 79.8% compared to 76.3% last year. Its revenue passenger miles

## Current Developments in Brief

### Air Transportation

#### CANADA

1. Jetsgo founder plans summer revival, *Globe and Mail*, March 30, 2005, pp. B1/B8.
2. Leblanc faces creditor headwinds relaunch, *Globe and Mail*, March 31, 2005, p. B6.
3. Aircraft Movement Statistics December 2004, March 31, 2005 ([www.statscan.ca](http://www.statscan.ca)).
4. Aircraft movement statistics: small airports, *The Daily*, November 2004 ([www.statscan.ca](http://www.statscan.ca)).
5. Airport divestiture program extended, *Transport Canada*, March 31, 2005 ([www.tc.gc.ca](http://www.tc.gc.ca)).
6. Re-balancing the Air Transport Industry - US\$5.5 billion industry loss expected for 2005, April 4, 2005 ([www.iata.org](http://www.iata.org)).
7. Canada's airlines get boost by picking up Jetsgo traffic, *National Post*, April 7, 2005, p. FP6 / WestJet soars on the wings of expansion, *Globe and Mail*, April 7, 2005, p. B4.
8. Projects announced for airports capital assistance program, *Transport Canada*, April 7, 2005 ([www.tc.gc.ca](http://www.tc.gc.ca)).
9. Federal government, several agencies seek to block Jetsgo protection, April 8, 2005 ([www.canada.com](http://www.canada.com)) / Jetsgo faces safety ultimatum, April 8, 2005 ([www.globeandmail.com](http://www.globeandmail.com)).
10. Canada, India to begin talks on Open Skies, *National Post*, April 8, 2005, p. FP2.
11. CanJet plans 'steady growth, one airplane at a time, *Globe and Mail*, April 11, 2005, p. B1.
12. Jetsgo plans to take off again, *National Post*, April 12, 2005, p. FP 7 / Jetsgo plans switch into a charter carrier, *Globe and Mail*, April 12, 2005, pp. B1/B20.
13. Jetsgo fails to address concerns about federal safety, *Globe and Mail*, April 13, 2005, p. B3.
14. Airports fly request to seize Jetsgo planes, *Globe and Mail*, April 14, 2005, p. B4.
15. Aircraft Movement Statistics, Volume 2, Dec. 2004, April 13, 2005

\* 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.

were 3.61 billion in March 2005 compared to 3.4 billion a year earlier and its seat miles were 4.53 billion compared to 4.45 billion a year earlier. WestJet recorded a 55% increase in traffic (year-over-year) and a load factor of 77.8% in March compared to 67.7% last year. Its revenue passenger miles were 723 million in March 2005 compared to 467 million a year earlier and its seat miles were 929 million compared to 689 million a year earlier. WestJet increased capacity on its routes by 35% in March 2005.

#### **8. Projects announced for airports capital assistance program**

Transport Minister on April 8, 2005 announced 61 new projects to enhance safety at Canadian airports under the 2005-2006 Airports Capital Assistance Program. The total funding for these new projects totalled over \$51.4 million.

#### **9. Federal government, several agencies seek to block Jetsgo protection / Jetsgo faces safety ultimatum**

Several agencies will be in Quebec Superior Court on April 8, 2005 to demand the court modify the order protecting Jetsgo from its creditors. Ottawa argues that Jetsgo's bankruptcy protection has unduly restricted the ability of regulators to perform their duties. The Attorney-General in its submission indicated that "This situation is contrary to public interest and the security of users, and also considerably damages Canada's reputation at the international level with respect to aeronautical security and safety."

#### **10. Canada, India to begin talks on Open Skies**

Canada and India are looking to lift restrictions on air travel between the two countries. Given the increase in trade and commerce there is a need to have more air service to facilitate this growth. In addition, the need has resulted from the growing Asian population in Canada and India's rising status as a global tourist destination. Talks are scheduled this Spring.

#### **11. CanJet plans 'steady growth, one airplane at a time**

CanJet plans to continue its conservative growth strategy adding plane at a time and gradually extending flights into Western Canada. It begins its Toronto-Calgary service on May 16, 2005 and its Toronto-Vancouver service June 27, 2005. Canjet's share of the Atlantic market is believed to be 20% and of the domestic market to be 3%.

#### **12. Jetsgo plans to take off again / Jetsgo plans switch into a charter carrier**

Jetsgo's founder says that he plans to resume flying this summer with a smaller, eight-aircraft charter operation. On March 11, the government agency gave Jetsgo 30-days to remedy several safety-related concerns. Transport Canada is reviewing Jetsgo's newly updated training manuals.

#### **13. Jetsgo fails to address concerns about federal safety**

Jetsgo has failed to address the issues that were raised by Transport Canada in their notice of suspension. Spokeswoman for Transport Canada said that they will continue to review Jetsgo's updated documents. A spokesman for Jetsgo said that the company would not be commenting until it receives an official response from Transport Canada.

#### **14. Airports fly request to seize Jetsgo planes**

Nine airports owed millions of dollars by Jetsgo Corp. asked a Québec Judge on April 13, 2005 to grant them the right to seize and detain insolvent company's planes as a precautionary measures. Jetsgo's owner is trying to revive the airline.

#### **15. Aircraft movement statistics: small airports**

In December 2004, the number of landings and take-offs at the Canadian airports without control towers totalled 31, 560. This represents a decrease of 16.3% over December 2003.

#### **16. Domestic flights may be screened/Canadian airlines assess US No-fly list**

The US Department of Homeland Security is proposing emergency amendments to its airline regulations that would require all foreign airlines to screen their passengers before entering US airspace (regardless of whether they land in the US). They would have to compare their passenger manifests against the US

([www.statscan.ca](http://www.statscan.ca)).

16. Domestic flights may be screened, *National Post*, April 14, 2005, p. FP1 / Information for passengers travelling by air to, from, or within the United States, April 14, 2005 ([www.tc.gc.ca](http://www.tc.gc.ca)).

17. Canadian airlines assess U.S. 'No-fly' list, *National Post*, Ap 18, 05, p. FP3.

18. Airport Rent system 'Crazy', Grit MP says, *National Post*, April 18, 05, p. FP3.

19. Air fare statistics, *The Daily*, April 18, 2005 ([www.statcan.ca](http://www.statcan.ca)).

20. Air Canada to spin off Aeroplan, Milton confirms, *National Post*, April 19, 2005, p. FP1.

21. Jetsgo submits proposal to restructure as charter, *Globe and Mail*, April 19, 2005, p. B9.

22. Canada and the People's Republic of China conclude new bilateral air agreement, April 19, 2005 ([www.tc.gc.ca](http://www.tc.gc.ca)).

23. Air Canada welcomes new Canada-China bilateral air agreement; announces major expansion of passenger and cargo services to China, April 19, 2005

([www.AirCanada.ca](http://www.AirCanada.ca)). Canada, China conclude new bilateral air agreement, April 25, 2005 ([www.cfl.ca](http://www.cfl.ca)).

24. WestJet Announces Summer Schedule Increases, April 20, 2005 ([www.WestJet.com](http://www.WestJet.com)).

25. WestJet Announces All-Jet Service to Charlottetown, P.E.I., April 20, 2005 ([www.westjet.com](http://www.westjet.com)).

26. Aircraft movement statistics, *The Daily*, April 20, 2005 ([www.statcan.ca](http://www.statcan.ca)).

27. Cabinet reviews airport rent as election looms, *National Post*, April 21, 2005, p. FP5.

28. Aviation security audit of Canada announced under the Universal Security Audit Programme, April 20, 2005 ([www.tc.gc.ca](http://www.tc.gc.ca)).

29. Jetsgo keeps planes, *National Post*, April 22, 2005, p. FP2 / Judge dismisses motion to seize Jetsgo planes, *Globe and Mail*, April 22, 2005, p.B2.

30. 'No-fly' causes scramble, *National Post*, April 22, 2005, p. FP1.

31. Canada Responds to United States air security ban on lighters, April 22, 2005 ([www.tc.gc.ca](http://www.tc.gc.ca)).

32. Air Canada upgrading its fleet, April 25, 2005 ([www.nationalpost.ca](http://www.nationalpost.ca)).

33. WestJet suggests Ottawa regulate competition, *National Post*, April 23, 2005, p. FP4.

34. Airbus A380, world's largest passenger plane, makes history with first flight, Ap 27, 05 ([www.nationalpost.com](http://www.nationalpost.com)).

35. Incentives from P.E.I. spark airline dogfight, *National Post*, April 27, 2005, pp. FP1/FP24.

36. WestJet eyes bold expansion abroad, *Globe and Mail*, Ap 27, 05, pp. B1-B12. B1/B12.37. WestJet has \$9.6 million loss in first quarter, proposes dual-class shares,

April 28, 2005 ([www.nationalpost.com](http://www.nationalpost.com)).

38. Jetsgo lands deal to sell 5 planes,

‘no-fly’ lists. These lists are not limited to people directly linked to terrorist activity. These proposed changes add costs and come when the industry is suffering from a number of other issues. Transport Minister has indicated that discussions with the US authorities will provide temporary reprieve but it is not known for how long.

**17. Information for passengers travelling by air to, from, or within the US**  
On April 14, 2005, the US Transportation Security Administration will prohibit lighters from being brought on board (i.e., on their person or in their carry-on baggage) an aircraft flying to, from or within the US.

**18. Airport Rent system ‘Crazy’, Grit MP says**

The chairman of the House of Commons Standing Committee on Transport according to the National Post says the system of rents paid by airports to Ottawa is a mess and the economy is suffering. In Vancouver, Roger Gallaway of the Committee said “It’s crazy and totally capricious. ...The disadvantage being heaped on Canadians is breathtaking.” He said the best solution is to overhaul the entire rent system and replace it with some thing that takes into account the real world pressures that airports and the airline face. “We have to be very careful that no discretion is vested in bureaucracy. I am totally opposed to giving Transport Canada power. In operational considerations, they must be banished.” Certain airlines (El Al and Cathay Pacific) have indicated that they have chosen other airports over Canadian airports.

**19. Air fare statistics**

In 2001, the average domestic and international air fare (all types) paid by passengers was \$271, down from the 2000 record average of \$280. The average domestic air fare (all types) paid by passengers was \$208 in 2001, down from the 2000 record average of \$224. Passengers flying on discount fares on domestic and international services were 95.1% and passengers flying on discount fares on domestic services were 93.1%.

**20. Air Canada [AC] to spin off Aeroplan, Milton confirms**

AC’s holding company will soon market its Aeroplan customer loyalty program. Aeroplan has six million members. An analyst said that Aeroplan will be the first followed by Air Canada Technical Service, Jazz and Air Canada Vacations.

**21. Jetsgo submits proposal to restructure as charter**

Jetsgo has submitted an outline of its timetable to the Quebec Superior Court on April 18, 2005. Creditors are examining the draft proposal filed for bankruptcy on March 11, 2005. Jetsgo is planning to meet this week with various tour operators and lessors of aircraft to persuade them to agree to new contracts.

**22. Canada and the People’s Republic of China conclude new bilateral air agreement/Canada, China conclude new bilateral air agreement**

Transport Minister and International Trade Minister announced on April 19, 2005 the conclusion of a new and expanded bilateral air transport agreement with the People’s Republic of China. The new agreement provides for a three-fold increase in permitted passenger and cargo flights to be operated by more airlines between more city pairs and under more flexible operating conditions than under the previous agreement. It also has strong aviation safety and security provisions. **23. Air Canada welcomes new Canada-China bilateral air agreement; announces major expansion of passenger and cargo services to China**

Air Canada welcomed the major enhancement in the new bilateral air services agreement and applauded the government for allowing significant growth in passenger and freight transportation in this important market. Air Canada’s plan for the new market include: new Toronto-Beijing non-stop service to be increased to daily flights by 2006; daily Toronto-Shanghai non-stop to begin summer 2006; and daily Vancouver-Guangzhou non-stop service to begin summer 2007. Air Canada also plans to introduce cargo operations between Toronto-Shanghai next month and to expand its dedicated cargo operations.

**24. WestJet Announces Summer Schedule Increases**

WestJet announced an increase of 66 non-stop flights per week between cities as part of its summer schedule. As of August 1, 2005 WestJet will operate 1877 weekly departures offering 125 non-stop city pairs and 33 destinations.

**25. WestJet Announces All-Jet Service to Charlottetown, P.E.I.**

WestJet announced that it is adding seasonal service to the new market of Charlottetown. This non-stop service will be offered everyday between Charlottetown and Toronto.

**26. Aircraft movement statistics**

Canadian airports (42) with NAV CANADA air traffic control towers reported a decrease in take-offs and landings of 2.1% to 355,990 for March 2005 compared to 363,529 for March 2004. Year-over-year decreases in aircraft movement were reported in 26 airports in March 2005.

**27. Cabinet reviews airport rent as election looms**

The federal cabinet is set to review a proposal on airport rents early next month before the election. “Insiders say what is to be proposed is a new formula to calculate how much rent is paid by airports – currently at \$270million a year and

*Globe and Mail*, April 27, 2005, p. B12.

**U.S./EU**

1. International Aviation Agreements Mean Jobs in U.S., Mineta Says During Visit to UPS, April 1, 2005 ([www.dot.gov](http://www.dot.gov)).
2. Low-cost air carriers clip wings of major U.S. network airlines, *National Post*, April 12, 2005, p. FP 24.
3. Southwest profit takes off on fuel hedging, *Globe and Mail*, April 15, 2005, p. B8.

climbing to close to \$500 million at the end of the decade – and a reduction in the rate of rent increases scheduled as part of the terms of individual airports’ leases.” It is believed that the proposal planned for May 5, 2005 would benefit small and medium size airports at the expense of the three major hubs (Toronto, Vancouver and Montreal). The industry has complained bitterly about the rent scheme, after the severe downturn in the sector following the 9/11 terrorists attack.

### **28. Aviation security audit of Canada announced under the Universal Security Audit Programme**

Transport Minister announced on April 20, 2005 that Canada will be audited under the International Civil Aviation Organization’s Universal Security Audit Programme. The audit will assess Canada’s implementation of international aviation security standards and determine the extent to which Canada’s aviation security program is unsustainable through legislation, policy and inspection and enforcement capabilities.

### **29. Jetsgo keeps planes / Judge dismisses motion to seize Jetsgo planes**

Quebec Superior Court dismissed a petition by lawyers of eight Canadian airports to allow them to seize aircraft that belong to Jetsgo, as it would jeopardize Jetsgo’s restructuring and reorganization. It also grants a petition for a special Directors and Officers charge to protect them from lawsuits and liabilities.

### **30. ‘No-fly’ causes scramble**

Senior Canadian transport officials will meet the week of April 25, 2005 with the US Department of Homeland Security in an effort to reduce the impact of a U.S. proposal to further restrict access to its airspace. The proposal would require Canadian passengers on domestic flights checked against U.S. ‘no-fly’ lists.

### **31. Canada Responds to United States air security ban on lighters**

Transport Canada and the Canadian Air Transport Security Authority announced on April 22, 2005 that effective April 26, 2005, CATSA will intercept lighters at the United States pre-clearance areas at Canadian airports to comply with the decision of the United States Transportation Security Administration ban on lighters from aircraft.

### **32. Air Canada [AC] upgrading its fleet**

AC selects Boeing 777s and 787 dreamliners to modernize its fleet. It will improve efficiencies, comport and create one of the worlds youngest and most simplified airline fleets. Eighteen 777s and fourteen 787 are expected to be ordered.

### **33. WestJet suggests Ottawa regulate competition**

WestJet in its submission called on Ottawa to guard against the future rise of ‘irrational, irresponsible’ competitors in the market. WestJet’s vice-president of marketing in an interview questioned whether the market is big enough to support more than two coast-to-coast airlines. Many observers did not agree, pointing out that when WestJet entered there were two major players and WestJet was able to attract a number of passengers. One analyst indicated that more government is not in the best interest of Canadians or the industry. WestJet also proposed that all airlines retain the money taken in the form of advanced ticket sales until the airline actually delivers its products.

### **34. Airbus A380, world’s largest passenger plane, makes history with first flight**

Airbus A380, the world’s largest plane successfully took off on its maiden flight on April 27, 2005 a milestone for the European aircraft-manufacturer.

### **35. Incentives from P.E.I. spark airline dogfight**

Air Canada (AC) is considering a review of its service to P.E.I. as the P.E.I. government offered WestJet nearly \$500,000 for its proposed summer service in an attempt to stimulate the provinces tourism. Air Canada indicated that P.E.I.’s subsidies significantly distort the marketplace. The Premier of PEI indicated that AC’s reaction is surprising given that AC has accepted revenue guarantees of \$250,000 several years ago and that existing service was insufficient.

### **36. WestJet eyes bold expansion abroad**

WestJet is planning entry into the overseas market - Hawaii and England. WestJet’s chairman does not support liberalizing the Canada-US open skies pact. He indicated that he supports the principle of greater competition if there would be a level playing field. But he does not believe this to be the case “U.S. airlines would enjoy huge advantages because they could fill up with cheaper jet fuel south of the border and would have lower labour costs because U.S. regulations require fewer flight attendants.” “The problem with open skies is that it can never be on a level playing field. .... give us equal access to gates, time slots.” He believes that Air Canada’s motivation in supporting open skies is to bring U.S. competitors so as to make it difficult for WestJet.

### **37. WestJet has \$9.6 million loss in first quarter, proposes dual-class shares**

WestJet announced the second quarterly loss of \$9.6 million in eight years. The loss was attributed to higher fuel prices and lower fares in a highly competitive market. The airline predicted that the future looks better with the demise of Jetsgo. It has asked its shareholders to approve the creation of two new classes of shares to replace its common shares to address foreign ownership limits of Canadian airlines.

### **38. Jetsgo lands deal to sell 5 planes**

Jetsgo has signed a deal to sell 5 of its 15 Fokker aircraft to Airfleet Credit Corp. and has asked the Quebec court to safeguard the proceeds (\$3 million ) from the planned sale till its creditors’ claims can be sorted out.



## WATER TRANSPORTATION

### 1. Port of Seattle's ship has come in

The Port of Seattle increased its lead over its rival, the port of Vancouver, in the first two months of 2005 posting a 44% hike in container transportation. For 2004, container traffic increased by 8% for the Port of Vancouver compared to 18% for the Port of Seattle. The success of Seattle has largely been attributed to the recent construction of huge warehouses by importers near the port which has increased its efficiency in the flow of traffic. This has removed some of the problems of congestion due to the increase in exports and imports from China.

### 2. Government of Canada announces new financial agreement with CTMA Traversier Ltée

Transport Minister, Jean-C. Lapierre, together with Lawrence MacAulay, M.P. (Cardigan), announced that Transport Canada has reached an agreement in principle with the ferry company CTMA Traversier Ltée. The agreement will allow ferry service to operate throughout its full season from April to the end of January between Souris, PEI, and Cap-aux-Meules, Iles-de-la-Madeleine, Quebec. The company will receive \$3.2 million this year until it reaches \$3.6 million in 2009-2010.

### 3. Vancouver grain agreement

Saskatchewan Wheat Pool's terminal (capacity 237,240 metric tons) and James Richard International terminal (capacity 108,000 metric tons) announced an agreement to operate jointly their adjacent port terminals at Vancouver, British Columbia. The companies in a joint statement said that the start-up scheduled in June is expected to increase in efficiency in unloading railcars and expand shipping capabilities.

### 4. CN: Grain deliveries OK / CN rejects WGEA criticism on lack of reliability in delivery grain / CN rejects WGEA criticism, says it's delivering grain reliably

Canadian National Railways rejected criticism of its service performance on April 7, 2005 by the Western Grain Elevator Association, saying it is doing a solid job of meeting customer shipping orders for grain. CN's vice-president of operations indicated that severe weather conditions caused problems for grain movement from the gate to the port terminals but CN worked with customers to ensure that priorities were met. Some problems on the horizon are: port terminal congestion due to uncertainty in ship arrival; and work schedules of various partners in the movement of grain.

**5. OOCL, Canada Maritime sell slots on Montreal-North Europe service**  
OOCL and Canada Maritime will charter a fixed number of container slots to CMA-CGM on one of their Montreal-North Europe services. This adds to the existing agreement commenced in January 2003.

### 6. Cargo volume jumps at Port of Montreal

The chief executive of the Montreal Port Authority indicated that 2005 will be another record year in terms of container-handling. For the first quarter of 2005, container volume increased 13 percent to 2.8 million metric tons. Total cargo increased 21 percent for the same quarter or a total of 5.6 million metric tons.

### 7. Vancouver Port Authority President & CEO Houston speaks at Railway Association of Canada

Captain Gordon Houston, CEO of the Vancouver Port Authority, spoke on infrastructure development and the issues and priorities facing the Port. He noted that all the players in Canada's transportation network have a vital role to play to prepare Canada to compete on the international stage in the years ahead, including ports and railways, trucking companies and distribution partners. There is also a critical role for government to play. Future success will require not only public investments but also public policy that responds to the competitive threats and opportunities that confront Canada's transportation industries. Container volumes at the Port are expected to triple to more than 5 million TEUs within 15 years. This growth is largely due to the emergence of Asia, particularly China, as a dominant force.

**8. Vancouver Port Authority [VPA] and Canadian Pacific Railway sign agreement to enhance Asia-Pacific trade**  
The VPA and CPR announced on April 21, 2005 that they have signed a cooperation agreement to work together on joint capacity development. The agreement is a step to capture Asia-Pacific trade opportunities. The expansion work involves 25 projects (10 projects between Saskatchewan and Calgary; 3 projects between Edmonton and Calgary, and 12 projects

## Current Developments in Brief Water Transportation

### CANADA

1. Port of Seattle's ship has come in, *National Post*, April 5, 2005, p. FP4.
2. Government of Canada announces new financial agreement with CTMA Traversier Ltée, April 5, 2005 ([www.tc.gc.ca](http://www.tc.gc.ca)).
3. Vancouver grain agreement, April 6, 2005 ([www.joc.com](http://www.joc.com)).
4. CN: Grain deliveries OK, April 6, 2005 ([www.joc.com](http://www.joc.com)) / CN rejects WGEA criticism on lack of reliability in delivery grain, April 8, 2005 ([www.ctl.ca](http://www.ctl.ca)) / CN rejects WGEA criticism, says it's delivering grain reliably, April 7, 2005 ([www.cn.ca](http://www.cn.ca)).
5. OOCL, Canada Maritime sell slots on Montreal-North Europe service, April 15, 2005 ([www.ctl.ca](http://www.ctl.ca)).
6. Cargo volume jumps at Port of Montreal, April 18, 2005 ([www.joc.com](http://www.joc.com)).
7. Vancouver Port Authority President & CEO Houston speaks at Railway Association of Canada, April 18, 2005 ([www.ctl.ca](http://www.ctl.ca)).
8. Vancouver Port Authority and Canadian Pacific Railway sign agreement to enhance Asia-Pacific trade, April 21, 2005 ([www.cpr.ca](http://www.cpr.ca)).
9. Government of Canada announces new marine security initiatives, April 22, 2005 ([www.tc.gc.ca](http://www.tc.gc.ca)).

### U.S./EU

1. Lines raise Panama Canal charges, April 1, 2005 ([www.joc.com](http://www.joc.com)).
2. US west coast ports to raise tariffs 5 per cent, April 5, 2005 ([www.joc.com](http://www.joc.com)).
3. U.S. network congestion looming, April, 13, 2005 ([www.joc.com](http://www.joc.com)).
4. Ports of Los Angeles and Long Beach receive \$6.9 million security grant, April 14, 2005 ([www.ctl.ca](http://www.ctl.ca)).
5. Customs to offer inspection-free box clearance, April 21, 2005 ([www.joc.com](http://www.joc.com)).
6. New Orleans, New York Gain in Cruise Departures, April 26, 2005 ([www.dot.gov](http://www.dot.gov)).

between Calgary and the Port of Vancouver).

### **9. Government of Canada announces new marine security initiatives**

On April 22, 2005, the Government of Canada announced details of a \$300 million, five year package of initiatives designed to further enhance the security of Canada's marine transportation system and maritime borders. These new commitments from Budget 2005 build on the \$308 million that was announced for the National Security Policy's six-point plan for marine security of April 2004 and \$115 million Marine Security Contribution Program announced in May 2004.

## **RAIL TRANSPORTATION**

### **1. Canadian Pacific Railway and Elk Valley Coal reach five year agreement**

Canadian Pacific Railway (CPR) and Fording Canadian Coal Trust announced on April 5, 2005 that CPR and Elk Valley Coal Corporation have reached a five-year agreement for the transportation of metallurgical coal from all of Elk Valley Coal's mines in southeast British Columbia to Vancouver area ports for export.

### **2. CN orders 75 locomotives from two builders, secures options to acquire 75 more**

CN has ordered 75 high-horsepower locomotives from GE Transportation Rail, a unit of General Electric Company, and 25 from Electro-Motive Diesel. These units are the most reliable, more fuel-efficient and comply with the latest regulatory requirements.

### **3. Instantaneous carload prices now available**

Canadian National Railways (CN) announced that customers can obtain instantaneous carload prices 24 hours a day, seven days a week from the railway's website. The new pricing tool is designed to increase the speed at which CN can serve their customers.

### **4. CN-BLET tentative labor agreement preserves hourly wage structure for locomotive engineers or former IC territory**

Canadian National Railway (CN) announced on April 12, 2005 that it had signed a tentative labour agreement with the Brotherhood of Locomotive Engineers and Trainmen (BLET). CN indicated that the new agreement preserves the flexible work rules and hourly wage structure of the existing contract.

### **5. CN and TSI say Deltaport operations now fluid**

Canadian National Railways (CN) and Terminal Systems Inc. announced on April 14, 2004 that the backlog of import containers at Deltaport terminal has been cleared and that the two companies have forged an improved working relationship.

### **6. CP expands rail network for China trade / CPR begins capacity expansion in Western Canada**

Canadian Pacific Railway (CP) indicated that it had begun a \$160 million expansion of its western Canada track network to feed through Vancouver as Asian markets are hungry for Canada's resources. This would increase capacity in Western Canada by 12 percent or more than 400 freightcars a day. This investment is in addition to the planned capital investment of about \$760 million.

### **7. Go-ahead seen for CN box port / CN's first-quarter 2005 net income rises 42 per cent to \$299 million, or \$1.04 per diluted share**

CN reported net income of C\$299 million in the first quarter of 2005, up 42% from a year earlier. The President and CEO of CN described it as an exceptional year. The operating ratio improved by 3.3 percentage points to 69.2%. The CEO addressed a number of other issues such as construction of a new container port at Prince Rupert, congestion and capacity problems, revenue from BC Rail and sources of revenues.

### **8. CN seeking more small railways to acquire in Canada and U.S., says CEO**

The CEO of Canadian National Railways (CN) said on April 21, 2005 that he is looking to acquire more small railways in Canada and the U.S. He indicated that it is unlikely that there will be a transaction with one of the continent's large railways. He is particularly interested in railways that provide CN with their business. In 2003, CN tried to buy Ontario Northland Railway from the Ontario government but talks broke off because the government insisted on job-preservation guarantees.

### **9. CN conducts safety blitzes across Canada to raise awareness about safety at highway/railway crossings**

### *Current Developments in Brief*

#### **Rail Transportation**

##### **CANADA**

1. Canadian Pacific Railway and Elk Valley Coal reach five year agreement, April 5, 05 ([www.cpr.ca](http://www.cpr.ca)).
2. CN orders 75 locomotives from two builders, secures options to acquire 75 more, April 6, 2005 ([www.cn.ca](http://www.cn.ca)).
3. Instantaneous carload prices now available, April 11, 2005 ([www.cn.ca](http://www.cn.ca)).
4. CN-BLET tentative labor agreement preserves hourly wage structure for locomotive engineers or former IC territory, April 12, 2005 ([www.cn.ca](http://www.cn.ca)).
5. CN and TSI say Deltaport operations now fluid, April 15, 2005 ([www.ctl.ca](http://www.ctl.ca)).
6. CP expands rail network for China trade, April 18, 2005 ([www.joc.com](http://www.joc.com)) / CPR begins capacity expansion in Western Canada, April 18, 2005 ([www.cpr.ca](http://www.cpr.ca)).
7. Go-ahead seen for CN box port, April 20, 2005 ([www.joc.com](http://www.joc.com)) / CN's first-quarter 2005 net income rises 42 per cent to \$299 million, or \$1.04 per diluted share, April 20, 2005 ([www.cn.ca](http://www.cn.ca)).
8. CN seeking more small railways to acquire in Canada and U.S., says CEO, April 22, 2005 ([www.nationalpost.com](http://www.nationalpost.com)).
9. CN conducts safety blitzes across Canada to raise awareness about safety at highway/railway crossings, April 25, 2005 ([www.cn.ca](http://www.cn.ca)).
10. CPR income more than triples in first-quarter 2005, April 28, 2005 ([www.cpr.ca](http://www.cpr.ca)).
11. Western Grain Revenue Cap Price Index Increased for Crop Year 2005-2006, Ap. 28, 2005 ([www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)).

CN Police announced that it will conduct safety operations at highway/railway crossings in more than 70 locations across Canada during the Rail Safety Week beginning from April 25 to May 1, 2005.

#### **10. CPR [Canadian Pacific Railway] income more than triples in first-quarter 2005**

CPR reported net income of \$81 million in the first quarter of 2005, triple that reported in the first quarter of 2004 (i.e., \$24 million). Revenue increase came from expanding markets. CPR expects revenue to increase by 12 to 14 percent in 2005. CPR's CEO indicated that CPR's performance was exceptional. It also reached a five year contract with Elk Valley Coal Partnership, announced a \$160 million capacity expansion of its track and entered multi-union contracts with three largest unions.

#### **11. Western Grain Revenue Cap Price Index Increased for Crop Year 2005-2006**

The Canadian Transportation Agency announced a 4% increase in the volume-related composite price index to be used to establish railway specific caps for the movement of western grain for the crop year 2005-2006.

## **HIGHWAY TRANSPORTATION**

### **1. Taxi and limousine service industry**

The taxi and limousine industry is divided into two major segments; associations and companies, and self-employed drivers. The former consists of a small number of large businesses and the latter consists of a large number of small businesses. Statistics Canada reports that operating revenue in the taxi and limousine service industry rose 6.6% in 2003 compared with a year earlier to reach \$1.3 billion. However, operating expenses jumped 8.1% which resulted in the operating margin edging down 0.3%.

### **2. New \$2.6 million extension of fast truck lane to ease border congestion, April 15, 2005**

Spokesmen on behalf of Transport Minister and British Columbia Transport Minister announced that a new extension of the Highway 15 NEXUS/FAST truck lane in Surrey will be built to ease congestion and enhance security at the Pacific Highway Border Crossing on April 15, 2005.

### **3. Bridge and tunnel operators' association fears economic damage from US passport requirements**

The requirements to carry passports by all persons entering the US would have an extensive and damaging impact upon border communities, the economies of 38 states, every province and the ability of crossing operators to fund border infrastructure improvements according to the Bridge & Tunnel Operators Association. The new rule is scheduled for implementation on January 1, 2008.

### **4. Choked border crossings 'cost U.S. economy \$4B a year'**

According to a new study chronic delays at Canada-U.S. crossings are costing the economy more than US\$4.1 billion a year – an economic drain that comes in addition to an estimated \$8 billion annual loss to Canadian companies. The Ontario Chamber of Commerce warns the U.S. could lose more than 17,000 jobs by 2020 – and 91,000 by 2030 unless there is immediate co-operation with Canadian authorities on speeding the flow of commercial traffic through the border. Senator Hillary Clinton joined others in raising objections to a U.S. Homeland Security proposal to mandate the use of passports for travellers entering the United States from Canada. She also introduced legislation that would require Homeland Security to name a northern border co-ordinator.

### **5. Large urban transit**

Combined ridership on 10 large urban transit systems in Canada edged up 0.1% in February 2005 compared to the same month in 2004. Approximately 108 million passenger trips were taken on these transit systems in February accounting for 80% of total urban transit in Canada.

### **6. Canada and Ontario announce major steps to improve the Windsor-Detroit gateway**

Ministers from Canada and Ontario were in Windsor on April 21, 2005 to announce major steps to improve the movement of goods and people at the Windsor-Detroit gateway under Phase 2 of the *Let's Get Windsor-Essex Moving Strategy*. Using the Schwartz Report as a foundation, the governments of Ontario and Canada will provide funding to launch the next steps required for implementation of key initiatives recommended in the report.

### **7. Funding announced for rehabilitation of Takhini bridge**

Officials of Transport Canada and Yukon Highway and Public Works Ministry announced a \$1.3 million in funding for the rehabilitation of Takhini Bridge along the Alaska Highway.

### **8. Website dedicated to the completion of the Twinning of the Trans-Canada Highway [TCH] launched**

A website dedicated to the completion of the twinning of the New Brunswick portion of the TCH is now accessible.

### ***Current Developments in Brief***

#### **Highway Transportation**

##### **CANADA**

1. Taxi and limousine service industry, *The Daily*, April 7, 2005 ([www.statcan.ca](http://www.statcan.ca)).
2. New \$2.6million extension of fast truck lane to ease border congestion, April 15, 2005 ([www.tc.gc.ca](http://www.tc.gc.ca)).
3. Bridge and tunnel operators' association fears economic damage from US passport requirements, April 19, 2005 ([www.ctl.ca](http://www.ctl.ca)).
4. Choked border crossings 'cost U.S. economy \$4B a year', *National Post*, April 21, 2005, p. A4.
5. Large urban transit, *The Daily*, April 21, 2005 ([www.statcan.ca](http://www.statcan.ca)).
6. Canada and Ontario announce major steps to improve the Windsor-Detroit gateway, April 21, 2005 ([www.tc.gc.ca](http://www.tc.gc.ca)).
7. Funding announced for rehabilitation of Takhini bridge, Ap.28 ([www.tc.gc.ca](http://www.tc.gc.ca)).

## ENVIRONMENT

### 1. Harper won't force election over Kyoto

A senior aide of conservative leader Stephen Harper indicated that he will attempt to change a key budget bill in committee, rather than force an election by voting against it in the House of Commons.

### 2. Harper reverts to tough talk on budget bill

Opposition leader, Stephen Harper, indicated that despite its decision to avert spring election by allowing the government's controversial budget bill to pass its first Commons vote, the Conservatives are prepared to eventually defeat the minority Liberals unless they amend the legislation. Mr. Harper denied that his position had changed.

### 3. Landmark emissions deal signed

A landmark agreement to reduce greenhouse gas emissions was signed on April 5, 2005 by the Canadian government and the automobile industry. The agreement is intended to reduce greenhouse gas emissions from Canada's vehicle fleet due to new technologies by 5.3 mega-tonnes by the end of 2010.

### 4. Kyoto costs pegged at \$10-billion

The government is expected to announce the Kyoto implementation plan on April 13, 2005 and acknowledge that it will cost at least \$10billion. One key component of the plan is to replace coal fired generating plants primarily in Ontario with cleaner electricity sources. Another key component is to reduce gas emission that would occur in petroleum production. Heavy industries will be required to reduce greenhouse gas emission by about 36 million tonnes a year rather than 55 million. Some believe that the estimate of the cost will exceed \$10billion and the target of greenhouse gas reduction will be 300 million tonnes a year due to economic growth rather than the earlier estimate of 270million.

### 5. Feds release Kyoto plan

Under the Kyoto plan released on April 13, 2005, the government plans to spend \$10 billion over the next seven years. The goal is to cut average annual greenhouse emissions by 270 megatonnes for the period 2008-2012. The centrepiece of the \$ 1 billion Climate Fund would be increased to \$5 billion in coming years to fund emissions-cutting projects. The plan is intended to 'mobilize Canadians in a national effort' to create a low-carbon economy and will require frequent revisions as times go on.

### 6. Kyoto madness

This article is very critical of the Kyoto plan and says that it is time to put an end to this madness (Kyoto plan).

### 7. Kyoto plan criticized by hydro sector

An electricity expert has criticized the Kyoto plan. He maintains that a coast-to-coast transmission grid as a way to deliver clean energy is grossly unfair as it would cost taxpayers tens of billions in tax dollars to benefit mostly Ontario. Another observer says the Kyoto plan will impose huge costs on taxpayers and will fail to meet its goals.

### 8. Freight sustainability projects announced to reduce greenhouse gas emissions

Seven projects designed to reduce greenhouse gas emissions will receive a total of \$1million in the freight transportation industry under Transport Canada's Freight Sustainability Demonstration Program. This funding will support a variety of initiatives.

### *Current Developments in Brief*

#### Environment

##### CANADA

1. Harper won't force election over Kyoto, *National Post*, March 30, 2005, pp. A1/A6.
2. Harper reverts to tough talk on budget bill, *National Post*, March 31, 05, pp. A4.
3. Landmark emissions deal signed, *Globe and Mail*, April 6, 2005, p. B7.
4. Kyoto costs pegged at \$10-billion, *Globe and Mail*, April 9, 2005, p. A6.
5. Feds release Kyoto plan, April 13, 2005 ([www.nationalpost.ca](http://www.nationalpost.ca)).
6. Kyoto madness, *National Post*, April 14, 2005.
7. Kyoto plan criticized by hydro sector, *National Post*, April 15, 2005, p. FP5.
8. Freight sustainability projects announced to reduce greenhouse gas emissions, April 18, 2005 ([www.tc.gc.ca](http://www.tc.gc.ca)).

## GENERAL TRANSPORTATION

### 1. Canadian international trade rebounds in February

Statistics Canada reports that exports rebounded in February 2005 to 35.5 billion in goods, a 1.4% increase from January. The increase was a result of higher volumes (half a percent) and higher prices (nine-tenths of a percent). Imports were 31.7 billion down one fifth of a percent from January.

### 2. Travel between Canada and other countries

Statistics Canada reports that more Canadians made overnight trips abroad in February 2005 than at any other time in over 10 years. Trips (3.1 million visitors) to the United States increased by 2.8% in February 2005 compared to January 2005 and trips (507,000 visitors) to other countries declined by 0.9%. Travel to Canada (3.2 million visitors) increased by 1.2% in February 2005 compared to January 2005. Trips from the US (2.8 million visitors) increased 1.1% and trips from other countries (364,000 visitors) increased 2.1%.

### *Current Developments in Brief*

#### General Transportation

##### CANADA

1. Canadian international trade rebounds in February, April 12, 2005 ([www.citl.ca](http://www.citl.ca)).
2. Travel between Canada and other countries, *The Daily*, April 20, 2005 ([www.statcan.ca](http://www.statcan.ca)).