

Transportation Information Update*

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Bush, Martin call for new U.S. Canada bridge / Bush, Martin agree on security framework

U.S. President Bush and Canadian Prime Minister Martin are committed to easing the mounting border congestion and are considering adding a bridge or tunnel at Windsor-Detroit. Three scenarios are being discussed: expanding the existing bridge deck; adding a new span; and converting a railway tunnel.

The two leaders remain committed to strengthening the security policy. Prime Minister Martin said “we will collaborate further to ensure our shared border is closed to terror but open to the safe movement of people and goods, which is so integral to our economic success.” A new framework ‘Common security/common prosperity’ is expected together with common benchmarks and cooperative agreements. They have agreed to implement pre-clearance areas, to accelerate the implementation of the 32 point Smart Border Accord and to share more intelligence information.

The US President Bush has signed into law a bill that will see an overhaul of U.S. intelligence gathering into a more unified, coordinated and effective body. The bill aims to tighten borders and aviation security, and creates a federal counterterrorism centre and a new intelligence director.

AIR TRANSPORTATION

1. Cautious OK for Air Canada’s new price policy (strong load factors reported)

Air Canada unveiled a new pricing policy as part of a strategy to increase transparency and to improve its customer relations. One commentator indicated that the policy benefits the average consumer to whom the cheap fares are available but for business travellers there is very little change from the old policy. However, Air Canada’s VP for commercial indicated that business travellers are far better off under the new policy. Under this policy, mandatory Saturday stays have been eliminated. Ticket prices will not surge in the last few days before flight. The Internet provides increased transparency and there is a choice of five fare classes compared to the 22 of the past. In addition, the perks are clearly spelled out.

2. Aircraft movement statistics: Small airports

The number of landings and take-offs at the 42 Canadian airports with NAV CANADA Air Traffic Control Towers decreased .9 percent for August 2004 compared to August 2003 or 3 percent on a year-to-date basis. For 56 airports with NAV CANADA Flight Service Stations, the statistics for the above periods were -6.5% and 1%.

3. Traffic Rises as yields continue to fall; freedom to respond to change is critical

IATA reported a 10.8% year-on-year (i.e., October 2003 to October 2004) increase in scheduled international passenger traffic, and a 16.9% increase for the first ten months of 2004. International cargo traffic showed gains of 12.4% and 14.0% for the above periods. Despite these increases, industry losses are expected to be US\$4 billion for 2004. Load factors for the first ten months of 2004 averaged 74.6%, however yields suffer from intense competition.

4. WestJet profit streak could be in jeopardy

In November 2004, WestJet had a load factor of 58.5 percent compared to

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Current Developments in Brief

Bush, Martin call for new U.S. Canada Bridge, December 1, 2004 (www.joc.com) / Bush, Martin agree on security framework, December 1, 2004 (www.ctl.ca)

Air Transportation

CANADA

1. Cautious OK for Air Canada’s New Price Policy, Financial Post, November 30, 2004, p. FP8.
2. Aircraft movement statistics: Small airports, July 2004, December 2, 2004 (www.statcan.ca)
3. Traffic Rises as Yields Continue to Fall; Freedom to Respond to Change is Critical, November 30, 2004 (www.iata.org)
4. WestJet profit streak could be in jeopardy, Globe and Mail, December 8, 2004, p. B3.
5. Aviation Service Bulletin, Vol. 17, No. 1 (51-004XIB) December 9, 2004 (www.statcan.ca)
6. Airport rent relief back on radar screen, Globe and Mail, December 10, 2004, p. B4.
7. Air Canada gains from U.S. crackdown, Financial Post, December 13, 2004, p. FP3.
8. Load factors just clues to the bottom line, Globe and Mail, December 14, 2004, p. B17.
9. International Cargo and Passenger to Grow at 6% Yearly to 2008, December 15, 2004 (www.iata.org)
10. 35 Billion Reasons to Change, December 15, 2004 (www.iata.org)
11. Aviation sector takes a hit as Ottawa fee freeze in doubt, Globe and Mail, Thursday Dec. 16, 2004, p. B3.
12. Rival tried ‘destroy’ WestJet, suit says, Globe and Mail, Thursday December 16, 2004, pp. B1/B6.
13. Simplified pricing expanded by Air Canada, Globe and Mail, Monday December 20, 2004, pp. B1/B8.
14. Aircraft movement statistics, The Daily, Thursday, December 23, 2004 (www.statcan.ca)
15. Air Transport Association says Canada has competition issues on air side, December 23, 2004 (www.ctl.ca)
16. Transat flies high in an industry buffeted by woes, Globe and Mail, December 24, 2004, p. B5.
17. Air Canada adds CEO of WestJet to lawsuit, Globe and Mail, December 24, 2004, p. B2.

64.1 percent in November 2003. The decline has been blamed for its computer crash. The November load factor is the lowest since WestJet went public in mid-1999. It is also worthwhile noting that WestJet increased its November capacity by 31 percent. The load factor for Air Canada for November 2004 is 74.6 percent compared to 69.2 percent for November 2003.

5. Aviation Service Bulletin

Aviation charter statistics (quarterly and annual for 2003) are now available in the *Aviation Service Bulletin* published by Statistics Canada.

6. Airport rent relief back on radar screen

Transport Minister Jean-C. Lapierre wants airport rents frozen for 2005 as an interim step, and then permanently lowered, and that he is about to seek cabinet committee support for his plan. The Minister indicated that any reduction would need the support of Finance Minister Ralph Goodale. Airport rents are scheduled to rise on January 1 by about \$34 million or 11.9 percent. Airports have indicated that it will pass on the savings in rents to the airline industry.

7. Air Canada gains from U.S. crackdown

The tighter visa and security regime facing transit passengers at U.S. airports is leading to an increase of passengers flying on Air Canada via Canada. Air Canada's traffic destined for Latin America originating outside Canada has tripled in the first eleven months of 2004 from the same period in 2003. A major part of the extra traffic is made up of passengers flying between Japan and Brazil. In addition to the increase in airline traffic, there has also been an increase in foreign students at Canadian universities and offshore outsourcing firms in Canada.

8. Load factors just clues to the bottom line

Air Canada had a load factor (revenue passenger miles/available seat miles or capacity) of 74.6 percent in November, 2004. Load factor is one indicator of financial health of an airline but not the best. It does not reveal how many passengers are paying the lowest prices. For the above period, Air Canada's capacity fell 3.6 percent but its revenue passenger miles rose 3.9 percent. On the other hand, WestJet only had a load factor of 58.5 percent a result of the fact that capacity soared 31 percent but its revenue passenger miles rose by 19.4 percent, a smaller number.

9. International cargo and passenger

The International Air Transport Association released air cargo and air passenger traffic forecasts for 2004-2008 indicating a 6% growth annually for international air passenger and a 6% growth annually for international air cargo tonnage. China and India will be the main engines of growth for passenger traffic. For 2004, passengers growth is expected to be 11% over 2003 and freight growth is expected to be 10.1%.

10. 35 Billion reasons to change

Giovanni Bisignani, director general of IATA, in a press release/speech examines a number of factors affecting the airline industry. These are: state of the industry; leading change; simplifying the business; delivering value; implementation; the future; safety; cost efficiency; privatization; low cost terminals; air navigation services; fuel action plan; environment; changing the rules: governments; liberalization; security; and global vision.

11. Aviation sector takes a hit as Ottawa fee freeze in doubt

Transport Minister's plan to freeze and then lower rents has been put on hold. This will mean that Toronto's International Airport plan to raise its fee to airlines by 17 percent is likely to go ahead. The Minister mentioned his plan last week to the news but it was squashed by the Finance Minister. This will mean higher costs for Canada's airline industry and no relief for the business and travellers who use the facilities and services.

12. Rival tried 'destroy' WestJet, suit says

WestJet announced a \$30 million lawsuit against Air Canada indicating that its Chairman, Robert Milton and two executives conspired to win market share by predatory means for personal gain. The statement of claim indicated "In essence, the plan was for Air Canada to destroy WestJet and then have the Canadian market to itself, at which point Air Canada could return to its former pricing policies and seek to gain profitability." Air Canada in response indicated that "WestJet's action is without merit and the statement of claim describes no viable cause of action."

18. Jetsgo customers vent rage over delays, National Post, December 28, 2004, p. FP2.
19. WestJet growth strategy under review, Globe and Mail, December 29, 2004, pp.B1-11.

OTHER CURRENT DEVELOPMENTS IN BRIEF U.S./EU

1. Flight Delays Increase in October 2004 [delays in October 2004 higher than in the previous month and October 2003], December 2, 2004 (www.dot.gov)
2. International Air Services Liberalization [Comments on: Reducing Burdensome Regulations on Airports, Modernizing our Air Transportation System; Liberalizing Global Aviation Markets; and Conclusion], December 2, 2004 (www.dot.gov)
3. BTS Releases September Airline Traffic Data; Nine-Month Domestic Traffic Up 7.5 Percent From 2003, December 9, 2004 (www.dot.gov)
4. Air cargo soars at Frankfurt, December 14, 2004 (www.joc.com)
5. Airline industry may break even in 2005, December 14, 2004 (www.joc.com)
6. Getting down to business, December 6, 2004 (www.joc.com)
7. SITA, Cargolux partner on IT for air cargo industry, December 15, 2004 (www.joc.com)
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9. 35 Billion Reasons to Change, December 15, 2004 (www.iata.org)
10. Remarks for The Honourable Norman Y. Mineta, Secretary of Transportation, Next Generation Air Transportation System Integrated National Plan, December 15, 2004 (www.dot.gov)
11. BTS Releases third Quarter 2004 Airline Financial Data; Regional Passenger Airlines Report Highest Rate of Domestic profit, December 16, 2004 (www.dot.gov)
12. Weekly News Digest[BTS reclassifies Airlines for 2005], December 17, 2004 (www.dot.gov)
13. FedEx more than triples earnings, December 20, 2004 (www.joc.com)
14. Turbulence - Air-cargo capacity is expected to tighten further next year, December 13, 2004, pp. 18-20 (www.joc.com)

13. Simplified pricing expanded by Air Canada

Air Canada plans to introduce a simplified fare structure on selected international routes in the Spring of 2005. This is the second phase of its fare restructuring programme. The first on domestic fares was introduced in early 2004. It will offer lower-priced tickets with fewer restrictions. The Saturday night stay over restriction will be eliminated and one way fares will be the norm. The international fare structure will be simplified by offering five or six classes from more than twenty. Advance purchase rules (7 to 21 days in advance) to qualify for discounted fares will be relaxed together with the minimum seven day requirement. For international travellers flying on short notice, the supply of more lower priced seats will be increased. The highest priced tickets will qualify for extra points and access to Maple lounges at Canadian airports.

14. Aircraft movement statistics

The 42 Canadian airports with NAV CANADA air traffic control towers reported take-offs and landings in November 2004 down compared to the same month a year earlier. This was the ninth consecutive year-over-year decline in monthly movement.

15. Air Transport Association says Canada has competition issues on air side

The Air Transport Association (ATA) has called on the government to freeze its airport rent at 2004 levels. President of ATA stated "Canada's future depends on increasing our economic competitiveness. Increased costs in air transportation multiply down through all the industries that buy our services, creating a substantial drag on the economy. This costs jobs and suppresses growth. But meanwhile other countries stimulate their economies by driving down these fixed costs." He cited Germany which will cut landing fees by 28% and air navigation fees by 20%.

16. Transat flies high in an industry buffeted by woes

Transat A. T. Canada has poised its best year on record. The company sells travel packages, owns several travel agencies across Canada and is the parent of charter airline Air Transat. Two factors have been credited for its success: an internal restructuring and a pickup of vacation travel to the Caribbean and Europe.

17. Air Canada adds CEO of WestJet to lawsuit

An Ontario judge granted a court order to allow Air Canada to add five new defendants, including WestJet's chairman, to its \$220 million lawsuit that alleges WestJet engaged in corporate espionage.

18. Jetsgo customers vent rage over delays

In response to the criticism that Jetsgo is under-equipped to deal with mishaps, Tom MacMillan spokesman for Jetsgo indicated that the airline did its best despite the fact that customers were not given timely information. He said "If anything, I think you have to give marks for empathizing and trying their best."

19. WestJet growth strategy under review

Westjet is considering slowing down its next year's growth plans. It plans to retire fifteen of its older Boeing 737-200 aircraft instead of the three that it had originally planned to retire. As a result, its fleet will not be as large as it originally planned. In 2005, it will take delivery of 15 new fuel efficient Boeing's. It also plans to reduce its daily Toronto-Ottawa-Montreal service. The airline was faced with a number of problems in 2004 such as high jet fuel prices, competition from Air Canada and legal battles with Air Canada and Jetsgo.

Conferences

1. 128th Round Table on "National Systems of Transport Infrastructure Planning, Funding and Evaluation" (forthcoming), Joint OECD/ECMT Transport Research Centre.
2. 127th Round Table on "Time and Transport" (forthcoming), Joint OECD/ECMT Transport Research Centre.
3. 126th Round Table on "Airports as Multimodal Change Nodes" (forthcoming), Joint OECD/ECMT Transport Research Centre.
4. 125th Round Table on European Integration of Rail Freight Transport" (forthcoming), Joint OECD/ECMT Transport Research Centre.
5. 124th Round Table on "Transport and Spatial Policies" (forthcoming), Joint OECD/ECMT Transport Research Centre.
6. Can Cars Come Clean? Strategies for Low-Emission Vehicles, OECD/RTR Programme
7. 16th International Symposium on Theory and Practice in Transport Economics on "50 Years of Transport Research: Experience Gained and Major Challenges Ahead" (forthcoming), ECMT Research Committee
8. U.S. Custom and Border Protection Trade Symposium 2004, Jan. 13-14, Washington, DC.
9. Pharma Supply Chain Summit 2005, Feb. 21-22, Toronto, Ontario.
10. First Annual EPC Global Canada Conference on EPC/RFID, March 1-3, Toronto, Ontario.
11. WERC Annual Conference, May 1-4, 2005 Dallas, Texas.
12. Transport Logistics 2005, May 31-June 3, Munich, Germany.
13. WESTAC Annual Meeting, April 5-6, 2005.

Recent Publications

1. Canadian Transportation Annual Report 2003.
2. MARAD Customer Satisfaction Report, August 2004
3. Structural Reform in the Rail Industry: Should Train Operations Be Separated from the Provision of the Track Infrastructure, OECD, 2004

Speeches

1. International Air Services Liberalization [Comments on: Reducing Burdensome Regulations on Airports, Modernizing our Air Transportation System; Liberalizing Global Aviation Markets; and Conclusion], J. Shane, US DOT, December 2, 2004 (www.dot.gov)

WATER TRANSPORTATION

1. Eastbound marine freight in for rate increases / More ocean carrier rate hikes on the way

Members of the Canada United Kingdom Freight Conference and the Canadian Continental Eastbound Freight Conference will be increasing their rates on eastbound cargo March 1, 2005. Two other conferences - Canadian North Atlantic Westbound Freight Conference and The Continental Canadian Westbound Freight Conference - will also be increasing their rates (April 1, 2005). Further rate increases are planned for July and October 2005.

2. Vancouver choked by trade with China

The Port of Vancouver has become so congested with freight from China that importers are by passing the West Coast and docking in Halifax, a sailing voyage via the Panama Canal takes 24 days longer and increases cost by 35%. Ports on the entire West Coast are faced with capacity problems. Importers say that it is taking twice as long to move a container from Shanghai to Toronto/Montreal. The Minister of Transport indicated that he is aware of the problem but is limited in what he can do.

3. Halifax viewed as new asian gateway: Montreal also seen as beneficiary of clogged West Coast

The Port of Halifax is receiving an increase of freight volumes from China that has resulted in the more than 50% increase in import traffic at the West Coast ports like Vancouver. Halifax is also beginning to witness delays because of increased volumes but they are not as severe as the ones on the West Coast. The Port of Montreal is also experiencing increased cargo volumes from China. The journey to Halifax adds another two weeks to the two weeks from Hong Kong to Vancouver.

4. Final steps in EU liner anti-trust probe

European Union regulators are nearing the completion of their investigation that will lead to the repeal of antitrust exemption for container shipping lines. Shippers and carriers had until yesterday to respond to the plan to end the 130-year old liner conference system.

5. New Equipment to detect ship pollution

Transport Minister Jean-C. Lapierre announced the purchase of new marine pollution aerial surveillance equipment. The Minister stated that "The Government of Canada is committed to preventing pollution from ships and to continuously enhancing the protection of our marine environment. This technology will significantly strengthen our surveillance program and help us achieve this goal."

6. Clogged ports could have big effects

This comment indicates that the \$55 billion total value of imports through Vancouver which results in a two-week backlog amounting to 4% of the annual flow or \$2-3 billion has several effects. First, it results in an unexpected rise in inventories in Canada's GDP figures. Second, some of these goods could have been sold which results in a temporary consumer spending slowdown. Third, there could be a temporary softening of exports in situations where these imports are used as components. The three effects could result in a decrease of Canada's growth projection forecast for 2005.

7. B.C. examines ways to improve province's ports

The province of B.C. announced that it is developing a strategy to strengthen its ports with the potential to double its capacity by 2020. The Premier of B.C. announced that "It is clear that we need to act now to ensure B.C. ports can retain

and expand their competitive advantage as a gateway of choice between Asia and North America."

8. Rate freeze for Marine Atlantic Inc.

A two-year freeze on rates charged by Marine Atlantic Inc., was announced for the Government of Canada. The freeze will begin January 1, 2005. Marine Atlantic Inc., provides ferry services between Nova Scotia and Newfoundland and Labrador and is an independent Crown corporation. Transport Minister, Jean-C. Lapierre said that "The Government of Canada is committed to stabilizing Marine Atlantic Inc. and ensuring that the important transportation services it provides remain safe, reliable, efficient and affordable."

Current Developments in Brief

Water Transportation

CANADA

1. Eastbound marine freight in for rate increases / More ocean carrier rate hikes on the way, November 29, 2004 (www.ctl.ca)
2. Vancouver choked by trade with China, Financial Post, December 10, 2004, pp. FP1-2.
3. Halifax viewed as new asian gateway: Montreal also seen as beneficiary of clogged West Coast, Financial Post, December 14, 2004.
4. Final steps in EU liner anti-trust probe, December 15, 2004 (www.joc.com)
5. New Equipment to Detect Ship Pollution, December 17, 2004 (www.tc.gc.ca)
6. Clogged ports could have big effects, December 17, 2004 (www.ctl.ca)
7. B.C. examines ways to improve province's ports, December 17, 2004 (www.ctl.ca)
8. Rate freeze for Marine Atlantic Inc., Transport Canada, December 22, 2004 (www.tc.gc.ca)
9. It's full speed ahead for cruise sector, National Post, December 27, 2004, p. FP11.

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1. Box charter rates scale new highs, December 1, 2004 (www.joc.com)
2. Maritime Administrator and Deputy Maritime Administrator Firsthand Booming Business on Great Lakes, Marad Update, November 2004 (www.marad.dot.gov)
3. LA-Long Beach volume overwhelms inland traffic, December 6, 2004 (www.joc.com)
4. Panama Canal tolls to rise, December 8, 2004 (www.joc.com)
5. Report: container, bulk shipping markets to remain strong in 2005, December 8, 2004 (www.americanshipper.com)
6. Port of Los Angeles survey calls for new strategy, December 8, 2004, (www.ctl.ca)
7. Despite opposition, EU pushing port reform
8. Six missing after freighter breaks up, December 10, 2004 (www.joc.com)
9. Ports will bear share of security costs, says Hutchinson, December 11, 2004 (www.joc.com)
10. ABI Research releases results of container security tracking survey, December 13, 2004 (www.ctl.ca)
11. Samsung plans 14,000-TEU mega-ship design, December 14, 2004 (www.americanshipper.com)
12. FMC approves NVO contract petition, December 14, 2004 (www.joc.com)
13. Congestion won't hinder P&O Ports' growth, December 15, 2004 (www.joc.com)
14. Port of Seattle reopens box terminal, December 20, 2004 (www.joc.com)
15. It's a start, but NVOs back proposal on confidential contracting, but want more freedom for shippers associations, December 13, 2004, pp. 24-25 (www.joc.com)
16. West Coast ports turn in record peak season, December 22, 2004 (www.joc.com)
17. Carriers face critical shortage of box ships, December 23, 2004 (www.joc.com)
18. Port of LA is top Freight Gateway by value in 2003, according to BTS (www.dot.gov)
19. LA Port proposing pollution-control measures, December 29, 2004 (www.joc.com)

9. It's full speed ahead for cruise sector

The cruise industry appears to be on the course for further growth. In 2003, the worldwide number of cruise passengers increased by 6.6% to 9.83 million. Carnival is the leading firm with revenues of \$6.7 billion (not including P&O Princess results) with Royal Caribbean Cruise Inc. as the second firm with sales of \$3.8 billion. Royal expanded its fleet (nine ships) by one-third since 1999 as the company did not expect much growth after the 9/11 crisis. It overestimated the downturn but is doing a number of things to change this such as sending *Enhancement of the Seas* to dry dock for expansion, changing the perception that cruises are for the retired, etc.

RAIL TRANSPORTATION

1. Monthly railway carloadings

Canadian railways loaded less freight (65 million metric tonnes) in the third quarter of 2004 down 10.2% from the second quarter of 2004. While non-intermodal freight declined 11%, intermodal freight increased 2.9%. The latter accounted for 9.4% of the total tonnage.

2. Controversial B.C. transit line gains approval

B.C.'s high speed transit line (the Richmond-Airport-Vancouver (RAV)) between downtown Vancouver and the airport has been approved. The 19.5-kilometre RAV project will cost \$1.7 billion. It will be the largest construction project in the history of B.C. Lower mainland.

3. China trade swamps West Coast railways

According to some observers, the recent boom in trade with China has affected the entire transportation system on the West Coast of North America. Trade at the port of Vancouver has increased by 56%. One of the terminal operators indicated that the railways have at least 10 days catching up. Some customers of the railways are turning to alternative modes. Critics indicate that the railways should be spending a lot more to deal with the problem. On the other hand, companies are reluctant to invest in infrastructure unless they obtain an adequate rate of return.

4. CPR installs "smart" sound technology for predicting wheel bearing

Canadian Pacific Railway has installed "smart" technology (called Trackside Acoustic Detection System-TADS) that can predict failure in wheel bearings based on distinct sounds emitted by distressed bearings. This technology will

contribute to safer operations and greater fluidity in Canada's busiest rail corridor. TADS is used in an area where CPR and CN share each others tracks in a directional agreement. According to the agreement, CN will use CPR's TADS and CPR will use CN's new image mapping device which takes digital images in wheels and analyzes their condition.

5. Arbitrator rules in CPR's favour on coal rate

A final offer arbitration (FOA) on a rate to ship coal from one of Elk Valley Coal Corporation's mines in southeastern British Columbia to the Port of Vancouver was ruled in favour of Canadian Pacific Railway (CPR) by the Canadian Transportation Agency (CTA). The arbitrated rate, which applies only to coal shipped by CPR from the Elkview mine, is confidential and is effective for one year, beginning Oct. 5. 2004. CPR asked the CTA to deny any application by Elk Valley Coal Corporation to the FOA provision because there is a confidential transportation contract between the parties.

6. Railway carloadings

The railways loaded 24.4 million metric tonnes of freight in October 2004, up 12.7% from September, 2004. The non-intermodal loadings totalled 22 million tonnes up from 19.4 million tonnes and the intermodal portion rose to 2.4 million tonnes up 6.9 percent for the above period.

7. Rail in Canada

Operating revenues for Canada's rail transportation industry increased marginally in 2002. Rail carriers reported operating revenues of \$8.2 billion in 2002 an increase of .7% from 2001. Rail carriers reported operating expenses of \$6.6 billion in 2002 an increase of .5% from 2001. Freight transportation revenues accounted for 88% of total revenues and passenger revenues accounted for 3.5% of total revenues.

8. \$1.05 billion investment - making go transit a better choice

In May 2004, the governments of Canada and Ontario agreed to contribute up to \$385 million each to GO Transit in the Greater Toronto Area. Transport Canada indicates that major headway is being made on the 12 construction projects announced. Besides being an example of commitment to cities and communities, the project will also have a number of beneficial effects such as, relieving congestion, sustainable communities, climate change, etc.

Current Developments in Brief

Rail Transportation

CANADA

1. Monthly railway carloadings, The Daily, November 30, 2004 (www.statcan.ca)
2. Controversial B.C. transit line gains approval, The Globe and Mail, December 2, 2004.
3. China trade swamps West Coast railways, Financial Post, December 6, 2004, p. FP3.
4. CPR installs "smart" sound technology for predicting wheel bearing, December 6, 2004 (www.cpr.ca)
5. Arbitrator rules in CPR's favour on coal rate, December 13, 2004 (www.cpr.ca)
6. Railway carloadings, The Daily, December 21, 2004 (www.statcan.ca)
7. Rail in Canada, The Daily, December 22, 2004 (www.statcan.ca)
8. \$1.05 billion investment - making go transit a better choice, Transport Canada, December 23, 2004 (www.tc.gc.ca)

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1. Surface Transportation Board approves Kansas City Southern's application for control of Texas Mexican Railway Company, December 1, 2004 (www.ctl.ca)
2. More Gains for U.S. railroads, December 20, 2004 (www.joc.com)

HIGHWAY TRANSPORTATION

1. For-hire motor carriers of freight, top carriers

The top (earning \$25 million+ per year) Canadian based 81 for-hire motor carriers of freight generated operating revenue of \$1.90 billion in the third quarter. Average per-carrier revenue increased 9.3% from the third quarter of 2003, reaching \$23.4 million. Expenses for the same period were \$1.77 billion with average per-carrier expenses increasing 8.0% to \$21.9 million. The operating ratio (expenses/revenue) improved by .01 to .94 compared to the third quarter of 2003.

2. Concord, Saia, in partnership

Concordia Transportation Inc. announced a strategic partnership agreement with LTL provider, Saia Inc. This partnership enhances Concordia's cross border activities and its delivery capabilities in the U.S and enables Saia to add service to Canada.

3. Highway 50 Buckingham bypass completed

The Minister of Transport and other politicians announced the opening of a 12-kilometre Highway 50 Buckingham Bypass on December 9, 2004. The construction was completed at a cost of \$57.7 million.

4. Governments of Canada and Ontario widen QEW to reduce congestion / Canada, Ontario partner on infrastructure project to widen QEW trade corridor

The federal government and the provincial government of Ontario have undertaken a project to widen the QEW to reduce congestion. The total cost of the project is estimated at \$82.5 million to be equally shared by the two governments. Mr. Lastewka, MP for St. Catharines on behalf of Transport Minister, Jean-C. Lapierre said "This project will address immediate capacity needs and increasing congestion in the region, and allow for a more efficient flow of goods, services and people. It also supports Ontario's economic competitiveness by providing for safe, reliable, on-time delivery of goods and services."

5. Transpo seminar to discuss trucking issues affecting shippers

The Canadian Industrial Transportation Association (CITA) in partnership with Canadian Transportation & Logistics will present a seminar at Transpo on March 8th and 9th. The seminar will cover issues affecting trucking and freight transportation in Canada. Other seminars will include: Rail - Service quality, capacity and the need for infrastructure investment; Marine - Shipping conferences, marine liability, capacity and cost pressures; Air Freight - Airline viability, domestic liberalization, security and supply chain management.

6. Consensus reached on hours of work for truckers

The Minister of Transport announced that a consensus has been reached with key players (eg. Teamsters Canada and Canadian Trucking Alliance) in the Canadian trucking industry on safety rules for inter-provincial commercial vehicle operations. The new rules would limit commercial vehicle drivers to 13 hours of driving and 14 hours on duty per 24-hour period. "...the bottom line is the changes will make our roads and highways safer than they are today" said the Minister.

7. Completion of highway improvements in Fredericton

Spokesman for the Minister of Transport, New Brunswick Transportation Minister and Minister of Justice and Attorney General announced that the construction of the Route 2 east high-speed connector, Vanier Highway, in Fredericton has been completed. The project cost \$13.8 million of which \$9.65 million was contributed by the Province of New Brunswick and \$4.18 million by the federal government.

8. How many shippers are paying higher transportation rates this year?

The Canadian Industrial Transportation Association and Canadian Institute of Traffic and Transportation have launched its first annual Transportation Buying Trends Survey. This survey is to determine the extent to which rising rates, particularly for road transportation are raising concern among Canadian and US shippers. The results of the survey will be able to help shippers plan their transportation needs.

9. Ontario government works with independent truckers on safety improvements

Ontario's Transport Minister, Harinder Takhar, met with members of the Professional Truck Operators and Drivers Association of Ontario. At the meeting, a number of issues were discussed such as overloading of commercial vehicles, roadside struck inspections, minor repairs to vehicles at truck inspection stations, etc.

10. Small for-hire motor carriers of freight and owner operators

The operating revenues of small for-hire motor carriers of freight (i.e., those under \$1 million) were \$1.5 billion in 2001.

Current Developments in Brief

Highway Transportation

CANADA

1. For-hire motor carriers of freight, top carriers, December 3, 2004 (www.statcan.ca)
2. Concord, Saia, in partnership, December 7, 2004 (www.ctl.ca)
3. Highway 50 Buckingham Bypass Completed, December 8, 2004 (www.tc.gc.ca)
4. Governments of Canada and Ontario Widen QEW to Reduce Congestion, December 15, 2004 (www.tc.gc.ca)
5. Transpo seminar to discuss trucking issues affecting shippers, December 15, 2004 (www.ctl.ca)
6. Consensus reached on hours of work for truckers, December 20, 2004 (www.tc.gc.ca)
7. Completion of highway improvements in Fredericton, December 20, 2004 (www.tc.gc.ca)
8. How many shippers are paying higher transportation rates this year?, December 22, 2004 (www.ctl.ca)
9. Ontario government works with independent truckers on safety improvements, December 23, 2004 (www.ctl.ca)
10. Small for-hire motor carriers of freight and owner operators, The Daily, December 24, 2004 (www.statcan.ca)

OTHER CURRENT DEVELOPMENTS IN BRIEF U.S./EU

1. BTS Releases North American Surface Trade Numbers for September; Surface Trade with Canada and Mexico rose 80.9 percent since start of NAFTA, December 7, 2004 (www.dot.gov)
2. Federal Motor Carrier Safety Administration seeks comments on household goods broker regulation, December 23, 2004 (www.dot.gov)

These small carriers (5,700) accounted for 60% of motor carriers in the for-hire trucking industry but only 6% of the revenues in this sector. Seventy-two percent of their revenues were accounted for by Intra-provincial movements, nineteen percent by international movements and nine percent by interprovincial movements. The operating revenues of owner operators (35,931) were \$6.6 billion in 2001.

GENERAL TRANSPORTATION

1. OECD: Economies to grow 2005

According to the latest semi-annual economic outlook of the OECD, the global economy will continue to expand over the next two years. The growth in China, Japan, the U.S. and Canada are important contributors to the overall expansion.

2. Domestic Travel

Travel in Canada by Canadian residents decreased 7.5% to 39.7 million trips in the second quarter of 2004 compared with the same quarter of 2003. Trips to Canada by foreigners increased 5.6% to 10 million for the same period. Overall, domestic trips accounted for 80% of all trips marginally down from the previous year (82%).

3. Travel between Canada and other countries

Travel to Canada overall declined 1.3% from September 2004 to October 2004. Travel to Canada from the United States declined 2.5 percent and travel from overseas countries jumped 8.8% for the same period. The four markets that recorded the largest increase were: China, Taiwan, Germany and South Korea.

INFRASTRUCTURE

1. Viewpoint: Re-investment in our transportation infrastructure must become our rallying cry

In the new year, one issue that needs attention is “the crying need to improve our transportation infrastructure.” Based on a TD Financial Group report if we assume that the infrastructure gap is \$100 billion, the private sector’s loss is a \$17 billion that would have been saved. The Greater Toronto area alone suffers an annual estimated loss of \$2 billion from congestion and delays in shipments of goods. The viewpoint indicates that we need a national transportation plan that has greater vision.

SECURITY

1. Marine Security Contribution Program open for applications

Transport Canada is accepting applications for the first round of funding under the Marine Security Contribution Program. Under this three year program, \$115 million will be distributed to assist Canada’s ports and marine facilities with the cost of modernizing and strengthening their security systems and programs. This program is part of the \$308 million National Security Policy announced on April 27, 2004.

2. Port security remains weak, Canadian Senate says

A report from the National Security and Defence Committee in the National Senate indicated that security at Canadian seaports lacks adequate screening and monitoring of port workers. The report called for biometric identification cards, pointed to the inadequacy of 7 to 8 percent of inbound containers and lack of own live-in port police. At airports too there was minimal screening of workers, and cargo and mail was being inadequately checked.

3. The Government of Canada and Canadian Pacific Railway make joint investment to increase security at North America’s busiest trade gateway

The Minister of Transport, the Minister of State and the Chief Executive Officer of Canadian Pacific Railway announced a joint investment of over \$8 million to secure a 7.5-km rail corridor from Walker Road in Windsor to the U.S. border. This will increase rail cargo security at Canada’s busiest border crossing. The increased security will be accomplished by the installation of Vehicle and Cargo Inspection System used to scan contents of freight cars.

Current Developments in Brief

Other Transportation

CANADA

General

1. OECD: Economies to grow 2005, December 1, 2004 (www.joc.com)
2. Domestic Travel, The Daily, Monday December 6, 2004 (www.statcan.ca)
3. Travel between Canada and other countries, The Daily, Thursday, December 16, 2004 (www.statcan.ca).

Infrastructure

1. Viewpoint: Re-investment in our transportation infrastructure must become our rallying cry, December 17, 2004 (www.ctl.ca)

Security

1. Marine Security Contribution Program Open for Applications, December 2, 2004 (www.tc.gc.ca)
2. Port security remains weak, Canadian Senate says, December 9, 2004 (www.statcan.ca)
3. The Government of Canada and Canadian Pacific Railway make joint investment to increase security at North America’s busiest trade gateway, December 20, 2004 (www.tc.gc.ca)

OTHER CURRENT DEVELOPMENTS IN BRIEF U.S./EU

1. BTS Releases Transportation Services Index (TSI); Index rises 0.5 percent in September from August, December 6, 2004 (www.dot.gov)
2. Intelligence reform bill passes Senate, December 14, 2004 (www.americanshipper.com)
3. Bush overhauls US intelligence-gathering December 17, 2004 (www.ctl.ca)
4. Security Alert, Industry hopes to fend off security requirements that would disrupt supply chain, December 13, 2004, pp. 22-23 (www.joc.com)