

Transportation Information Update

June 2004

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1. The Canadian Transport Agency released a new transportation industry Code of Practice and Guide to removing communication barriers for travellers with disabilities

The Canadian Transportation Agency released on June 4, two documents designed to improve access to information for persons with disabilities. The two documents are: the Code of Practice *Removing Communication Barriers for Travellers with Disabilities*; and Guide to Removing Communication Barriers for Travellers with Disabilities.

The first is a blueprint for improving access to print, telephone, and Web-based information, as well as signage and announcements in terminals. This code is expected to improve the ability of persons with disabilities to travel independently. The code is for air, rail and ferry terminals and carriers. The second is a work tool that provides useful and practical information to transportation service providers to help them meet the provisions of the code.

2. EU-US Open Skies

Since May 2003, EU has been seeking a Europe-wide accord to replace the current patchwork of US agreements with individual EU states. On June 6, 2004, the US transportation Secretary Norman Mineta said that he was more than hopeful that an open skies agreement can be completed before the start of a US-EU summit on June 25th in Dublin.

On June 11, 2004, hopes for an open-skies faded for the time being as the European Union transport ministers rejected a US offer to open up trans-Atlantic passenger and cargo routes as it fell short of their goals for greater access to the American market. The EU ministers adopted the view of their own carriers that the offer was one-sided and would fail to substantially improve access to the US market. Last minute attempts to end the stalemate - such as allowing EU carriers to charter space on US aircraft for domestic flights - failed. US Transportation Secretary, Norman Mineta, expressed disappointment that the EU Council of Ministers failed to endorse this historic first phase air services agreement.

3. Domestic Travel

Current Developments in Brief

1. New transportation industry Code of Practice and Guide to removing communication barriers for travellers with disabilities. (*Canadian Transportation Agency*, June 4, 2004. www.cta-otc.gc.ca).
2. US, EU Close to Open Skies Deal (*Journal of Commerce*, May 31-June 6, 2004, p. 12. www.joc.com).
3. Domestic Travel (*Statistics Canada*, June 7, 2004, www.statscan.ca).
4. Milton says worst over for Air Canada (*Financial Post*, Monday, June 7, 2004, p. B1).
5. Canada's Trade with China (*Statistics Canada*, June 8, 2004, www.statscan.ca).
6. Slow border costs economy \$8.3b a year, study says (*Canadian Transportation & Logistics*, June 8, 2004, www.ctl.ca).
7. Air Canada, WestJet boost surcharges as Nav Canada raises fees (*The Globe and Mail*, Thursday, June 10, 2004, p. B7).
8. EU rejects U.S. open-skies pact (*Journal of Commerce*, June 11, 2004, www.joc.com).
9. Statement of US transportation Secretary Norman Y. Mineta on US-EU Open Skies Agreement, June 11, 2004, (www.dot.gov)
10. Business hopeful for B.C. rail link, (*Financial Post*, Saturday, June 12, 2004, p. FP6.)
11. OECD - 'Maritime Transport Committee Report on The Removal of Insurance From Substandard Shipping' (June 2004, www.oecd.org)
12. OECD Final Report - 'Maritime Security - Options To Improve Transparency In The Ownership and Control of Ships' (June 2004, www.oecd.org)
13. Transport Canada issues Annual Report for 2003 - 'Transportation in Canada 2003' (June 2004, www.tc.gc.ca)
14. Ultra-low fares launch WestJet service to U.S. (*Globe and Mail*, Thursday, June 17, 2004, p. B8)
15. Competition Bureau Obtains Remedies in BC Rail Merger (July 2, 2004, www.ic.gc.ca)
16. New Marine Security Requirements Come into Force July 1, 2004 (June 30, 2004, www.tc.gc.ca)

Travel in Canada by Canadian residents fell by 8.3% to 172.2 million trips in 2003 after reaching a six-year high of 187.9 million trips in 2002. The size of the decrease in domestic travel was smaller than one recorded in international travel to Canada (-13.3%) during 2003. Tourism in Canada suffered due to the war in Iraq, SARS, power outage in Ontario and forest fires in BC.

4. Robert Milton says worst over for Air Canada

Robert Milton feels that the worst is over for Air Canada after finally coming to an agreement with Buzz Hargrove (CAW) at the eleventh hour. The restructuring will take the following directions: reducing labour costs; focussing on international services (2/3 of its seat capacity) by increasing frequency and concentrating on its profitable international routes; pushing online booking (now 60% of the its domestic market); and eliminating its low cost domestic carrier (Zip airlines). The most difficult task in the restructuring process was the reduction of the massive labour costs. Mr. Milton announced a reduction of 250 positions besides the 1000 non-unionized positions reduced last year.

5. Canada's Trade with China

Canada has had a significant impact on Canada's trade pattern during the past five years. On the import side, China is Canada's second largest source of imported goods almost 6% in 2003. Capital goods accounted for 44.8% of all imports. On the export side, Canada's exports to China rose 37.4% during the period 1995-2003. Industrial exports accounts for 45% of exports.

6. Slow border costs economy \$8.3b a year

A Report released by the Ontario Chamber of Commerce indicates that border delays are creating major problems for the Canadian economy. Eventually, these delays leads to job losses, increased shipping cost and lost production. The report predicts that by 2030, delays in the Detroit-Windsor corridor will result in direct costs to both countries of more than \$17.8 billion a year, and as many as 70, 000 jobs lost in Canada.

7. Air Canada, WestJet boost surcharges as Nav Canada raises fees

Air Canada and WestJest Airlines have decided to increase customer surcharges in response to a planned increase in service fees by Nav Canada. The fees by both carriers will

increase by \$3 on all flights (except on transborder journeys) regardless of distance. Though the increase is the same for flights of different distances, the increase is not proportional being much higher for flyers of less than 300 miles. The transborder fees will remain the same. Air Canada indicated that the increase will add \$29 million to its operating expenses.

Other Developments of Interest

1. Rail Security Bill was introduced in the US on June 1 - it establishes 8 regional federal rail security managers and authorizes \$4.5b in security grants.
2. Potential problems abound, but economists predict world trade will remain strong. *JOC* May 31-June 6, 2004, pp. 15-16.
3. The world economy is experiencing its first synchronized expansion since 1994-96. *CTL*, June 4, 2004 (www.ctl.ca).
4. The Eurozone and EU15 Finance Ministers meeting on June 1 and 2, 2004 cover: 1) oil prices and economic outlook; and 2) saving taxation agreement and implementation of financial services action plan.
5. The House Homeland Security Appropriations Subcommittee approved a \$30.8b. bill for the Department of Homeland Security's fiscal 2005 budget. *JOC*, June 7, 2004 (www.joc.com).
6. Star Alliance approves applications for three new members: South African Airways, TAP Portugal and Blue I. *Financial Post*, Monday, June 7, 2004.
7. Bank of Canada holds interest rates steady [it is in no rush to raise interest rates]. *The Globe and Mail*, Wednesday, June 9, 2004, p. B3.
8. Statement by US Secretary of Transportation Norman Mineta Regarding *Department of Transportation vs. Public Citizen*, June 7, 2004 (www.dot.gov) The Supreme Court decision opens the way for US DOT to continue working with Mexican authorities to move forward with long-haul bus and truck operations.
9. Transport runs, but can't hide. (i.e., deregulation is rapidly reshaping European industry though this is not evident from the news headlines) *JOC*, June 9, 2004.
10. Detroit Windsor Tunnel to embark on major infrastructure project (the \$9 m. project will include automation of tunnel operations, new surface, etc.) *CTL*, June 18, 2004.
11. Bill earmarks \$1billion for rail Security (The US House Transportation and Infrastructure Committee introduced this Bill) *JOC*, June 20, 2004.
12. US-China Reach Agreement on Expanded Air Services (i.e., the agreement will double the number of US airlines that may serve China and will permit a nearly five-fold increase in weekly flights between the two countries over the next 6 years), June 20, 2004 (www.dot.gov).
13. Growing Economy Contributes to 12 Percent boost in St. Lawrence Seaway Traffic, July, 1, 2004, (www.dot.gov).

8 and 9. (See 2 Above)

10. B.C. Rail Link

The B.C. government offered to take over responsibility for any cost overruns on the proposed rapid transit line between Vancouver and its airport. This proposal was made after TransLink rejected the proposal to undertake the project. The project - RAV Line - was unveiled in connection with the Vancouver's Olympic bid for 2010 as a way of relieving congestion in the most dense corridors in the Lower Mainland.

11. Maritime Transport Committee Report on The Removal of Insurance From Substandard Shipping

This study principally addresses whether the marine insurance industry could make a useful impact on efforts to reduce the incidence of substandard shipping. The Committee will draw on the findings and conclusions of the report as appropriate in considering its future activities on substandard shipping.

12. Maritime Security - Options To Improve Transparency In The Ownership and Control of Ships - Final Report

This report deals with the issue of increasing transparency of ownership and control of ships from a number of different perspectives: 1) increasing transparency in corporate vehicles that operate from jurisdictions that promote or permit anonymity; 2) increasing transparency of ownership in shipping registers; and 3) introducing self-protection measures that could be taken by governments at times of serious threat.

13. Transportation in Canada 2003

Transport Canada issued its informative Annual Report on transportation developments for 2003 in June 2004. The Report is the same in format as that of the 2002 Annual Report. The report provides information and analysis of trends from which the reader can get a better understanding of the challenges facing transportation.

14. Ultra-low fares launch WestJet service to U.S.

WestJet begins its scheduled transborder service into the United States with one way introductory fares ranging from \$72 to \$102 (ex taxes and fuel and other surcharges) to five US cities - LA, San Francisco, Phoenix, Ft. Lauderdale and Orlando. The introductory fares are available until June 22. It also plans to introduce additional transborder services. Air Canada plans to meet WestJet's new US fares. In another matter, Westjet and Air Canada are engaged in a corporate espionage lawsuit where the former is alleged to have obtained confidential flight information by improperly accessing an employees website operated by the latter.

15. Competition Bureau Obtains Remedies in BC Rail Merger

The Competition Bureau filed a Consent Agreement with the Competition Tribunal providing a package of safeguards enabling CNR to complete its partnership transaction with BC Rail. The agreement aims to preserve competition for interline transportation of lumber, and other commodities, and maintains competitive rates and services for grain transportation from the Peace River area.

The Consent Agreement includes the following key elements: 1) on rail interline traffic (i.e., shippers will have direct access to competing rail carriers in Vancouver through the "open gateway"

arrangement; CN will be required to publish rates for shipping on the BC Rail line to Vancouver, enabling connecting rail carriers to compete for long haul traffic; and clear standards have been set to measure CN's performance against its commitment to improve the transit times achieved by BC Rail); and 2) on grain transportation from the Peace River area (i.e., shippers will have competitive price protection measures; existing rail service will be maintained; and safeguards have been added to ensure the non-discriminatory supply of covered hopper cars for the transportation of grain).

16. New Marine Security Requirements Come into Force July 1, 2004

On July 1, 2004, Transport Canada began enforcing new marine security requirements under the International Maritime Organization's (IMO) International Ship and Port Facility Security (ISPS) Code. Under the code, all affected vessels wishing to enter Canadian waters require an International Ship Security Certificate. All vessels registered with Transport Canada have been issued certificates. The new security requirements also apply to Canadian marine facilities and ports serving such vessels. The requirements under the ISPS code are being implemented through Canada's Marine Transportation Security Regulations, as well as through amendments to the International Convention for the Safety of Life at Sea, 1974.

*** Please forward any news of interest to the Editor for inclusion in the Update.**