

Transportation Information Update*

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AIR TRANSPORTATION

1. Canadian Transportation Agency issues decision on whether CHC Helicopters Canada would be a Canadian-owned and controlled company

CHC Canada applied to the Agency for a licence to operate a domestic helicopter service. CHC proposes to purchase the Canadian helicopter operations of CHC Global Operations, a non-Canadian air carrier authorized to operate restricted domestic flights pursuant to a Ministerial exemption. The Agency ruled that it would be a Canadian-owned and controlled company if their proposed transaction were to be completed as filed.

2. Air Canada to Expand Service to Mexico City

Air Canada on August 31, 2010 announced that beginning in November 2010 it will increase service between Mexico City and Canada with the resumption of daily flights to and from Montreal and the introduction of a new flight to and from Vancouver. Twice daily flights between Toronto and Mexico City will also continue year round.

3. Government of Canada designates Air Canada and Sunwing to serve Mexico

On Sept. 1, 2010, the Government of Canada designated Air Canada and Sunwing Airlines Inc. to operate additional scheduled international air services between Canada and Mexico. These designations allow Air Canada to serve the additional routes of Regina-Cancun, St. John's-Cancun and Montréal-Cozumel, and Sunwing to serve the additional route of Montréal-Cozumel to the benefit of Canadian travellers.

4. Polar Air Fined For Cargo Price-Fixing

Polar Air Cargo will pay a \$17.4 million fine to settle charges the freighter operator took part in a global conspiracy with other airlines to fix international air cargo prices. The settlement was for price-fixing allegations for shipments from the United States and Australia between 2000 and 2003.

5. Air Transat, pilots reach tentative deal

Air Transat, the airline operated by Transat A.T. Inc., has reached a tentative labour contract with its more than 300 pilots. Terms of the proposed contract, which would expire May 1, 2014, were not disclosed.

6. WestJet reports August load factor of 82.2 percent

Westjet reported its August 2010 load factor on September 7, 2010, a decrease of 2.3 points compared to September 2009. Revenue passenger miles (RPM) increased 8.2 percent year over year and available seat miles (ASM) increased 11.3 percent over the same period. Westjet President and CEO, Greg Saretsky, said "We continue to direct our new capacity towards our Southern destinations, as we find demand for leisure travel continues to be robust." For the year to date, load factor, RPM and ASM increased 2.1%, 12.9% and 9.9%.

7. Air Canada Reports Record Load Factor for August

Air Canada reported its August 2010 load factor of 86.8 per cent on a system consolidated basis with Jazz, matching last year's record for the same month. System traffic in terms of revenue passenger miles (RPM) increased 7.1 per cent and system wide capacity in terms of available seat miles (ASM) increased 7.0 per cent. Year to

Current Developments in Brief

Air Transportation

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1. Canadian Transportation Agency issues decision on whether CHC Helicopters Canada would be a Canadian-owned and controlled company, August 31, 2010, www.cta-otc.gc.ca
2. Air Canada to Expand Service to Mexico City, August 31, 2010, www.aircanada.ca
3. Government of Canada designates Air Canada and Sunwing to serve Mexico, September 1, 2010, www.tc.gc.ca
4. Polar Air Fined For Cargo Price-Fixing, September 3, 2010, www.joc.com
5. Air Transat, pilots reach tentative deal, September 3, 2010, www.globeandmail.ca
6. WestJet reports August load factor of 82.2 percent, September 7, 2010, www.westjet.ca
7. Air Canada Reports Record Load Factor for August, September 7, 2010, www.aircanada.ca
8. Passenger traffic rises at WestJet, Air Canada, September 7, 2010, www.globeandmail.ca
9. Air Canada cautious in its growth strategy, September 7, 2010, www.globeandmail.ca
10. New London cargo terminal open for business, September 7, 2010, www.todaystrucking.com
11. WestJet wants Canadians to Fly Free, September 10, 2010, www.westjet.ca
12. SAS Cargo Pays \$13.9 Million in Price-Fixing Settlement, September 13, 2010, www.joc.com
13. Air Canada and Air Canada Vacations Boost Non-stop Flights to Sun Destinations this Winter with More than 600 Weekly Flights, September 16, 2010, www.aircanada.ca
14. Aircraft movement statistics: Small airports, September 16, 2010, www.statcan.gc.ca
15. Civil aviation operating statistics, September 16, 2010, www.statcan.gc.ca
16. Brothers selling Bearskin Airlines for \$32.5-million, September 16, 2010, www.globeandmail.ca
17. Uniting Behind Aviation's Environment Efforts - Time for Global Framework, September 17, 2010, www.iata.org
18. WestJet applauds BC Government on aviation fuel tax, September 20, 2010, www.westjet.ca
19. Air Canada Boosts International Flights from Vancouver; Applauds BC's Move to

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date, load factor, RPM and ASM increased 1.1%, 8% and 6.5%. Calin Rovinescu, President and Chief Executive Officer said "This is our ninth consecutive month that we have recorded year-over-year traffic increases."

8. Passenger traffic rises at WestJet, Air Canada

Canadian airlines WestJet and Air Canada both reported year-over-year increases in passenger traffic for August 2010. WestJet's President and CEO, Gregg Saretsky, said "We continue to direct the majority of our new capacity toward our southern destinations, as we find the demand for leisure travel continues to be robust." Air Canada's President and chief executive officer, Calin Rovinescu, said in a statement "These record load factor results were achieved as we continue to increase utilization of our existing fleet and leverage effectively our hubs and global network."

9. Air Canada cautious in its growth strategy

The CEO of Air Canada is cautious in his current strategy on the airline's growth, he said "We're going to concentrate on managing our growth until we receive our 787s (dreamliners)." "This is the discipline that we have to have as an organization. We won't add growth just for the sake of growth." Calgary-based WestJet Airlines Ltd., however, intends to take delivery of new Boeing 737 jets over the next several years, while Toronto-based Porter Airlines Inc. is preparing to deploy new Bombardier Q400 turboprops in mid-2011. The strategy seems to be paying off for Air Canada. In the meantime, WestJet is building up its southern market and leisure business.

10. New London cargo terminal open for business

London International's Airport is expected to turn the newly opened cargo terminal into a major transportation hub. Peter White, president of the London Economic Development Corp., said the project will ease border concerns and create 70 jobs immediately. Each plane that lands is expected to add as much as 15 percent spinoff employment in London.

11. WestJet wants Canadians to Fly Free

WestJet announced details of its third National Fly Free Contest with ten newspapers across Canada. There are \$750,000 prizes to be won and a chance each week.

12. SAS Cargo Pays \$13.9 Million in Price-Fixing Settlement

SAS Cargo, a subsidiary of Scandinavian Airlines System, will pay \$13.9 million to settle class-action lawsuits over price-fixing in international air freight transport, pushing airline settlements in the private claims by attorneys representing shippers beyond \$200 million. SAS, one of several carriers that faced criminal penalties in the United States in the investigation of a global price-fixing conspiracy, also will pay \$500,000 in "notice costs". It also agreed to co-operate in the investigation

13. Air Canada and Air Canada Vacations Boost Non-stop Flights to Sun Destinations this Winter with More than 600 Weekly Flights

For winter 2010, Air Canada and Air Canada Vacations will boost capacity and frequency, to offer seven new non-stop routings and an expanded choice of popular holiday sun destinations including 48 additional flights a week to the U.S., the Caribbean, Mexico and Costa Rica.

14. Aircraft movement statistics: Small airports [June 2010]

In June 2010, the number of take-offs and landings at the 131 airports without air traffic control towers reached 68,561 movements. Year-over-year increases were reported by 76 of these airports.

15. Civil aviation operating statistics

Civil aviation operating statistics for July 2010 are now available from Statistics Canada.

16. Brothers selling Bearskin Airlines for \$32.5-million

Exchange Income Corp. (EIC), an aviation and manufacturing company chaired by former Manitoba premier Gary Filmon, has agreed to buy Bearskin Airlines for \$32.5-million. Winnipeg-based EIC already operates Calm Air, Keewatin Air and Perimeter

Eliminate Provincial Fuel Tax, September 20, 2010, www.aircanada.ca

20. Vancouver airport moves to lure carriers, September 21, 2010, www.globeandmail.ca

21. Improved Profitability - But Europe Still Lags in the Red, September 21, 2010, www.iata.org

22. Airline industry rebounding strongly, September 21, 2010, www.globeandmail.ca

23. Civil aviation operating and financial statistics (First quarter to fourth quarter 2009 (preliminary), September 22, 2010, www.tc.gc.ca

24. Porter's fortunes looking up, September 21, 2010, www.globeandmail.ca

25. Aircraft movement statistics: Major airports [August 2010], September 24, 2010, www.statcan.gc.ca

26. Air Canada chief weighs into Potash controversy, September 21, 2010, www.nationalpost.ca

27. Government of Canada designates Air Transat to serve Bahamas, September 24, 2010, www.tc.gc.ca

28. Transportation sector defies slowdown - for now, September 24, 2010, www.theblobandmail.ca

29. Air Fare [Second Quarter 2009], September 28, 2010, www.statcan.gc.ca

30. Slower Growth in August [2010], September 28, 2010, www.iata.org

31. Minister of Transport confirms Canada's commitment to international aviation safety, security, sustainability, September 28, 2010, www.tc.gc.ca

US

1. DOT Updates "Fly Rights" Airline Consumer Guide, August 31, 2010, www.dot.gov

2. Long Tarmac Delays [in the US] in July 2010 Down Dramatically from Last Year, September 13, 2010, www.dot.gov

3. ISIS Programme 2009-2012 - Supporting the implementation of a single European Sky in South East Europe, September 14, 2010, www.europa.eu

4. June 2010 U.S. Airline Traffic Data: System Traffic Up 2.3 Percent from June 2009, September 16, www.dot.gov

5. 2nd-Quarter 2010 Airline Financial Data: Network, Low-Cost and Regional Airlines Report Profits, Sept. 20, 2010, www.dot.gov

6. NTU[Nanyang Technological University], IATA work together to develop human capital for global aviation industry, September 21, 2010, www.iata.org

7. July 2010 Passenger Airline Employment Down 2.3 Percent from July 2009, September 21, 2010, www.dot.gov

Aviation, which have a combined fleet of nearly 60 planes. Bearskin, based in Sioux Lookout in northern Ontario, operates a fleet of 14 Fairchild Metroliner turboprops, using the 19-seat aircraft to serve travellers in Ontario and Manitoba. Bearskin flies to 13 destinations in Ontario and four in Manitoba. Adding Bearskin's 250 employees will bring EIC's total payroll to 1,500 workers.

17. Uniting Behind Aviation's Environment Efforts - Time for Global Framework

On September 17, 2010, the International Air Transport Association (IATA) called on the world's governments to unite in support of aviation's ambitious targets to combat climate change and agree to a global approach at the upcoming International Civil Aviation Organization's (ICAO) Triennial Assembly in Montreal. The global aviation industry is united behind three targets to address climate change: 1. a 1.5% average annual improvement in fuel efficiency to 2020, 2. a capping of net emissions from 2020 with carbon-neutral growth, and 3. a cutting of net emissions in half by 2050 compared to 2005. To achieve these targets, the aviation industry is also united on a four-pillar strategy: investing in new technology, more efficient infrastructure, more effective operations and positive economic measures.

18. WestJet applauds BC Government on aviation fuel tax

WestJet CEO indicated that he was pleased with the BC Government's announcement to eliminate the provincial BC aviation fuel tax on transborder and international flights. This will make BC's aviation industry more competitive in the transborder and international market. The CEO also thanked the President of the Vancouver Port Authority for the announcement of a 5-year incentive program that will allow carriers to expand their capacity at Vancouver airport without incurring additional landing and terminal fees. It is expected that this will create jobs and add millions to the BC economy.

19. Air Canada Boosts International Flights from Vancouver; Applauds BC's Move to Eliminate Provincial Fuel Tax

On September 20, 2010, Air Canada announced that it is boosting international flights from Vancouver to Asia beginning this coming winter season. The airline also welcomed Premier Campbell's announcement of his government's commitment in proposing legislation to eliminate the provincial aviation fuel tax for international flights from British Columbia. In addition, they also thanked the Vancouver Airport Authority for their initiative to hold in line landing and terminal fees for a five-year period as they introduce these new services. They also called on government and industry to work in collaboration.

20. Vancouver airport moves to lure carriers

Industry observers say the Vancouver airport's announcement goes beyond Toronto's Pearson International Airport's recent moves to boost traffic. Canada's largest air terminal offers a 60-per-cent cut in first-year landing fees in an incentive program targeted at carriers that launch new routes into underserved or overlooked destinations. Pearson also offers a 50-per-cent, first-year discount to airlines that introduce additional flights or seat capacity along their existing network. The two airports' efforts to bolster traffic are necessary because aviation executives are frustrated by a regime of government fees and taxes contributing to higher airfares. Rising ticket prices have pushed many Canadian consumers to American airports, such as Seattle and Bellingham, Wash. Both Air Canada and WestJet praised Vancouver's initiative.

21. Improved Profitability - But Europe Still Lags in the Red

The International Air Transport Association (IATA) revised its 2010 industry outlook and is now projecting a profit of \$8.9 billion (up from the \$2.5 billion forecast in June). The improved outlook for 2010 has been driven by a combination of factors. On the revenue side increasing demand and disciplined capacity management are leading to sharply stronger yields pushing revenues higher. At the same time, costs remain relatively stable. In its first look into 2011, the Association estimates that profitability will drop to \$5.3 billion.

22. Airline industry rebounding strongly

Global airlines have rebounded faster than expected from the recession after losing nearly \$26-billion (U.S.) over 2008 and 2009, IATA said on September 21, 2010, raising its profit forecast for 2010. The global economy led by Asia has made a quicker recovery from last year's recession than that expected by IATA, helping to boost passenger numbers and cargo. Asia will lead the growth this year with a \$5.2-billion profit while North American airlines should earn \$3.5-billion this year as U.S. carriers keep capacity limited. The European region was the only region to lose money. Global demand will likely expand 11 per cent for 2010 while capacity — or the number of seats — will grow 7 per cent, IATA said.

23. Civil aviation operating and financial statistics [First quarter to fourth quarter 2009 (preliminary)]

Quarterly operational and financial data on civil aviation are now available for 2009 from Statistics Canada.

24. Porter's fortunes looking up

On September 21, 2010, Porter Airlines, the regional carrier reported recent monthly statistics, indicating that its load factor surged to 63.9 per cent in August 2010, up from 52.5 per cent in August of 2009 and up from the first quarter statistics of 47%. Porter's traffic for the January-to-August period climbed 123 per cent to 369.5 million revenue passenger miles, while its seat capacity rose 97 per cent to 702.9 million available seat miles. It shelved an initial public offering in June 2010 and will consider it later together with alternative sources of financing.

25. Aircraft movement statistics: Major airports [August 2010]

Aircraft take-offs and landings at the 93 Canadian airports with NAV CANADA air traffic control towers and flight service stations decreased 3.1% in August 2010 compared with August 2009. These airports reported 537,351 movements in August 2010 compared with 554,654 movements in August 2009.

26. Air Canada chief weighs into Potash controversy

Air Canada CEO, Calin Rovinescu, spoke at the Global Business Forum. He described how Air Canada has made major strides in the last few months. It is now become the 15th largest airline in the world and has won the award for being the best airline carrier in North America. He indicated that this has all occurred despite the fact that it cost \$1 billion more to operate the airline from Canada than if done in the US. He drew attention to the benefits that US carriers receive from their government in terms of navigation air services and ridiculed the rent taxes that airlines in Canada have to pay. As a result, the airline loses some of its passengers who cross the border to fly from US airports. He called for a more enlightened attitude by the Canadian government. He said "My perspective today is much more about having proper regulatory, taxation and financing rules and a balanced trade arrangement with other countries. Especially where the competition is state owned – so that a global champion, whether in our industry or in others, can emerge and really compete. We need clarity of focus and commitment from government and a level playing field on the world stage. Especially as we find ourselves after these last two years with many foreign interests looking longingly at Canada's assets, strengths and resources."

27. Government of Canada designates Air Transat to serve Bahamas

The Honourable Chuck Strahl, Minister of Transport, Infrastructure and Communities, on September 24, 2010 announced the designation of Air Transat to operate scheduled international air services between Canada and the Bahamas. The Bahamas is one of Canada's primary leisure markets. This new designation will facilitate planned new scheduled air services from Toronto to Nassau.

28. Transportation sector defies slowdown - for now

The global economic rebound has been weak, but it is providing just enough strength for growth in the transportation market. IATA indicated better than expected profits for airlines in 2010. CN and CP have indicated increases in traffic of 14% and 9%, resp. But transportation companies are not completely in the clear, airline competition for southern destinations is heating up and grain transportation by the railways is faced with deterioration of western grain markets.

29. Air Fare [Second Quarter 2009]

Fare Basis Survey data are now available for the second quarter of 2009. The survey covers Air Canada, Jazz, Air Canada's Canadian regional code-share partners, Air Transat and WestJet.

30. Slower Growth in August [2010]

The International Air Transport Association (IATA) announced international scheduled traffic results for August 2010 indicating year-on-year increases of 6.4% for passenger and 19.6% for cargo. August 2010 demand is down from the 9.5% (revised) increase recorded for passenger and 23.0% growth in cargo recorded in July 2010. The August 2010 data is distorted by the comparison to Aug. 2009, by which time markets were expanding rapidly in a post-recession rebound.

31. Minister of Transport confirms Canada's commitment to international aviation safety, security, sustainability

In his speech, to International Civil Aviation Organization's (ICAO's) 37th General Assembly in Montreal on September 28, 2010, the Minister of Transport confirmed Canada's commitment to increasing aviation safety and security, as well as to finding a common way to reduce the environmental impacts of international aviation. Minister Strahl also expressed Canada's continued support for ICAO and acknowledged its value as a multilateral body for achieving these goals.

WATER TRANSPORTATION

1. DP World Becomes No. 3 Terminal Operator

DP World became the world's third-largest terminal operator, according to Drewry Shipping Consultants in 2009. It handled 31.5 million TEUs and holds a 6.7 percent global market share, just behind Hutchison Port Holdings of the British Virgin Islands, which has 6.8 per cent of the global market share. PSA International of Singapore, the world's largest terminal operator, has a 9.5 percent share of the market.

2. Government of Canada transfers Port Stanley port facility to Municipality of Central Elgin

On September 8, 2010, the Government of Canada transferred the ownership of the Port Stanley Port Facility to the Municipality of Central Elgin, as part of Transport Canada's Port Divestiture Program. The port facility represents approximately 64.5 hectares, 52.8 of which are part of the harbour bed. The property also features two breakwaters, two piers and a building. In addition, the transfer agreement includes a contribution of \$13.6 million from the Government of Canada to be used exclusively to cover operational costs and for maintenance of the port's infrastructure.

3. Boating Safety for Hunters and Anglers (Quebec region)

Transport Canada is reminding hunters and anglers to take extra care while out on our backcountry lakes and rivers. More than 40 per cent of boating deaths in the province involve hunters/anglers. Boaters should follow these safety tips: wear your life-jacket; make sure there are enough properly sized life-jackets or personal flotation devices for each person on board; ensure that all safety equipment on board is in good working condition; never overload a boat; distribute the weight of passengers, gear and game evenly; and keep a low centre of gravity.

4. Seaway Grain Shipments Surge 51 Percent

Grain shipments shot up to 830,000 metric tons in August 2010 from 647,000 in July 2010, a 28.3 percent increase in one month, and from 550,000 in August last year, a 51 percent hike, according to the St. Lawrence Seaway administration on September 9, 2010. The cause of the increase was a ban on Russian exports of wheat and need for wheat supply to replace Russian exports.

5. Truckers skeptical of Marine Atlantic improvements

Marine Atlantic says recent changes to its controversial booking system should help smooth out some problems, but some truckers still aren't so sure. Reservations will be limited to 28 days with the recent changes. The truckers, however, want the booking reservation system cancelled altogether.

6. Speaking notes for the Honourable Chuck Strahl, Minister of Transport, Infrastructure and Communities, to the Fifth Annual Canada Maritime conference

The Minister spoke of the importance of the Port of Montreal to the Canadian economy and the investment in Canadian ports. He indicated that while much has been done to invest in and renew infrastructure, other challenges exist that require new ways of doing business. These include: 1. strengthening our competitiveness in the rapidly shifting global economy; 2. improving our environmental performance; and 3. building strong partnerships across industry and governments. He also spoke of tax measures to improve the growth of the import and export sectors so that Canada will be a tariff-free zone for manufacturers by 2015.

7. Government of Canada funds green port project in Prince Rupert

The Government of Canada will invest \$2.5 million in the Prince Rupert Port Authority's (PRPA's) Fairview Terminal project to provide shore power capacity to

Water Transportation

Canada

1. DP World Becomes No. 3 Terminal Operator, September 2, 2010, www.joc.com
2. Government of Canada transfers Port Stanley port facility to Municipality of Central Elgin, September 8, 2010, www.tc.gc.ca
3. Boating Safety for Hunters and Anglers (Quebec region), September 9, 2010, www.tc.gc.ca
4. Seaway Grain Shipments Surge 51 Percent, September 9, 2010, www.joc.com
5. Truckers skeptical of Marine Atlantic improvements, September 13, 2010, www.todaystrucking.com
6. Speaking notes for the Honourable Chuck Strahl, Minister of Transport, Infrastructure and Communities, to the Fifth Annual Canada Maritime conference, September 14, 2010, www.tc.gc.ca
7. Government of Canada funds green port project in Prince Rupert, September 14, 2010, www.tc.gc.ca
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10. Port Metro Vancouver Accumulated Cruise Statistics - Y-T-D August 2010, September 16, 2010, www.portvancouver.com
11. Lines disappointed with regulation push, September 16, 2010, www.americanshipper.com
12. Retailer Group Stays Neutral on Carrier Antitrust Bill, September 21, 2010, www.joc.com
13. Oberstar Introduces Ocean Carrier Antitrust Bill, September 23, 2010, www.joc.com
14. The H2O highway, September 24, 2010, www.nationalpost.ca
15. CN and Montreal Port Authority reach framework agreement to increase gateway productivity and market share, September 24, 2010, www.cn.ca
16. Port Terminal Expansion Called Urgent, September 28, 2010, www.joc.com
17. Port of Montreal Cumulative Containerized summary traffic January to July 2010, September 28, 2010, www.portmontreal.ca

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1. Top lines' first half earnings surge, September 7, 2010, www.americanshipper.com
2. LA-Long Beach August Imports Surge 23.9 Percent, September 14, 2010, www.joc.com

container ships through an electric cable management system. Prince Rupert will be the first Canadian port to offer shore power for container ships. It will promote greener technology and improve air quality.

8. Prince Rupert Port Authority - Monthly Traffic Summary

Total containerized traffic in TEU moving through the Port of Prince Rupert for the month of August 2010 increased

by 11.1% over the same month last year. Containerized traffic (TEU) for January to August 2010 increased 50.8% over the same period in 2009. Cruise passenger traffic for the month of August increased 2.1% but year-to-date statistics indicate that it was down 10.7%.

9. Port Metro Vancouver Accumulated Container Statistics - Y-T-D August 2010

The port of Vancouver released its accumulated cargo statistics to the end of August 2010. Total containers in TEUs (1,624,713) increased 14% over the period January to August 2010 compared to the same period in 2009. Imports increased 16% and exports 13%.

10. Port Metro Vancouver Accumulated Cruise Statistics - Y-T-D August 2010

The port of Vancouver released its accumulated cruise statistics to the end of August 2010. Total number of cruise passengers were 454,861, for the first 5 cruising months of 2010, a decline of 37.9% compared to the same period in 2009.

11. Lines disappointed with regulation push The World Shipping Council was disappointed with the antiquated antitrust exemption provided to shipping. The Council said that they have been working with the Federal Maritime Commission to see how the current contract process can be improved.

12. Retailer Group Stays Neutral on Carrier Antitrust Bill

The Retail Industry Leaders Association is remaining neutral to the ocean carrier Antitrust bill so far. However, groups including the National Retail Federation, the National Industrial Transportation League, the Agriculture Transportation Coalition and the American Apparel and Footwear Association urged Rep. James Oberstar in a letter to press ahead with legislation that would draw new limits on carrier antitrust immunity.

13. Oberstar Introduces Ocean Carrier Antitrust Bill

Rep. James L. Oberstar, D-Minn., introduced legislation that would abolish ocean carriers' ability to meet and discuss rate guidelines in the US. The Shipping Act of 2010 would ban ocean carrier discussion agreements while preserving carriers' ability to form agreements aimed at improving service, such as vessel sharing agreements. The bill also would give the Federal Maritime Commission more authority to mediate and resolve service contract disputes. "Even under the current regulatory scheme, immunity for [rate discussion] agreements has long outlived its usefulness," Oberstar said in remarks that accompanied the bill. "Eliminating the antitrust immunity... will increase competition by requiring ocean carriers to compete in the marketplace with the best price and service to get shippers' business. That will benefit the industry as a whole."

14. The H2O highway

Toronto Port may become a major hub of commercial activity reminding the citizens of the country's largest city of its strategic maritime position. The Toronto Port Authority (TPA) looks to bring short-sea shipping lines to the St. Lawrence Seaway and the Great Lakes. Geoffrey Wilson, TPA's chief executive, says he is exploring the feasibility of feeding Toronto's swelling population and demand for goods by water, bringing everything from consumer goods to construction material in by barge. This project has garnered the support of terminal operators and port authorities in both the United States and Canada, as well as federal and local governments in those jurisdictions.

15. CN and Montreal Port Authority reach framework agreement to increase gateway productivity and market share

On September 24, 2010, CN and the Montreal Port Authority (MPA) announced the signing of a memorandum of understanding (MOU) that commits the parties to develop a best-practices vision for the gateway's supply chain, improve productivity, and leverage these gains to increase their transportation market share.

16. Port Terminal Expansion Called Urgent

According to the port expert for Drewry Shipping Consultants, marine terminal expansion almost came to a halt in 2009 during the global trade recession, but construction of container terminals must resume soon or capacity shortages are likely to occur in some regions. This forecast is more applicable to Asian ports than North American ports. Nevertheless, carriers in the shipping business will want to lock in terminal capacity, so they can protect their interests by signing contracts with stevedores guaranteeing a certain amount of capacity.

17. Port of Montreal Cumulative Containerized summary traffic January to July 2010

The total number of TEUs (763,798) at the Port of Montreal for the period January to July 2010 increased 4.8% over the same period in 2009. Inbound traffic in terms of TEUs increased 5.5% (379,599 TEUs) and outbound traffic increased 4.0% (384,239 TEUs). Total volume in terms of metric tonnes increased 8.6% over the above period.

RAIL TRANSPORTATION

1. CN gearing up for fall grain harvest

CN is hoping to move this year's grain crop more reliably than ever before with the use of its Scheduled Grain Plan. The plan, introduced earlier this year, applies precision scheduling to grain car deliveries. CN has achieved 90% success rate with the plan and hopes that when used for grain deliveries, it will have the same results. "This is a win-win for the entire industry - Canadian farmers, handlers, exporters, and CN," said Michael Cory, senior vice-president for Western Canada. CN officials say the plan has resulted in a "fundamental improvement in system reliability."

2. CN Brakemen & Conductors in northern Minnesota ratify new collective agreement

CN and the United Transportation Union (UTU) on September 7, 2010 announced that UTU-represented employees working on the Duluth, Missabe and Iron Range Railway Company (DM&IR) have ratified a new 7-year collective agreement. CN purchased the DM&IR as part of its May 2004 acquisition of the rail and marine holdings of Great Lakes Transportation LLC.

3. Railway container traffic on the upswing

There has been an increase in intermodal container traffic. CP has enjoyed a 15-per cent jump in international intermodal shipments so far this year, spurred by imports and exports at Port Metro Vancouver. Container traffic at CP and CN rose an average of 20.6 per cent in the first eight months of 2010, compared with the same period last year, according to the Association of American Railroads. "The volume surge has been so furious, in fact, that global container shortages have surfaced, transpacific shipping rates have spiked, and intermodal rail volumes have demonstrated a sharp upward trend."

4. Better access to CN intermodal facility for shippers in northern B.C.

Government officials announced on September 10, 2010, the completion of the upgrading and widening of River Road in Prince George. The Government of Canada committed up to \$3.5 million to help the City of Prince George improve the infrastructure along River Road and provide shippers with easier access to the CN Intermodal Facility located there. It is estimated that through the realization of cost savings, the final federal contribution will be approximately \$3.2 million. This project is an excellent example of our government's continued action to increase trade between North America and the Asia-Pacific region.

5. CP Expands Intermodal Train Productivity 45 Percent

Canadian Pacific Railway (i.e. CP) stretched the maximum number of intermodal cars per train from 63 in 2008 to 90 in 2010. As a result, CP expanded its ability to carry intermodal cars on trains 45 percent over the past two years, a company official says, and expects more gains as part of a plan to add capacity by improving productivity.

6. Review Process Milestones To Date - Early Notification to Interested Parties Regarding Report on Consultant's Study and Agency Consultation Document

The Canadian Transportation Agency, in order to provide interested parties time to prepare, is providing information related to the Agency's review of its Cost of Capital Methodology. It anticipates that the study prepared by the Brattle Group, entitled *Review of Railway Cost of Capital Methodology* and an Agency Consultation Document will be posted on the Agency's Web site near the end of October 2010. Submissions are invited on the report and will be posted on the Agency's website.

7. Rail Shippers Say Regulatory Bill Could Have Momentum

The Alliance for Rail Competition and Consumers United for Rail Equity said recent signals from the U.S. Senate Commerce, Science and Transportation Committee indicate that key lawmakers are trying to reactivate the rail bill that the committee passed last December.

8. Rails Challenge Senate Study, Attack on Railroad Profits

The U.S. railroad industry sharply rejected criticisms of railroad finances by a new report from the U.S. Senate Commerce, Science and Transportation Committee and warned that efforts to slap new regulations on the industry would "undermine" the financial health of carriers. They claimed that they have invested several millions in railway infrastructure than rely on taxpayer investment. They claimed that pointing to 2008 statistics when railways made

Rail Transportation

Canada

1. CN gearing up for fall grain harvest, September 1, 2010, www.cfl.ca
2. CN Brakemen & Conductors in northern Minnesota ratify new collective agreement, September 8, 2010, www.cn.ca
3. Railway container traffic on the upswing, September 8, 2010, www.globeandmail.ca
4. Better access to CN intermodal facility for shippers in northern B.C., September 10, 2010, www.tc.gc.ca
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6. Review Process Milestones To Date - Early Notification to Interested Parties Regarding Report on Consultant's Study and Agency Consultation Document, September 13, 2010, www.cta-otc.gc.ca
7. Rail Shippers Say Regulatory Bill Could Have Momentum, September 13, 2010, www.joc.com
8. Rails Challenge Senate Study, Attack on Railroad Profits, September 15, 2010, www.joc.com
9. Shipping rail regulation looms, September 15, 2010, www.americanshipper.com
10. Canadian Pacific signals employees ratify a three-year agreement, September 14, 2010, www.cp.ca
11. CN's Claude Mongeau calls for greater supply chain collaboration to improve customer competitiveness, September 15, 2010, www.cnr.ca
12. Agreement aimed at improving customer service and container throughput at Vancouver's Centrem Terminal, September 16, 2010, www.cnr.ca
13. Senator Pushes Repeal of Rails' Antitrust Exemption, September 17, 2010, www.joc.com
14. Rockefeller vows to push rail regulation, September 17, 2010, www.americanshipper.com
15. CN, Prince Rupert Port Authority and Maher Terminals ink new Level of Service Agreement, September 17, www.tl.ca
16. Canadian Pacific announces a \$350 million debt offering and a prepayment to its pension plans, September 21, 2010, www.cpr.ca
17. Potash, Asia shipments boost CP Rail, September 22, 2010, www.globeandmail.ca
18. US Railroads Haul Most Containers Ever, September 23, 2010, www.joc.com
19. Railway Carloadings [July 2010], September 28, 2010, www.statcan.gc.ca
20. CN's focus on supply chain collaboration driving positive results for western Canadian coal shipments, September 28, 2010, www.cn.ca

US

1. US Rails Haul Highest Volume since Autumn 2008, September 8, 2010, www.joc.com
2. Many Shippers Ready to Challenge [US] Rail Rates, September 14, 2010, www.joc.com

higher than normal profits is misleading.

9. Shipping rail regulation looms

With congress returning from holidays, shipping and rail regulation is expected to receive greater attention. The exemption of shipping conferences from the anti-trust regulation makes no sense and rail reforms to protect consumers and broaden the existing application of antitrust application is expected to balance economic bargaining power between shippers and railroads.

10. Canadian Pacific signals employees ratify a three-year agreement

Canadian Pacific has been notified by one of its labour unions, Canadian Signals and Communications System Council No. 11 of the I.B.E.W (IBEW), that the Memorandum of Settlement reached in July 2010 by Canadian Pacific and the IBEW has now been ratified by the membership. The agreement provides a 6% increase over three years.

11. CN's Claude Mongeau calls for greater supply chain collaboration to improve customer competitiveness

On September 15, 2010, Claude Mongeau, president and chief executive officer of CN urged the railway's supply chain partners to work more closely with the company to deliver better end-to-end transportation solutions that will help mutual customers compete more effectively in end markets. He said "A transportation system is as strong as its weakest link. ... CN has taken significant steps to improve its supply chain performance ... and we can do it." Concentrating on individual performance can lead to finger pointing and mutual trust is needed. Further, re-regulation is not the best course to improve the rail industry in Canada.

12. Agreement aimed at improving customer service and container throughput at Vancouver's Centerm Terminal

On September 16, 2010, CN and DP World, operators of the Centerm Terminal in Vancouver, announced the signing of a comprehensive Service-Level Agreement designed to further enhance the competitiveness of Canada's Pacific Gateway and to improve services for customers. The agreement ensures best practices are followed to improve productivity with the aim of increasing market share. This agreement follows other recent CN supply chain collaboration agreements with ports on both the west and east coasts of Canada – part of CN's continuing drive to promote balanced accountability among all port stakeholders.

13. Senator Pushes Repeal of Rails' Antitrust Exemption

Senator Kohl most identified with trying to strip railroads of their limited exemption to antitrust challenges says if a broad rail reform bill stumbles in Congress he will use "any other means possible" to get his antitrust measure enacted. The bill that was passed by the Commerce, Science Transportation Committee in December 2009 was stripped of the antitrust measures as a deal was struck with Senator Jay Rockefeller that when the final bill went to Congress it would contain the antitrust measure. The deal was made to ensure approval of the bill as there was strong opposition to the antitrust measures by the railroads. As of September 2010, the bill has not moved further. Kohl said while he will continue to work with the Commerce committee to pass the broader rail bill, "all should know that if comprehensive rail reform is not possible, I will seek to advance repeal of the antitrust exemption by any other means possible."

14. Rockefeller vows to push rail regulation

Rockefeller said at a rail conference that new rail regulation this year or next is going to happen. It will happen either through Congress or changes in regulation.

15. CN, Prince Rupert Port Authority and Maher Terminals ink new Level of Service Agreement

The Prince Rupert Port Authority (PRPA) and Maher Terminals Holding Corp. announced on September 17, 2010, a Level of Service Agreement to promote and better measure improvements in port performance. The agreement establishes performance targets, customer service measures and productivity indicators to improve the flow of containers through the Prince Rupert gateway, including specific times for unloading and loading containers between vessels and rail cars, dwell times at the terminal, and CN transit times to markets in Canada and the U.S.

16. Canadian Pacific announces a \$350 million debt offering and a prepayment to its pension plans

Canadian Pacific Railway Limited announced on September 20, 2010 that it's wholly owned subsidiary, Canadian Pacific Railway Company, is issuing US\$350 million of 4.45% Notes due March 15, 2023. The transaction is expected to close September 23, 2010. The net proceeds from this offering of approximately US\$346 million, combined with general corporate funds, will be used for a voluntary prepayment in 2010 of up to CDN\$650 million to the company's defined benefit pension plans.

17. Potash, Asia shipments boost CP Rail

Traffic volume of goods moved by CP is up 14 per cent so far this year thanks to a recovery in potash exports and a "surprise" leap in intermodal shipments on Canada's West Coast, an executive with the railway said on September 22, 2010. Potash shipments are up 200% and intermodal traffic is up 40%. There is no indication of a fall in demand in the near future in shipping. To the US however, shipments of potash have not yet returned to the pre-recession level in 2008 though they have increased.

18. US Railroads Haul Most Containers Ever

For the week ending Sept. 18, 2010 the Association of American Railroads [AAR] reported that the top US-owned freight railroads hauled more intermodal containers than in the past. When volume from major Canadian and Mexican carriers is included, along with the U.S. traffic of Canadian-owned railroads, the AAR said overall North American intermodal shipments by reporting lines for the week ending September 18, 2010 were up 16.3 percent from a year earlier at 299,305 units. They are up 15.1 percent so far this year.

19. Railway Carloadings [July 2010]

Total freight traffic originating in Canada and received from the United States rose to 24.7 million metric tonnes in July 2010, up 19.6% from July 2009. Non-intermodal freight loadings in Canada, which are typically carried in bulk or loaded in box cars, rose 18.5% to 19.9 million metric tonnes. The commodity groups with the largest increases in tonnage were iron ores and concentrates, potash and iron and steel (primary or semi-finished). Intermodal freight loadings in Canada, transported through containers and trailers loaded onto flat cars, increased 8.3% to 2.3 million metric tonnes in July 2010, compared with the same month the previous year.

20. CN's focus on supply chain collaboration driving positive results for western Canadian coal shipments

CN said on September 28, 2010 a comprehensive new supply chain approach to managing the flow of coal from mines to west coast terminals is helping the railway improve service to its coal customers and grow their volumes to Asian markets. CN's year-to-date shipments of volume of coal from Western Canada has increased significantly for 2010.

HIGHWAY

1. June 2010 Surface Trade with Canada and Mexico Rose 37.6 Percent from June 2009

Trade using surface transportation between the United States and its North American Free Trade Agreement (NAFTA) partners Canada and Mexico was 37.6% higher in June 2010 than in June 2009, reaching \$69.9 billion. The increase was 1.9% lower than the increase for the previous month. U.S.-Canada surface transportation trade totalled \$42.0 billion in June, up 35.5% compared to June 2009. The value of imports carried by truck was 35.8% higher in June 2010 compared to June 2009, while the value of exports carried by truck was 34.2 percent higher during this period.

2. Canadian Trucking Costs Edged Up in June

According to the survey by Nulogx, a provider of transportation management services and Supply Chain Surveys Inc., trucking costs for shippers in Canada rose 1.98% in June 2010 for the second straight month. Costs were 2.1% below June 2009 levels.

3. And they need speed limiters, why?

According to an American organization called the National Motorists Association (NMA), Ontario's capital has more speed traps than Montreal, L.A., and the Big Apple combined. The NMA feels that this somehow violates their rights.

4. Couriers and Messengers Services Price Index

The Couriers and Messengers Services Price Index decreased 0.8% in July 2010 compared with June 2010. The courier portion fell 1.0%, while the local messengers component rose 0.2%.

5. Index shows continuing positive outlook for trucking

For the fifth straight month, economic indicators for the trucking industry were positive in July 2010, according to transportation forecasters, FTR Associates.

6. McGuinty Government Investments In Public Transit Getting Results

PRESTO, Ontario's first-ever regional fare card, is quickly gaining popularity with public transit riders. More than 500 commuters are signing up each week since it was launched this May 2010. PRESTO is simple and convenient. It allows commuters to transfer seamlessly with one card across multiple transit systems in the GTHA (Greater Toronto Highway Area).

7. FedEx earnings disappoints, plans job cuts

FedEx Corp., the second-largest U.S. package-shipping company, reported a first-quarter 2010 profit that trailed analysts' estimates, and said it plans to eliminate 1,700 jobs. Net income for the three months was US\$380-million, or US\$1.20 a share,

which fell short of the average US\$1.21 estimate. Revenue rose 18% to US\$9.46-billion, the Memphis, Tennessee-based

Highway Transportation Canada

1. June 2010 Surface Trade with Canada and Mexico Rose 37.6 Percent from June 2009, August 31, 2010, www.bts.gov
2. Canadian Trucking Costs Edged Up in June, September 1, 2010, www.joc.com
3. And they need speed limiters, why?, September 2, 2010, www.todaystrucking.ca
4. Couriers and Messengers Services Price Index, September 7, 2010, www.statcan.gc.ca
5. Index shows continuing positive outlook for trucking, September 9, 2010, www.todaystrucking.ca
6. McGuinty Government Investments In Public Transit Getting Results, September 9, 2010, www.mto.gov.on.ca
7. FedEx earnings disappoints, plans job cuts, September 16, 2010, www.nationalpost.ca
8. A Record decade for road safety, September 15, 2010, www.cemt.org
9. Government partnership celebrates launch of Züm bus rapid transit service in Brampton, September 17, 2010, www.tc.gc.ca
10. Travel between Canada and other countries, September 21, 2010, www.statcan.gc.ca
11. Federal and provincial governments open newly twinned section of Highway 104, September 21, 2010, www.tc.gc.ca
12. Large urban transit [July 2010 Preliminary], September 23, 2010, www.statcan.gc.ca
13. Couriers moving into wider supply chain roles: survey, September 24, 2010, www.todaystrucking.com
14. May TransForce be with Dalton, September 28, 2010, www.todaystrucking.com

US

1. Freight Transportation Services Index (TSI) Rose 0.4% in July 2010 from June 2010, September 9, 2010, www.dot.gov

company said today in a statement.

8. A Record decade for road safety

According to a recent release by the International Transport Forum, the most recent figures on road fatalities in 33 countries show a steep drop over the period 2000 to 2009. Spain, Portugal and France top the list in a reduction of fatalities. US recorded its lowest level of fatalities in 2009 in more than sixty years. But the number of deadly motorcycle accidents increased in many countries - and 90 per cent of road-related deaths occur in the poorer parts of the world.

9. Government partnership celebrates launch of Züm bus rapid transit service in Brampton

On September 17, 2010, government officials participated in a launch event for Züm, Brampton's first bus rapid transit (BRT) service, and the official opening of the new Brampton Transit Bramalea Terminal. Züm service will run along Queen Street, from downtown Brampton to York University, and will begin operations on September 20, 2010.

10. Travel between Canada and other countries [July 2010]

Travel by United States residents to Canada reached 1.7 million trips in July 2010, up 2.3% from the previous month. Travel by residents of overseas countries decreased 1.3% to 369,000 trips in July 2010 with 7 of the top 12 countries posting declines. Canadian residents took 4.5 million trips abroad in July, up 2.5% from the previous month. The number of trips by Canadians to the United States rose 3.0% to 3.8 million. Travel by Canadians to overseas destinations increased 0.3% to 732,000 trips in July 2010.

11. Federal and provincial governments open newly twinned section of Highway 104

On September 18, 2010, government officials marked the completion of the 7.5-kilometre section of highway 104 with a ribbon-cutting ceremony. The new section opened to traffic on September 2, 2010. "This project is an important part of the province's ongoing efforts to upgrade Highway 104 in the New Glasgow and Antigonish areas." The total cost of twinning Highway 104 between New Glasgow and Old Pine Tree Road is \$22 million, with the Government of Canada contributing \$5.85 million under the Canada Strategic Infrastructure Fund.

12. Large urban transit [July 2010 Preliminary]

Total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit properties rose 8.2% from July 2009 to \$212.1 million in July 2010. These 10 companies represent about 80% of total urban transit across the country. Ridership levels rose to 112.0 million passenger trips in July 2010, a 3.4% increase from the same month a year earlier.

13. Couriers moving into wider supply chain roles: survey

A survey, conducted by the Messenger Courier Association of America (MCAA) revealed that a significant number of messenger courier companies are moving into roles as key players in the global supply chain, a dramatic shift from their previous role delivering letters and packages.

14. May TransForce be with Dalton

Canpar won a three-year contract to deliver all of Queen's Park's (Toronto) overnight materials. Canpar is a division of Transforce the single biggest for-hire carrier in Canada. Canpar will hire about 90 new drivers and add new vehicles to deliver approximately 16,300 shipments a day for the government, with 95 percent of the shipments being completed within Ontario.

GENERAL

1. Clients Highly Satisfied with Canadian Transportation Agency

On September 9, 2010, the Canadian Transportation Agency released the final report on its 2009-2010 client satisfaction surveys. Compiled and analysed by Ispos Reid Public Affairs, the survey results reveal high degrees of satisfaction with Agency services on the part of both key transportation stakeholders and members of the travelling public who have dealt with the Agency. The Agency also got high marks for its professionalism and for ensuring its processes are well understood.

2. Competitive study has useful insights: consultant

Stephen Shepherdson said the World Economic Forum's Global Competitiveness Study sheds an interesting light on the relative competitiveness of firms in the United States and Canada at a Conference in Toronto. It found that Canada leads the way in transport infrastructure, goods market efficiency, and development of talent, but lags in business sophistication and technological readiness. More specifically, Canada ranks higher than the U.S. on the quality of its air transport infrastructure, port infrastructure, railroad infrastructure, and roads. In terms of overall quality of infrastructure Canada ranks 13th in the world, and the U.S. ranks 23rd. It also has a significant advantage over the U.S. in terms of goods market efficiency, where Canada ranks in the top 10 globally in several categories, and is number one in time required to start a company.

3. Domestic Travel [2009]

The public use microdata file for the 2009 Travel Survey of Residents of Canada is now available from Statistics Canada.

General

Canada

1. Clients Highly Satisfied with Canadian Transportation Agency, September 9, 2010, www.cta-otc.gc.ca
2. Competitive study has useful insights: consultant, September 26, 2010, www.todaystrucking.com
3. Domestic Travel [2009], September 28, 2010, www.statcan.gc.ca

Publications

1. Competition Policy Newsletter 2010-1, August 31, 2010, www.europa.eu