

Transportation Information Update*

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AIR TRANSPORTATION

1. Canada fines Air France-KLM for price fixing

Air France-KLM has admitted to a price-fixing conspiracy between 2002 and 2006 on some air cargo routes affecting Canada. The Competition Bureau said that Air France, KLM and Martinair have been fined a total of \$10 million for communicating with competitors about the amount and timing of fuel surcharges on air cargo exported from Canada, resulting in about \$31.5 million in surcharges. Air France was fined \$4 million, KLM \$5 million and Martinair \$1 million. Reduced fines were imposed on the companies for co-operating in the investigation.

2. Air Canada comments on IAMAW ratification results

Air Canada has been advised by the IAMAW (International Association of Machinists and Aerospace Workers) of the following ratification vote results on the tentative pension funding moratorium and labour stability agreements reached by the parties on June 8, 2009: Clerical - 93.2% in favour; Finance - 87.5 % in favour; and Technical, Maintenance and Operational Support - 50.8% against. The rejection of the pact by the latter (which represent the majority of its workers) will delay Air Canada's requirement to reach agreement with its unions before it can borrow money from certain sources.

3. Air Canada mechanics seek job security

Talks with IAMAW's workers continue. It appears they want job security and want assurances that their jobs won't be transferred to El Salvador. Employees in the three cities in Canada in which they are located were told that their positions are safe for the next 21 months, but they are eager to see job security in the longer term.

4. Jazz Air Income Fund: High Yield and Low Valuation

Jazz Air Income Fund provides 97% of Air Canada regional capacity using its fleet of 133 regional jets and turboprops. The income trust, a spinoff from ACE Aviations, provides fixed regional aircraft operations to Air Canada equal to 400,000 block hours per year. Its current price of \$3.32 and long term value of \$6.25 per unit is a result of the possibility of Air Canada's bankruptcy.

5. Analyses of the European Air Transport Market

By the end of 2008, growth in the global economy came to a halt for a first time since the Second World War. Air Transport particularly air cargo witnessed a drop in demand particularly in the second half as a result of heavy turbulence in overall global markets. The only positive point from the consumers point of view was a drop in oil prices and retail prices.

6. Air Canada inaugurates only direct weekly non-stop service between Montréal and Fort-de-France, Martinique

Air Canada on July 4, 2009 inaugurates the only scheduled non-stop service between Montréal and Fort-de-France, Martinique. Initially it will be a Saturday service that will become year-round on December 5, 2009.

7. Air Canada workers vote again on contract

Air Canada says members of the union representing its mechanics, baggage handlers and technical staff will have a second chance to vote on a key labour agreement.

8. WestJet announces June load factor of 72.9 per cent

On July 6, 2009, WestJet announced traffic results for June 2009 - a load factor of 72.9 per cent, available seat miles of 1.412 billion and revenue passenger miles of 1.029 billion. In terms of yearly month to month change, for June 2009, the load factor was down 3.6 points and available seat miles and the revenue seat miles were down 2.5% and 7.1%, compared to June 2008. Sean Durfy, WestJet President and CEO said "We continue to tackle the difficulties of a tough economy."

Current Developments in Brief

Air Transportation

CANADA

1. Canada fines Air France-KLM for price fixing, June 26, 2009, www.globeandmail.ca
2. Air Canada comments on IAMAW ratification results, July 1, 2009, www.aircanada.ca
3. Air Canada mechanics seek job security, July 2, 2009, www.globeandmail.ca
4. Jazz Air Income Fund: High Yield and Low Valuation, July 2, 2009, www.nationalpost.ca
5. Analyses of the European Air Transport Market, June 30, 2009, www.europa.eu
6. Air Canada inaugurates only direct weekly non-stop service between Montréal and Fort-de-France, Martinique, July 4, 2009, www.aircanada.ca
7. Air Canada workers vote again on contract, July 6, 2009, www.globeandmail.ca
8. WestJet announces June load factor of 72.9 per cent, July 6, 2009, www.westjet.ca
9. WestJet's June load factor down, but worth a buy, June 6, 2009, www.nationalpost.ca
10. Air Canada reports June traffic, July 6, 2009, www.aircanada.ca
11. Qantas Pleads Guilty to Price-Fixing in Canada, July 7, 2009, www.joc.com
12. Japan to Review Antitrust Decisions Against 5 Forwarders, July 7, 2009, www.joc.com
13. WestJet expands service to San Diego, July 8, 2009, www.westjet.ca
14. WestJet announces year-round service, July 8, 2009, www.westjet.ca
15. WestJet adds 11 new U.S. and international destinations, July 8, 2009, www.westjet.ca
16. Air Canada afloat, for now, July, 8, 2009, www.nationalpost.ca
17. Aircraft movement statistics: Small airports, July 7, 2009, www.statcan.gc.ca
18. Air Canada's Rovinescu remains 'confident', July 9, 2009, www.globeandmail.ca
19. Air Canada reaches deal with flight attendants, July 12, 2009, www.nationalpost.ca
20. Air Canada welcomes U.S. DOT final approval to form transatlantic alliance with Continental Airlines, Lufthansa and United Airlines; Antitrust immunity granted to build integrated joint venture, July 10, 2009, www.aircanada.ca
21. DOT Approves Star Alliance Plan to Add Continental, Establish Joint Venture, July 10, 2009, www.dot.gov
22. Air Canada pilots narrowly approve deal, July 13, 2009, www.globeandmail.ca
23. Air Canada comments on ratification by CUPE and ACPA members of labour agreements, www.aircanada.com

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

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

9. WestJet's June load factor down, but worth a buy

WestJet reported a load factor of 72.9% for June, less than the 76.5% posted in the same period last year. Overall second-quarter results came in at 76.1%, also less than the 79.5% recorded in 2008. Notwithstanding the disappointing results, Versant Partners is looking ahead to the expected 2010 recovery and expects the airline to lead the way.

10. Air Canada reports June traffic

On July 6, 2009, Air Canada reported its traffic for June 2009. The combined carriers (Air Canada and Jazz) reported: a load factor of 80.9% (compared to 82.2% for June 2008, a 1.3 points decrease); revenue passenger miles 4,166 million (9.1% lower); and available seat miles or capacity 5,149 million (7.6 % lower). Air Canada statistics for June 2009 were: a load factor of 82.2% (compared to 83.1% for June 2008); revenue passenger miles 3,836 million (9.4% lower); and available seat miles or capacity 4,665 million (8.5% lower). Calin Rovinescu, President and Chief Executive Officer said "Our disciplined approach to capacity management continues to produce relatively stable load factors across our network, despite the on-going negative impact of a weak economy on the industry overall. We will continue to ensure assets are efficiently deployed as we pursue new strategic revenue generation opportunities."

11. Qantas Pleads Guilty to Price-Fixing in Canada

Qantas Airways pleaded guilty to illegally fixing surcharges between May 2002 and February 2006 on some cargo trucked from Canada to the U.S. for through shipment to Australia and elsewhere. Qantas Airways was fined C\$155,000 (US\$133,300) for its role in the scheme

12. Japan to Review Antitrust Decisions Against 5 Forwarders

In mid-March, the JFTC ordered 12 international freight forwarders to pay a total of about 9 billion yen (about US\$94.7 million) in administrative fines for forming a cartel to raise international air cargo charges. Seven companies (Nippon Express, Kintetsu World Express, Hankyu Hanshin Express Holdings, Hanshin Air Cargo, Yamato Global Logistics Japan, MOL Logistics (Japan), and United Aircargo Consolidators) accepted the JFTC's cease-and-desist and fine orders. Five companies (Yusen Air & Sea Service Co., "K" Line Logistics, Nishi-Nippon Railroad, Vantec, and Nissin) filed complaints to the charges, in response the JFTC indicated that it will initiate quasi-judicial hearings to review its earlier antitrust decisions against five international freight forwarders.

13. WestJet expands service to San Diego

WestJet on July 8, 2009 announced it will extend its non-stop service from Calgary to San Diego from seasonal to year-round, effective November 2, 2009.

14. WestJet announces year-round service

WestJet announced on July 8, 2009, that it will expand its daily, non-stop service between Yellowknife and Edmonton from seasonal to year-round as of November 1, 2009.

15. WestJet adds 11 new U.S. and international destinations

On July 8, 2009, WestJet unveiled its largest-ever seasonal non-stop flight schedule, featuring a record eight new international destinations (Varadero, Holguin and Cayo Coco, Cuba; Ixtapa and Cozumel, Mexico; St. Martin; Providenciales, Turks and Caicos; Freeport, Bahamas; Lihue (Kauai)) and three additional U.S. destinations (Hawaii; Miami, Florida; and Atlantic City, New Jersey) for the winter of 2009-2010.

16. Air Canada afloat, for now

According to an analyst at UBS, it looks like Canada's national air carrier will eventually lose out if it cannot find a solution to its higher costs relative to the competition. It tried to change its customer service image but this hurt its profitability. According to UBS, without a drastic restructuring of its cost base, it is not convinced that Air Canada can lower its cost disadvantage versus WestJet. Its failure to convince a crucial segment of its unionized workforce to agree to a new labour agreement, including a suspension of pension payments does not help.

17. Aircraft movement statistics: Small airports

The number of take-offs and landings at the 118 airports without air traffic control towers reached 51,083 movements in April 2009, down 13.7% compared with the 59,187 take-offs and landings for the 119 airports reported in April 2008.

24. Air Canada mechanics give nod to tentative deal, July 15, 2009, www.globeandmail.ca
25. Machinists accept Air Canada labour deal, July 15, 2009, www.nationalpost.ca
26. Air Canada comments on ratification by IAMAW members of labour agreements; ratification process successfully concluded by all five unions, July 15, 2009, www.aircanada.com
27. Canada and the Republic of Korea reach Blue Sky air transport agreement, July 15, 2009, www.tc.gc.ca
28. WestJet, Air France and KLM announce launch of interline relationship, July 16, 2009, www.westjet.ca
29. WestJet guarantees its lowest price - again!, July 16, 2009, www.westjet.ca
30. IATA's optimistic forecasts grounded, July 16, 2009, www.nationalpost.ca
31. Air Canada successfully concludes consultation process for pension funding arrangements with retirees and non-unionized employees, July 19, 2009, www.aircanada.com
32. Care needed with use of slots: Air Canada union, July 21, 2009, www.nationalpost.ca
33. Expect Air Canada layoffs: analyst, July 22, 2009, www.globeandmail.ca
34. Canada reaches Blue Sky agreement with New Zealand, July 21, 2009, www.tc.gc.ca
35. Aircraft movement statistics: Major airports [June 2009], June 22, 2009, www.statecan.gc.ca
36. Air Canada plan approval 'virtually ready': Flaherty, July 24, 2009, www.globeandmail.ca
37. Air Canada and Jazz agree to amend terms and conditions of their Capacity Purchase Agreement; CPA Amendments provide Air Canada with lower capacity rates and greater flexibility, July 28, 2009, www.aircanada.com
38. Jazz Air cuts distribution by 40%, July 29, 2009, www.nationalpost.ca
39. Air Canada raises \$1.02 billion, July 29, 2009, www.aircanada.com
40. Air Canada lands \$1-billion reprieve, July 30, 2009, www.globeandmail.ca
41. Financing gives Air Canada a lift, July 30, 2009, www.globeandmail.ca
42. Weak Demand, Falling Load Factors, July 30, 2009, www.iata.org

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2. Airline On-Time Performance Improves in May, May 9, 2009, www.bts.gov
3. Freight Transportation Services Index (TSI) Fell 0.6 Percent in May from April, July 9, 2009, www.bts.gov
4. G8 Supports Global Sectoral Approach for Aviation - Encourages Government-Business Partnership on Environment, July 9, 2009, www.iata.org
5. Air Cargo Market Shows Signs of Stabilizing [Europe], July 10, 2009, www.joc.com

Moosonee, Ontario, was the most active site in April 2009 with 5,399 movements.

18. Air Canada's Rovinescu remains 'confident'

The contract rejection by Air Canada's largest union was a setback for the airline's bid to avoid bankruptcy protection. Calin Rovinescu, CEO of Air Canada, is confident that when the union votes again on July 14, 2009 it will be positive. The Pilots and flight attendants are also voting on contract extensions on July 13. After that will be an attempt to solve the puzzle of negotiations with potential lenders for \$600-million in loans.

19. Air Canada reaches deal with flight attendants

Air Canada's CUPE which represents 4500 flight attendants approved a plan for a 21-month moratorium on the airline's pension obligations and an extension of their current contract on July 12, 2009. Canada Auto Workers and the union representing 70 dispatchers at the airline also approved the plan. On July 14, the results of the vote by the International Association of Machinists and Aerospace Workers (11,000) will be released. It rejected the plan earlier this month.

20. Air Canada welcomes U.S. DOT final approval to form transatlantic alliance with Continental Airlines, Lufthansa and United Airlines; Antitrust immunity granted to build integrated joint venture

On July 10, 2009, Air Canada welcomed the decision by the U.S. Department of Transportation (DOT) to approve the formation of a transatlantic alliance between Air Canada, Continental Airlines, Lufthansa and United Airlines. The antitrust

immunity to the four carriers will allow them to develop an integrated joint venture and strengthen their transatlantic network, creating substantial new service options and fare benefits for customers.

21. DOT Approves Star Alliance Plan to Add Continental, Establish Joint Venture

The U.S. Department of Transportation (DOT) on July 10, 2009 granted final approval for antitrust immunity to Continental Airlines for its participation in the Star Alliance, and approved a new joint venture (Atlantic Plus-Plus) among four of the alliance's members (Air Canada, Deutsche Lufthansa Airlines, United Air Lines, and Continental Airlines) as it would be in the public interest. Antitrust immunity allows airlines to coordinate their services and act as a single carrier for international air services covered by the immunity. Under the venture, the carriers will jointly arrange capacity, sales and marketing, as well as share revenues in international markets. Limitations on the immunity - on four transatlantic markets, four markets between the United States and Canada and all markets between United States and Beijing - were placed to preserve competition.

22. Air Canada pilots narrowly approve deal

Air Canada pilots have narrowly approved a tentative labour pact and management's request for a pension funding moratorium. This means that four unions have now supported the agreement.

23. Air Canada comments on ratification by CUPE and ACPA members of labour agreements

Calin Rovinescu, President and CEO of Air Canada said "The ratifications by ACPA and CUPE members, following earlier ratifications by CAW and CALDA, are encouraging steps forward and underscore these employees' desire to work with the company to create a stronger business."

24. Air Canada mechanics give nod to tentative deal

Air Canada's mechanics and technical workers have ratified their tentative labour deal on July 14, 2009, clearing the way for management to ask Ottawa to allow the airline to suspend pension funding payments. The voting result overturns an earlier rejection of the same deal.

25. Machinists accept Air Canada labour deal

The International Association of Machinists and Aerospace Workers, Air Canada's largest union representing roughly 11,000 employees, was the last of the airline's five unions to agree to the plan, with more a little more than 60% of voting members in favour of the deal. It has now to see if its 22,500 retirees will also support the pension plan.

26. Air Canada comments on ratification by IAMAW members of labour agreements; ratification process successfully concluded by all five unions

6. Heathrow Sees Busiest Cargo Month [June] of 2009, July 13, 2009, www.joc.com
7. British Airways pilots accept pay cut, July 14, 2009, www.globandmail.ca
8. British Airways fighting for survival: CEO, July 14, 2009, www.globandmail.ca
9. April 2009 Airline Traffic Data: System Traffic Down 5.6 Percent in April from 2008 and Down 9.1 Percent for January-to-April, July 16, 2009, www.dot.gov
10. May 2009 Passenger Airline Employment Down 6.8 Percent from May 2008, July 21, 2009, www.tc.gc.ca
11. U.S. airlines report earnings, job cuts, June 22, 2009, www.globandmail.ca
12. EU to airlines: Stop losing luggage, July 29, 2009, www.globandmail.ca
13. Boeing and leading airlines announce new members added to sustainable aviation fuel users group, July 13, 2009, www.safug.org
14. 1st-Quarter 2009 Air Fare Data: Average 1st-Quarter Domestic Air Fares Drop from 4th Quarter; Top 100 Airports: Highest Fare in Huntsville, Lowest Fare at Long Beach, July 29, 2009, www.dot.gov

On July 15, 2009, Calin Rovinescu, President and CEO of Air Canada on the successful conclusion of the labour agreements said "It is an encouraging sign of our employees' support for working together to build a stronger business in the current economic context. I commend the union leadership and Air Canada management teams involved in the process for their hard work and professionalism, and extend a special appreciation to the Honourable James Farley Q.C. for his contribution."

27. Canada and the Republic of Korea reach Blue Sky air transport agreement

Canada announced on July 15, 2009 the conclusion of a Blue Sky air transport agreement with the Republic of Korea. The new agreement allows any number of air carriers from either country to operate scheduled passenger and all-cargo air services as frequently as desired, to and from any point in either country's territory. Air carriers will also be able to pick up traffic in each other's territory and continue to a third country as part of a service to or from their home territory. The agreement also provides for rights pertaining to flights carrying cargo only, allowing stand-alone cargo services between each other's territory and third countries, and includes a flexible tariff regime. It is expected to create jobs benefit travellers and shippers by providing more choices in terms of destinations, flights and routes, and the potential for lower fares.

28. WestJet, Air France and KLM announce launch of interline relationship

On July 16, 2009, WestJet, Air France and KLM announced that the two European companies will offer interline itineraries that connect guests into WestJet's Canadian network. This interline agreement allows guests to board an Air France or KLM flight and travel on one itinerary to their final destination in WestJet's network. This is an important strategic move, prior to the airlines potentially broadening their relationship with a reciprocal interline agreement and a code-sharing agreement.

29. WestJet guarantees its lowest price - again!

The WestJet Price Guarantee ensures that guests are able to receive the lowest fare right up until two hours before their flight departs. The guarantee applies to flights booked between July 16 and July 23, 2009, for travel between September 8 and December 16, 2009. The guarantees were offered to protect travellers because of the uneasy feeling about the economy when demand falls together with prices.

30. IATA's optimistic forecasts grounded

The International Air Transport Association has reversed its somewhat optimistic prediction last month that declines in the demand for air travel may have bottomed as travellers flying fell 9.2% during the month of May. In Canada, carriers began offering deep discounts in order to get people travelling and this is hurting their financial results. Since the start of the second quarter, Air Canada's average domestic ticket price fell by 17% compared to last year while WestJet's fell by 13%, according to random samples. WestJet has accused Air Canada of acting irrationally by drastically dropping fares.

31. Air Canada successfully concludes consultation process for pension funding arrangements with retirees and non-unionized employees

On July 19, 2009, Air Canada said that it has successfully concluded a consultation process with its retirees, managers and administrative, technical and support employees (AT&S) for pension funding arrangements that call for a moratorium on past service contributions for a 21-month period and fixed payments thereafter for the 2011-2013 period. Air Canada's five Canadian based unions also ratified identical pension funding agreements.

32. Care needed with use of slots: Air Canada union

Air Canada unions are urging Ottawa to ensure the country's largest carrier does not use its landings slots as collateral to a syndicate of private lenders for its loans. Landing slots in places like Heathrow Airport are scarce and can fetch a big price. Air Canada's landings slots are worth more than \$400-million based on previous transactions. Private lenders are most likely to auction off the slots in case of Air Canada's failure and Canada would lose its international routes. It therefore urged Ottawa to ensure the federal portion of the loan is the part backstopped with the slots as Ottawa would have a vested interest in retaining the slots.

33. Expect Air Canada layoffs: analyst

An industry analyst says that Air Canada appears headed for a round of cost-cutting measures that could include layoffs. First, the airline market appears to be deteriorating, making a restructuring at Air Canada even more urgent. It would require the company to cut 25 per cent of its capacity and 25 per cent of its expenses. Second, earnings estimates do not look good, especially if a bonus has to be paid to employees. Third, it pays too much for the service it gets from Jazz. Fourth, Air Canada was placed in "an uncompetitive situation" when ACE Aviation Holdings Inc. which owned 75% of Air Canada spun off the loyalty program Aeroplan in 2005 and regional airline Jazz in 2006.

34. Canada reaches Blue Sky agreement with New Zealand

On July 21, 2009, Canada signed a Blue Sky air transport agreement with New Zealand, at the Asia-Pacific Economic Cooperation (APEC) meeting in Singapore. The new agreement allows any number of air carriers from either country to operate passenger and all-cargo scheduled air services as frequently as desired, to and from any point in either country's territory. Air carriers of both countries will also be able to pick up traffic in each other's territory and continue to a third country en route to or from their home territory. The agreement also provides for enhanced all-cargo rights, allowing stand-alone cargo services between each other's territory and third countries, and includes a fully flexible tariff regime.

35. Aircraft movement statistics: Major airports [June 2009]

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations decreased 0.6% in June compared with June 2008. These 93 airports reported 563,146 movements in June compared with 566,799 movements at 95 airports in June 2008.

36. Air Canada plan approval 'virtually ready': Flaherty

Ottawa is on the verge of approving Air Canada's plan to defer most of its pension funding contributions for 21 months with the consensus of its retirees and unions. Air Canada is also close to lining up \$600-million in loans, including \$250-million from Export Development Canada.

37. Air Canada and Jazz agree to amend terms and conditions of their Capacity Purchase Agreement; CPA Amendments provide Air Canada with lower capacity rates and greater flexibility

On July 28, 2009, Air Canada concluded a Memorandum of Understanding with Jazz to modify the terms and conditions of their Capacity Purchase Agreement, effective August 1, 2009, if they secure new financing and certain other conditions. Highlights of the revised agreement include: 1) A reduction in the mark-up rate paid to Jazz on the first 375,000 block hours of flying from 16.7 per cent to 12.5 per cent and to 5 per cent on block hours above 375,000. 2. A reduction in Air Canada's commitment to Jazz's minimum fleet from 133 to 125 aircraft. 3. A contract term extension of five years (Jan 1, 2016 - Dec 31, 2020), during which the rates will be subject to a benchmarking review. 4. A commitment to work together on Jazz's turboprop fleet renewal strategy over the term of the contract.

38. Jazz Air cuts distribution by 40%

Jazz said on July 28, 2009 that it would reduce its annual distribution to 60 cents a unit from \$1.01 as a result of an amendment of the terms of its agreement with Air Canada. The amendment was made by Air Canada to make its existing agreement "more consistent with the market realities" and also grant the airline greater fleet flexibility. Air Canada will save approximately \$40-million in 2010 as a result of the changes, and Jazz will save about \$50-million on its lower distributions.

39. Air Canada raises \$1.02 billion

On July 29, 2009, Air Canada said that it has entered into arrangements to raise a total of CAD \$1.02 billion in additional liquidity through a series of financings and other transactions with certain lenders and key stakeholders.

40. Air Canada lands \$1-billion reprieve

Air Canada has secured a \$1-billion lifeline with help from the federal government, giving the carrier a crucial infusion of cash to help it survive the recession and avoid another trip through bankruptcy protection. The centrepiece of the financial package is a \$600-million loan from a syndicate of lenders besides the \$250 million from Ottawa.

41. Financing gives Air Canada a lift

Air Canada shares soared on June 30, 2009 a day after it announced that it has lined up more than \$1-billion in financing. Shares rose more than 20 per cent, gaining 33 cents, at \$1.95.

42. Weak Demand, Falling Load Factors

The International Air Transport Association announced international scheduled traffic results for June 2009 showing passenger demand declining 7.2% compared to the same month in the previous year while freight demand was down 16.5%. International passenger load factors stood at 75.3%, down from 77.6% recorded in June 2008. Cargo demand remained weak at 16.5% below June 2008 levels. However both passenger and cargo demand showed improvements in comparison to the previous month. Middle Eastern carriers and North American carriers showed improvements.

WATER TRANSPORTATION

1. New Service Launching for Atlantic Exporters to reach International Markets

A new “Less than Container Load” Consolidation Service is being launched for local exporters in the Atlantic region. It will provide them with a nearer and efficient link for their shipments to mainland Europe. This service - a partnership between the Provincial government, the Halifax Port Authority, and Kuehne + Nagel Ltd. - will offer more efficient and cost effective access to European markets for their local area exporters.

2. St. Lawrence Seaway Slump Continues

Traffic through the St. Lawrence Seaway to June 30, 2009 from (season-opening) March 31, 2009 fell to 9,024,000 metric tons of cargo, down 35.7 percent from 14,045,000 in the period last year. Despite the increase of wheat shipments, steel, coal, chemicals and petroleum were largely responsible for the steep drop.

3. Senate Eyes Short Sea Shipping Grants

The Maritime Administration (MARAD) would provide grants to develop U.S. marine highways under a bill passed by the Senate Commerce, Science and Transportation Committee. A portion of Maritime Administration Authorization Act of 2010 would allow MARAD to provide states and other public entities with grants to capitalize short sea shipping operators along routes identified by the Department of Transportation as likely to support waterborne intermodal commerce.

4. Cumulative containerized traffic January to June 2009 - Port Metro Vancouver

Cumulative TEUs for January to June 2009 were 1,041,379 down 15% over the same period a year ago. Outbound TEUs were down 12% and in bound TEUs were down 18%.

5. Cumulative Cruise shipping April to June 2009 (YTD)-Port Metro Vancouver

The cumulative number of cruise passengers at the Port of Vancouver till the end of June 2009 was 354,251 or 5.2% higher than the same period in 2008, the revenue passengers increased by the same percent.

6. Prince Rupert Port Authority 2nd Statistics

Statistics released by the Prince Rupert Port Authority indicates that the number of TEUs for the first six months of 2009 more than doubled from 43, 555 to 97,615. However, total tonnage for this port was marginally off due to the large drop in coal transportation.

7. Shippers, Carriers and the NITL [National Industrial Transportation League]

The League believes that antitrust exemptions in the transportation industry have long outlived their usefulness and that recent history proves that they were right. Being opposed to antitrust privileges does not equate to being opposed to carriers and despite being on the opposite sides shippers and carriers can work to their mutual benefit. The NITL supports pro-freight transportation in a competitive market.

8. Sea3 cargo sailing hailed as boon to Canadian short-sea shipping

The first regularly scheduled shipping container service between Montreal and Hamilton, Ont., began on July 3, 2009. Sea3 will make one trip in both directions every week. It is cost effective, environmentally friendly and socially beneficial. It is particularly good for transporting heavy materials.

9. Port of Halifax Sees Increase in Traffic

Container volumes through May 2009 were down 29.4 percent compared to the same period in 2008; but there was a slight second quarter improvement of a half a percentage point from the first quarter of this year. In the first five months of 2009, bulk cargo through the port was up 13.3 percent; breakbulk was down 34.8 percent; and roll-on roll-off cargo was down 24.5 percent; compared to the same period in 2008.

10. Q2 2009 Summary of Cargo & Cruise Activity

The second quarter of 2009 saw no break in the global economic recession as a result, the Port of Halifax experienced continued sluggishness in its cargo throughput. Container volumes (measured in TEUs) declined 19.9% for the second quarter of 2009 compared to the 2nd quarter of 2008 falling to 82,366 TEUs from 102,827 TEUs. Breakbulk cargo declined by 27.8% in the second quarter of 2009, compared to the same period in 2008. Bulk cargo declined marginally 0.9% in the

Water Transportation

Canada

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2. St. Lawrence Seaway Slump Continues, July 8, 2009, www.joc.com
3. Senate Eyes Short Sea Shipping Grants, July 10, 2009, www.joc.com
4. Cumulative containerized traffic January to June 2009 - Port Metro Vancouver, July 13, 2009, www.portvancouver.com
5. Cumulative Cruise shipping April to June 2009 (TTD) - Port Metro Vancouver, July 13, 2009, www.portvancouver.com
6. Prince Rupert Port Authority 2nd Statistics, June 31, 2009, www.rupertport.ca
7. Shippers, Carriers and the NITL, June 29, 2009, *The Journal of Commerce*, p. 10.
8. Sea3 cargo sailing hailed as boon to Canadian short-sea shipping, July 16, 2009, www.todaystrucking.com
9. Port of Halifax Sees Increase in Traffic, July 16, 2009, www.joc.com
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11. Great Lakes Cargo Falls 46.6 Percent, July 16, 2009, www.joc.com
12. Port of Halifax to Collaborate on Short-Sea Shipping to the Midwest, July 16, 2009, www.portofhalifax.ca
13. Vancouver Traffic Falls 15 Percent in First Half, July 20, 2009, www.joc.com
14. Cumulative traffic summary First Semester - Port of Montreal, July 23, 2009, www.portofmontreal.ca
15. Port of Halifax Celebrates Milestone - Over 2 Million, July 23, 2009, www.portofhalifax.ca
16. Government of Canada and the Montreal Port Authority join forces to stimulate the economy and reduce greenhouse gas emissions, July 24, 2009, www.tc.gc.ca
17. Three Carriers Combine Atlantic Service, July 24, 2009, www.joc.com
18. Middle Crisis, *The Journal of Commerce*, July 20, 2009, pp. 14-20.
19. Recession's Strange Bedfellows, *The Journal of Commerce*, July 13, 2009, pp. 30-31.

second quarter and roll-on-roll-off cargo declined 27.9%.

11. Great Lakes Cargo Falls 46.6 Percent

The American fleet on the Great Lakes is having a very bad year, with a third of the vessels tied up and cargo having fallen 46.6% in the first half of 2009 compared to the same period a year ago to 20.9 million tons. When compared to the 2004-2008 average, the drop is even greater at 48.9%.

12. Port of Halifax to Collaborate on Short-Sea Shipping to the Midwest

The Port of Halifax is collaborating with an Ohio port which aims to become a gateway to the Midwest. The Halifax Port Authority and Cleveland-Cuyahoga County Port Authority signed a Memorandum of Understanding on July 15 to discuss the development of short-sea shipping opportunities via the Great Lakes and St. Lawrence Seaway.

13. Vancouver Traffic Falls 15 Percent in First Half

Vancouver began losing container cargo at the beginning of the year. The June 2009 total of 180,918 import and export TEUs is down almost 10,000 from the 190,646 in May and about even with the numbers in March and April. The totals were 166,708 in January and in February 145,132, the lowest yet for 2009.

14. Cumulative traffic summary First Semester - Port of Montreal

Cumulative traffic (metric tonnes) at the Port of Montreal for the second quarter of 2009 compared to the same period a year earlier was down 15.4%. General cargo (containerized and non-containerized) declined 18.6% and bulk cargo (dry and liquid) dropped 15.4%. Total inbound general cargo traffic (metric tonnes) declined 19.4% and total outbound general cargo traffic declined 18%. . Total inbound bulk cargo traffic (metric tonnes) declined 20.2% and total outbound general cargo traffic declined 9.7%.

15. Port of Halifax Celebrates Milestone - Over 2 Million

The Port of Halifax marked a milestone on July 23, 2009. It celebrated its two millionth cruise visitors to the city since the first season in 1980. In 2009, the cruise industry will contribute over \$50 million to the local economy from passenger, crew and cruise line expenditures.

16. Government of Canada and the Montreal Port Authority join forces to stimulate the economy and reduce greenhouse gas emissions

The Government of Canada will help the Montreal Port Authority (MPA) tackle climate change and improve our environment as well as help our economy. A project has been initiated that will help the Montreal Port Authority acquire the rail technology that will make a positive impact on port operations as well as reduce greenhouse gas emissions and other air pollutants. It will in part be funded from the federal government's Freight Technology Demonstration Fund

17. Three Carriers Combine Atlantic Service

Hapag-Lloyd and OOCL will combine a joint trans-Atlantic service into a single loop with Mediterranean Shipping Co.'s Canadian Gateway service, extending the capacity cuts by container lines. The carriers will put four vessels into the service, which will operate between Montreal and four European ports: Liverpool, Antwerp, Bremerhaven and Le Havre.

18. Middle Crisis

As ocean carriers' financial problems worsen, there's growing concern about what lies ahead. It is difficult to predict what will happen but many analysts and executives say additional concentration of the industry appears inevitable, especially given the staggering losses carriers are posting during what is now the worst market collapse in the industry's 50-year history. Today's, largest carrier -Maersk- is the result of several mergers. Will mergers and acquisitions raise a problem is difficult to say with ten carriers accounting for 64.8% of US trades in 2008 compared to 51.4% in 1988.

19. Recession's Strange Bedfellows

With excess capacity, carriers cannot fill their vessels with their own cargo regardless how low they cut rates. Not surprisingly, carriers are turning to joint services. Maersk (the largest shipping company), formed a vessel sharing agreement with competing carriers MSC (the second largest) and CMA CGM in the Pacific trades. Evergreen and China Shipping Container Line announced vessel sharing agreements (VSAs) covering four trade lanes between Asia and the US and Asia and Europe. Evergreen and COSCO announced a VSA on routes linking Asia with South Africa and South America. VSA's have their benefits - extensive service, rapid transit times without investment. If cargo volumes continue to fall, more VSAs and cooperation among competing VSAs is possible. Whether a VSA, VSA cooperation and alliances will raise competition issues will depend on shipping and antitrust laws.

RAIL TRANSPORTATION

Canada

1. Railroad freight volumes still struggling

Despite some initial forecasts that railway volumes were increasing, Canadian freight volumes are still down 24.6% year-over-year in the past 11 weeks, while North American volumes are also down a comparable 21.8% in the same time period. As a result, analysts have reduced the valuation of their current stock prices for these two railways. Notwithstanding these revisions, they continue to view the long-term outlook for the Canadian rails favourably.

2. CP Rail loses out on arbitration hearing

Teck Resources Ltd. won its arbitration hearing with Canadian Pacific Railway indicating it will save about \$70-million in 2009, but this will have a negative impact on CP Rail's earnings potential.

3. Rates established for westbound coal through end of Q1 2010

Canadian Pacific Railway Limited (CP) on July 6, 2009 announced the results of rate proceedings between CP and Teck Coal Ltd. (Teck) addressing rate levels for export traffic moving between Teck's southern BC mines and Vancouver area ports. CP expects to move 17.5 to 19.5 million metric tons based on the latest publicly-available data from Teck. At the top of the volume range and at today's fuel prices, revenues would be approximately \$360M for the period April 8, 2009 to April 7, 2010. For CP this represents approximately 15% of historic annual total Teck coal shipping volumes. Teck also secured a rate for routing some of the existing export coal traffic (not exceeding 3.5 million tons) via an interchange with another railway at Kamloops, BC.

4. Canadian Transportation Agency finds Union-Pearson rail link not under federal jurisdiction

The Canadian Transportation Agency ruled on July 9, 2009 that the proposed construction and operation of a passenger rail service between Toronto's Union Station and Lester B. Pearson International Airport does not fall under federal jurisdiction. As a result, Union-Pearson AirLink Group (UPAG), will not be required to obtain an Agency-issued certificate of fitness, or federal approvals under the *Canada Transportation Act* and the *Canadian Environmental Assessment Act* for the proposed railway line.

5. United Steelworkers and Canadian Pacific reach tentative contract agreement

On July 16, 2009, United Steelworkers [USW], Local 1976, and Canadian Pacific have reached a tentative three-year contract settlement which extends to December 31, 2012. The USW represents 1,100 employees at Canadian Pacific.

6. CN reports Q2-2009 net income of C\$387 million, or C\$0.82 per diluted share, compared with year-earlier net income of C\$459 million, or C\$0.95 per diluted share

CN's net income for the second quarter of 2009 was C\$387 million compared to \$459million in the first quarter of 2008; revenues decreased 15% to C\$1,789 million, while operating expenses fell 14% to C\$1,189 million compared to the same quarter in 2008; operating income was C\$589 million, a decrease of 18% compared to the same quarter in 2008; and operating ratio increased 1 point to 67.3%. E. Hunter Harrison, president and chief executive officer, said: "The second quarter of 2009 saw a continuation of significant weakness in most of our commodity groups as a result of the current recession ... While the current economic environment continues to affect our business significantly and we remain focused on adjusting expenses accordingly, we see some signs that several markets are stabilizing and we hope the economy will begin to recover in the second half of this year."

7. CN declares third-quarter 2009 dividend

CN indicated that a quarterly dividend of 25.25 cents per common share will be paid on Sept. 30, 2009, to shareholders of record at the close of business on Sept. 9, 2009.

8. CN outlook a sign economy on mend

Rail Transportation

Canada

1. Railroad freight volumes still struggling, July 2, 2009, www.nationalpost.ca
 2. CP Rail loses out on arbitration hearing, July 6, 2009, www.nationalpost.ca
 3. Rates established for westbound coal through end of Q1 2010, July 6, 2009, www.cpr.ca
 4. Canadian Transportation Agency finds Union-Pearson rail link not under federal jurisdiction, July 9, 2009, www.cta-otc.gc.ca
 5. United Steelworkers and Canadian Pacific reach tentative contract agreement, July 16, 2009, www.cpr.ca
 6. CN reports Q2-2009 net income of C\$387 million, or C\$0.82 per diluted share, compared with year-earlier net income of C\$459 million, or C\$0.95 per diluted share, July 20, 2009, www.cn.ca
 7. CN declares third-quarter 2009 dividend, July 20, 2009, www.cn.ca
 8. CN outlook a sign economy on mend, July 21, 2009, www.globandmail.ca
 9. CN expects to rebound in second half, July 21, 2009, www.nationalpost.ca
 10. CN grows jet-fuel traffic at Toronto's Pearson International Airport as airlines tap U.S., overseas producers for supplies, July 21, 2009, www.cn.ca
 11. Via Rail on track for strike, July 23, 2009, www.globandmail.ca
 12. VIA Rail on strike after talks with union fail, July 24, 2009, www.calgaryherald.com
 13. Via Rail strike sees swift end, July 26, 2009, www.globandmail.ca
 14. CN Withdraws Port Vancouver Rail Service, July 24, 2009, www.joc.com
 15. Volume declines to drag on Canadian Pacific's earnings, July 29, 2009, www.nationalpost.ca
 16. Alberta government releases report on high-speed rail, July 6, 2009, www.alberta.ca/acn/200907/2641750D82640-F58F-CD02-5A53A4266E43A7F6.html
 17. Calgary-Edmonton train on the slow road to approval, July 10, 2009, www.globandmail.ca
- States fell 29.4%.
18. Railway carloadings [May 2009], July 29, 2009, www.statcan.gc.ca
 19. Canadian Pacific Railway Limited declares dividend, July 29, 2009, www.cp.ca
 20. Canadian Pacific announces second-quarter results, July 30, 2009, www.cpr.ca
 21. CP to increase capital spending, July 30, 2009, www.globandmail.ca
 22. Apologies keep on coming from Via, July 30, 2009, www.nationalpost.ca

US

1. Action Seen Soon on Rockefeller Rail Overhaul, July 14, 2009, www.joc.com
2. BNSF Net Rises 15 Percent to \$404M, July 24, 2009, www.joc.com
3. Rail Shipments Reach Four-Month High, July 30, 2009, www.joc.com

The sharp downturn in freight shipments has bottomed at Canada's biggest railway, yet another sign that the economy is on the mend. Improvements since May 2009 in moving products such as coal, grain, chemicals and consumer goods indicated the building of a momentum in the second half of the year. Mr. Harrison, CEO of CN, said he's excited by the recent uptick in CN's month-over-month freight statistics. "We are well positioned as the economy improves," he said. "I am pretty optimistic that the second half will be a better performance."

9. CN expects to rebound in second half

Canadian National Railway Co. said its own business is likely to rebound in the second half of the year. CN's operating ratio slipped only 1% year-over-year to 67.3 due to increased attention to costs, lower labour and stronger prices, which improved by between 4% and 5%.

10. CN grows jet-fuel traffic at Toronto's Pearson International Airport as airlines tap U.S., overseas producers for supplies

CN is developing a fast-growing business supplying jet fuel to airlines serving Toronto's Lester B. Pearson International Airport. On July 21, 2009, it celebrated the official opening of a C\$65 million new Jet Fuel Rail Offloading, Storage and Distribution Facility near the airport. It will supply close to 40% of the airport's 2 billion litre fuel requirement. New jet-fuel sourcing strategies in Canada follow the closing of some refineries and the decisions of some oil companies to shift production from aviation fuel to diesel and other distillates in greater demand. While only 10 per cent of Canada's aviation fuel was imported eight years ago, imports accounted for 33 per cent in 2008.

11. Via Rail on track for strike

Barring a last minute resolution, VIA Rail will cancel all services across the country at noon on July 24, 2009 if engineers do not reach a settlement. The 340 engineers are represented by the Teamsters Canada Rail Conference union and have been without a contract since Dec. 31, 2006. Via, which carries about 12,000 passengers a day, cancelled some departures in anticipation of a strike. A strike would be bad for the tourism industry rippling across other industries.

12. VIA Rail on strike after talks with union fail

Talks between Via Rail and the union representing locomotive engineers have failed. Union members went on strike as of noon, June 24, 2009 and the bulk of the rail company's passenger service across Canada has been shut down. Neither side was able to say when the strike would end, but both stressed that they were open to continued bargaining and wanted to reach an agreement as soon as possible.

13. Via Rail strike sees swift end

After 48 hours on the picket line, locomotive engineers and yardmasters returned to work on July 26, 2009 after Via Rail Canada Inc. and the Teamsters Canada Rail Conference agreed to impose a new collective agreement through a process of binding arbitration. The labour dispute led to the temporary layoff of 2,500 Via employees. It also generated bad publicity for the rail passenger

14. CN Withdraws Port Vancouver Rail Service

Canadian National Railway unilaterally switched its rail service to trucks for three of the port's four container terminals. The Port Authority is examining the negative effects of trucking and whether it should take action.

15. Volume declines to drag on Canadian Pacific's earnings

The earnings of Canadian Pacific Railway Ltd. are expected to be affected by slower freight volumes in the second quarter. In addition, the decision against CP in its rate dispute with Teck Coal will also affect its earnings. As a result, CP earnings are expected to drop to 37¢ a share for the period ending June 30, compared to 97¢ a share last year. On the positive side, CP has introduced cost savings measure. Not surprisingly, one analyst says "We continue to like the fundamentals of the Canadian railroads and believe their shares are poised for significant price appreciation over the long term."

16. Alberta government releases report on high-speed rail

The Alberta government has released a report on a market assessment study of potential high-speed rail service in the Calgary-Edmonton corridor. The report makes no recommendations regarding the feasibility of high-speed rail or future government involvement in such a project, it contains useful information and data that will assist the province as it considers various options for effective and efficient transportation in Alberta. Given that about 10 million passenger trips are made each year on that corridor, the government will consider its options such as private-public-partnership.

17. Calgary-Edmonton train on the slow road to approval

A bullet train linking Edmonton and Calgary has been an important studied project in Alberta. The 300 km link could cost from \$3-billion to \$20-billion, depending on the kind of train used. The study predicted that the project could create thousands of jobs and up to \$33-billion in economic benefits. This latest investigation found that enough people would use

the service, and the faster the train, the more riders it would have.

18. Railway carloadings [May 2009]

The Canadian railway industry loaded 19.1 million metric tonnes in May 2009, down 21.4% from the same month in 2008. Non-intermodal loadings fell 22.0% and intermodal loadings declined 16.4%. Rail freight traffic coming from the United

19. Canadian Pacific Railway Limited declares dividend

The Board of Directors of Canadian Pacific Railway Limited on July 29, 2009 declared a quarterly dividend of twenty four and three quarter cents (\$0.2475) Canadian per share on the outstanding Common Shares.

20. Canadian Pacific announces second-quarter results

Canadian Pacific Railway announced its second-quarter results on July 30, 2009. For the second-quarter: net income decreased to \$157.3 million, a increase of 2% when compared to same period in 2008; operating ratio was 82.6 per cent, a increase of 1.9 points; freight revenue was \$972.5 million, a decrease of 18.5%; and operating revenue and expenses were \$1022.4 million and \$796.6 million. The former was down by 279.7 million or 21.5%. The later was down by \$233.3 million or 22.6%. The company announced second-quarter earnings of 24.75 cents per share a decrease of 36.5% from the earnings in the first-quarter of 2009 of 39 cents. Fred Green, President and CEO said " The recession continues to have a significant impact on our business and although freight volumes appear to have stabilized, we have not yet seen a sustained recovery in traffic. In this economic climate we continue to manage what is in our control and I am pleased with our cost management efforts"

21. CP to increase capital spending

Canadian Pacific Railway profits increased slightly in the second quarter of 2009 even as revenues and freight volumes fell. Despite the weaker revenue numbers, CP said it was boosting its 2009 capital spending program to between \$800-million and \$820-million from original projections of \$720-million to \$740-million.

22. Apologies keep on coming from Via

After the two day strike, VIA on July 27, 2009 apologized with a limited time 60% discount promotion. But Via couldn't cope with the demand and now they're apologizing again for the inconvenience to new and regular customers alike. The discount applied only to travel before Dec. 14 and passengers initially had until July 29 to make reservations. It extended the deadline till August 1, 2009. But this prolonged the problem to regular customers.

HIGHWAY TRANSPORTATION

1. Trucking productivity soars over 25 years: Report

According to a study by the Conference Board of Canada trucking rates across Canada dropped an average of 1.4 percent per year between 1981 and 2003. The reasons are minimal economic regulation and competition between carriers and other modes of transportation. Besides trucking, rail prices fell by 70 percent in real terms between 1981 and 2006 and airfares sunk 25 percent. Productivity in trucking, rail and air rose by 1.8%, 3.6% and 2% annually over this period. "The payback from high productivity growth," the study says, "is lower prices for end users."

2. April 2009 Surface Trade with Canada and Mexico Fell 33.1 Percent from April 2008

U.S.–Canada surface transportation trade totaled \$30.2 billion in April, down 38.2 percent compared to April 2008 and surface trade with Canada and Mexico fell 33.1%. The value of imports carried by truck was 32.8 percent lower in April 2009 compared to April 2008, while the value of exports carried by truck was 31.2 percent lower during this period. The value of imports carried by rail was 47.9 percent lower in April 2009 compared to April 2008, while the value of exports carried by rail was 31.3 percent lower during this period.

3. Government of Canada and Groupe Robert to reduce greenhouse gas emissions from freight transportation

The government announced on July 6, 2009 that under Transport Canada's Freight

Technology Demonstration Fund, Groupe Robert, involved in freight transportation based in Saint-Nicolas, will receive

Highway Transportation

Canada

1. Trucking productivity soars over 25 years: Report, June 30, 2009, www.todaystrucking.com
2. April 2009 Surface Trade with Canada and Mexico Fell 33.1 Percent from April 2008, July 1, 2009, www.dot.com
3. Government of Canada and Groupe Robert to reduce greenhouse gas emissions from freight transportation, July 6, 2009, www.tc.gc.ca
4. US truck tonnage rises 3.2% in May, July 6, 2009, www.ctl.ca
5. Canada-U.S. Trucking Sees Bad First-Half, July 10, 2009, www.joc.com
6. CTA voices border concerns at economic summit, July 13, 2009, www.todaystrucking.com
7. New Windsor-Detroit crossing is one step closer as a result of land purchase from City of Windsor, July 20, 2009, www.tc.gc.ca
9. Border delays will return: business lobby, July 22, 2009, www.globeandmail.ca

a contribution of up to \$500,000 for a fuel reduction project. This will help reduce the emission of greenhouse gases and other air contaminants.

4. US truck tonnage rises 3.2% in May

US truck tonnage posted its first gain since February, rising 3.2% in May 2009, according to the American Trucking Associations' seasonally-adjusted For-Hire Truck Tonnage Index. Tonnage was still off 11% compared to May, 2008, however that's the best year-over-year result in three months.

5. Canada-U.S. Trucking Sees Bad First-Half

Cross-border trucking over the Ambassador Bridge, the busiest US-Canada crossing, fell 31.1 percent for the first half of 2009. At the second busiest U.S.-Canada crossing, the Blue Water Bridge, truck crossing was down 24.4 percent. At the third busiest U.S.-Canada crossing, the Peace Bridge, truck crossing was down 17.5 percent. And at the Lewiston, N.Y.-Queenston, Ontario, bridge traffic was down 20.8 percent for the first half-year of 2009.

10. TransForce sees Q2 decline in revenue, profit, July 23, 2009, www.ctl.ca

11. OC Transpo receives penalty for failing to call out stops, July 27, 2009, www.cta-otc.gc.ca

12. Couriers and Messengers Services Price Index, July 30, 2009, www.statcan.gc.ca

13. May 2009 Surface Trade with Canada and Mexico Fell 35.4 Percent from May 2008, July 30, 2009, www.bts.gov

US 1. Transportation Secretary Ray LaHood Kicks-Off CARS Program, Encourages Consumers to Buy More Fuel Efficient Cars and Trucks, July 27, 2009, www.dot.gov

2. US truck tonnage declines 2.4% in June, July 28, 2009, www.ctl.ca

6. CTA voices border concerns at economic summit

The Canadian Trucking Alliance is concerned that border problems are being masked by the economic downturn and congestion of the past will return unless changes are made. The CEO of the Alliance says governments should concentrate on ending the duplication of low risk security cards that truck drivers must carry, making it easier for low-risk companies to move goods in-transit through the other country, issuing a challenge to all ports to improve throughput by 25%, and allowing trucking companies to show they practice due diligence before losing their low-risk status for minor violations.

7. New Windsor-Detroit crossing is one step closer as a result of land purchase from City of Windsor

On July 20, 2009, the Government of Canada announced that it has purchased approximately 94 acres of land from the City of Windsor as an important step forward in building the new border crossing between Windsor and Detroit. The land has been purchased to build the new Canadian inspection plaza and Canada's portion of the six-lane bridge. The Government of Canada purchased the land for \$34 million. The proposed plaza will be about 139 acres.

8. Keeping current can keep costs down

One hundred and seventeen thousand new road restrictions have been put in place across North America in the past year. If you don't plan for them, they'll cost you money. Paul White, the Integration Partner Manager with A. K. Technologies said Governments are seeing tolls as a cash cow. "Sooner or later, it's just going to be a case of having your wallets out as you drive ... Managing tolls has become an integral part of determining your operating costs."

9. Border delays will return: business lobby

The President of the Chamber of Commerce said dramatically lower traffic at the Canada-U.S. border owing to the recession has lulled authorities into a "false sense of security" that delays are gone. With the recovery, the crisis will return. New impediments to trade have cropped up, including spreading Buy American rules on government purchases and mandatory U.S. passport and document requirements that took effect in June 2009. A report titled *Finding the Balance: Shared Border of the Future* published by the Chamber indicates the competitive disadvantage some bordering manufacturers face and how some obstacles can be easily resolved.

10. TransForce sees Q2 decline in revenue, profit

TransForce, Canada's largest trucking company, reported its second quarter results. Revenue for 2009 dropped 24% to \$454.2 million and net income decreased from \$19.3 million the year before to \$18 million. Year to date, TransForce has experienced a 19% decline in revenues compared to the same period in 2008 while net income dropped to \$21.1 million from \$38.4 million in the first six months of 2008.

11. OC Transpo receives penalty for failing to call out stops

On July 27, 2009, the Canadian Transportation Agency issued a \$5,000 penalty to OC Transpo for failing to comply with an order to call out major and requested stops on all of its routes. OC Transpo's failure to call out stops was an undue obstacle to transportation for persons with a disability, in this case persons with visual impairments.

12. Couriers and Messengers Services Price Index

The Couriers and Messengers Services Price Index increased 0.7% from May 2009 to 137.3 (2003=100) in June 2009. The

courier portion rose 0.7%, and the local messengers component advanced 0.9%.

13. May 2009 Surface Trade with Canada and Mexico Fell 35.4 Percent from May 2008

U.S.–Canada surface transportation trade totalled \$29.2 billion in May, down 44.6 percent compared to May 2008. The value of imports carried by truck was 35.7 percent lower in May 2009 compared to May 2008, while the value of exports carried by truck was 33.4 percent lower during this period. The value of imports carried by rail was 47.9 percent lower in May 2009 compared to May 2008, while the value of exports carried by rail was 35.9 percent lower during this period. Trade using surface transportation between the United States and Canada and Mexico was 35.4 percent lower in May 2009 than in May 2008.

GENERAL

1. Baird to visit China Minister on mission to strengthen ties, boost travel and trade

Canada's Transport and Infrastructure Minister, John Baird, announced on July 12, 2009 that he is travelling to China aimed at enhancing the relationship between Canada and China, fostering cooperation in the transportation sector and seeing what lessons Canada might learn from China's ambitious infrastructure renewal and expansion programs.

2. The Canadian Transportation Agency showcases another successful year in its 2008-09 Annual Report

On July 22, 2009, the Canadian Transportation Agency released its 2008-2009 Annual Report. It highlights some of the Agency's recent achievements in making Canada's transportation system more competitive, efficient and accessible.

General

Canada

1. Baird to visit China Minister on mission to strengthen ties, boost travel and trade, July 12, 2009, www.tc.gc.ca
2. The Canadian Transportation Agency showcases another successful year in its 2008-09 Annual Report, July 22, 2009, www.cta-otc.gc.ca

US

1. Freight TSI falls to lowest level in 12 years – again, July 13, 2009, www.ctl.ca
2. House Panel Approves \$75.8 Billion DOT Budget, July 17, 2009, www.joc.com

Conferences

1. 4th Annual Maritime Conference, September 23-24, 2009, Westin Bayshore, Vancouver, BC

Publications

1. The Productivity Performance of Canada's Transportation Sector, June 2009, www.conferenceboard.ca
2. Analyses of the European Air Transport Market, June 30, 2009, www.europa.eu
3. National Transportation Statistics Update, Second Quarter 2009, July 9, 2009, www.dot.com
4. State Transportation Statistics 2008, July 24, 2009, www.bts.gov