

TRUCKING TRANSPORTATION IN CANADA BEFORE AND AFTER DEREGULATION - MAJOR TRENDS

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I. Introduction

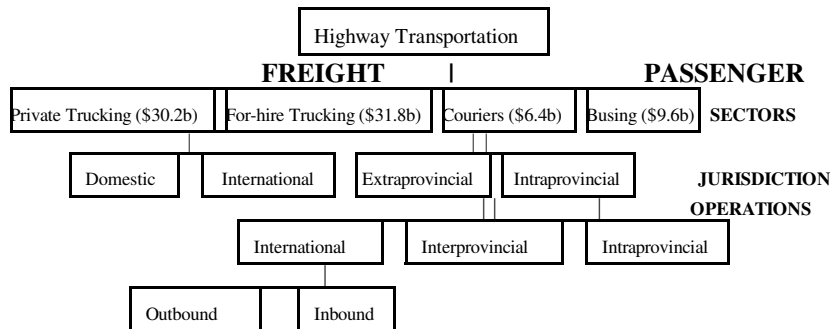
In the early 1920s, highway transport was regulated by the Provinces. Since 1954, jurisdiction over highway transport was divided between the federal and provincial governments as a result of a case brought before the Supreme Court which gave responsibility for extra-provincial transport to the federal government. However, regulatory control over highway transport continued to be exercised by the Provinces as federal economic regulatory responsibilities for extra-provincial highway traffic, have in the main been delegated to the provinces since the passage of the *Motor Vehicle Transport Act* in 1954. This paper concentrates on trucking which accounts for 68% of domestic trade transportation. First, however it presents an overview of highway transportation in section I. Then it describes trucking transportation before deregulation - revenue, commodities, area of operation, firms and regulation in section II. In section III, the post deregulation situation is described. In section IV, the major trends in trucking are described together with some of the major current problems and proposed strategies for dealing with them.

II. An Overview of Highway Transportation

A schematic presentation of highway transportation in Canada is shown in the following diagram which shows: the industry, the sectors, the jurisdiction and areas of operation.

The Sectors: Highway transportation includes trucking (private and for-hire), courier services and busing. For-hire trucking services are usually classified into truck load (often referred to as TL) and less than truck load (often referred to as LTL). The size of each sector for 2006 is shown by their total revenue in each box above.[1] The for-hire segment is often further classified according to the type of freight carried - general freight, household goods, liquid bulk, dry bulk, forest products and specialized freight. One can further breakdown the for-hire sector in non-owner operated and owner operated. These various components for statistical purposes are demarcated using a financial criteria and

were classified into Class I, Class II and Class III. These sectors are basically involved in freight transportation and account for approximately 88% of revenues. The size of each sector for 2006 is shown by their total revenue in each box above.[1] The for-hire segment is often further classified according to the type of freight carried - general freight, household goods, liquid bulk, dry bulk, forest products and specialized freight. One can further breakdown the forhire sector in non-owner operated and owner operated. These various components for statistical purposes are demarcated using a financial criteria and were classified into Class I, Class II and Class III. These sectors are basically involved in freight transportation and account for 88% of revenues.



Passenger transportation which is shown in the above structure includes busing which accounts for approximately 12% of revenues. Busing includes urban transport, intercity busing (which includes scheduled, charter and other (i.e., parcel)), and school buses in the above sector. It could be pointed out that the absence of private automobile transportation which dominates passenger transportation is not shown in the above structure. Perhaps, the only justification for this omission is that the above structure refers to Highway transportation and not Road transportation. (Some idea of its magnitude, can be obtained from the fact that personal road vehicles accounted for 93.7% (i.e. 466b of a total of 497b) of total domestic road passenger kil. in 1995.) In this broader classification one would also have to include taxi transportation.

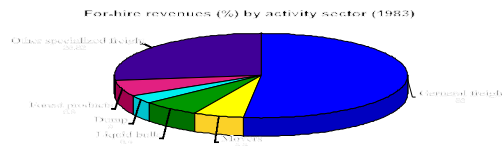
Jurisdiction and Areas of Operation: Along jurisdictional lines trucking and busing can be differentiated if their operations are only within a province and fall under provincial jurisdiction and whether they fall

between provinces and fall under federal jurisdiction. International operations from one province in Canada to another country (US or Mexico) fall under federal jurisdictions. Some idea of their relative size in Cd. dollars by jurisdiction using 2003 data is: Private (Domestic- 93.1% and International- 6.9%); For-hire (Extra-88.1% and Intra- 11.9%) and by operations is: International- 40.2% (outbound and inbound divided equally); Inter-24.8%; and Intra-35%.

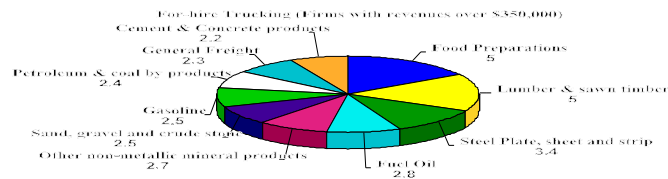
III. Trucking Transportation in Canada Before Deregulation

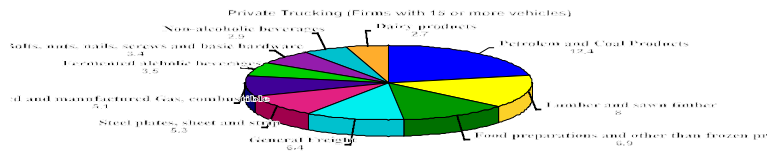
a) Industry Sector by Revenue, Commodities and Province

1. *Revenue*: Trucking transportation includes private trucking, for-hire trucking and courier services. For-hire trucking can be categorized into truckload (TL) and less-than-truckload (LTL). In 1983, their operating revenue accounted for \$6087.7 million (i.e., \$5,753m freight and \$334.7m household movers). Private trucking is believed to account for a similar amount of revenue and data on it at that time was typically nonexistent. For-hire trucking services can also be categorized according to the types of freight carried: general freight; other specialized freight; liquid bulk; dry bulk; forest products and household goods. Their shares of the total for 1983 are shown in the pie-chart.



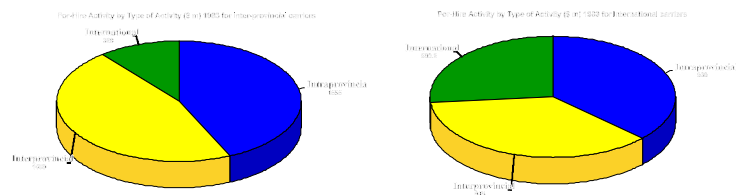
2. *Commodities*: The ten most important commodities carried by for-hire and private carriers in 1983 account for 30.8% and 56.6% of the





total tonne-kilometres. The percentages of each of them are shown in the above pie-charts.

3. *Area of Operation:* The for-hire trucking orientation of freight by revenue (inter-provincial \$3,602.6m and international \$2,596.0m) for 1983 is broken down by activity and shown in the following charts.



4. *Firms:* In the early 1980s, ownership of the for-hire freight transport industry was mainly in private hands although the federal government had not completed the sale of its interest in the industry (eg. CN Route) and a few firms were also owned fully or partially by provincial governments. In the case of for-hire trucking companies, other than household goods, the top four trucking companies in the early 1980s were Federal Industries Transport Group, CP Trucks Group, TNT Canada, and Delta Sierra Romeo Corporation. The Canadian household goods moving industry was dominated by the five United States owned van line companies (United Van Lines (Canada) Ltd., North American Van Lines Canada Ltd., Allied Van Lines Limited, Atlas Van Lines (Canada) Ltd., and Aero Mayflower Transit Co. Ltd.)

b) Economic regulations in Trucking Industry Before Deregulation

1. Federal: The major federal laws that regulated highway transport besides the *Motor Vehicle Transport Act* (MVTA) were the *National Transportation Act* (NTA), the *Lord's Day Act* (LDA) and the *Atlantic Region Freight Assistance Act* (ARFA). The MVTA the most important act applicable to trucking is divided into three parts: Part I allows each province to licence extra-provincial bus undertakings; Part II of the Act allows each province to licence extra-provincial operations of extra-provincial truck undertakings; and Part III allows provinces to licence extra-provincial truck undertakings in intra-provincial operations.

The main areas of regulation under federal government were: proposed acquisitions (s. 27 of the NTA); licences and related issues (ss. 36 to 42 of the NTA); and payments of subsidies (s. 3(1) of ARFA).

Acquisitions that were proposed could be objected to the Motor Vehicle Transport Commission of the Canadian Transport Commission on grounds that it will be prejudicial to the public interest. On investigation, the Committee may disallow such an acquisition.

Licences and related issues, such as issuance, prescription of routes and conditions, filing of tariffs, rebates, prescription of tariffs and the issuance of free or reduced rate transportation fell under the jurisdiction of the Commission in cases where motor vehicle passenger and freight services were exempt from the MVTA.

Payments of subsidies was provided to designated carriers for freight transported from points within Atlantic provinces to points outside these provinces. ARFA also provided for other subsidies and assistance.

2. Provincial: In addition to the federal laws, the Provinces regulated transport through their acts. In BC, the Motor Carrier Commission administered the *Motor Carrier Act*; in Alberta, the Motor Transport Board administered the *Motor Transport Act*; in Saskatchewan, the Highway Transport Board administered the *Vehicles Act*; in Manitoba, the Highway Traffic Board administered the *Highway Traffic Act*; in Ontario, the Highway Transport Board administered the *Public Commercial Vehicles Act* and the *Highway Transport Board Act*; in Quebec, the Transport Commission administered the *Transport Act*; in New Brunswick the Motor Carrier Board administered the *Motor Carrier Act*; in PEI, the Public Utilities Commission administered the *Motor Carrier Act*; in NS and Newfoundland, the Board of

Commissioners of Public Utilities administered the *Motor Carrier Act*. Apart from differences in detail, virtually all the provinces had legislation which provided for regulation of both intra and extra-provincial trucking and passenger bus operations and gave extensive authority over these modes to the Lieutenant-Governor-In-Council (LGIC). The LGIC appointed a regulatory commission/agency delegating all regulation to it.

The commission had relatively broad powers to control entry, operating authorities including routes, fare levels, capacity, service quality and other matters such as safety, vehicle specifications, insurance requirements and driver qualifications. The exercise of powers varied. Regulations pertaining to entry-exit control, rate regulation and rate filing are summarized in the table hereafter for both intra and extra-provincial highway movement of freight. Entry-exit control is used in

Reg. Framework Applicable to Intra / Extra Provincial For-hire Highway Transport by Province

Province	Entry-Exit Control	Rate Regulation	Rate Filing
BC, Sask, Manitoba	yes/yes	yes/no	yes/no
Alberta	no/yes	no/no	no/no
Ontario	yes/yes	no/no	yes/no
Quebec	yes/yes	yes/no*	yes/yes
NB, PEI, NS	yes/yes	no/no	yes/yes
Newfoundland	yes/yes	yes/yes	yes/yes

* Discontinued as a result of a Federal-Provincial memorandum of understanding realized in February 1985.

the context of the need to establish and maintain public convenience and necessity (PCN). Freight control is also achieved through various restrictions on operating authorities, such as origin/destination, route, commodities, weight, back-hauling, etc.

The degree to which a regulatory provision applied varied from province to province. While entry regulation was practised in all provinces, the regulation of rates and fares was rigorously imposed in some while others did little more than accept them as filed. The provinces (except three) had the power to prescribe rates, however the extent to which they exercised these powers is not clear.

In sum, before regulatory reforms were introduced in 1987, economic regulation of highway transport was extensive. Economic regulation of highway passenger and traffic carriers covered: 1) Entry-exit and transfer control; 2) Rate reg; 3) Rate filing; and 4) Authority restrictions

(i.e., restrictions on commodities that can be carried, O/D etc.)

IV. Trucking Transportation in Canada After Deregulation

a) Industry Sector by Revenue, Commodities and Province

1. *Revenue:* In 2005, the industry generated \$67 billion in revenues. Private trucking, for-hire trucking and courier services accounted for: \$30.2 billion, \$30.4 billion and \$6.4 billion. For-hire trucking services according to the types of freight carried for 1997 and 2006 are shown in the following pie-charts. The revenue of courier services are derived from two sources: overnight or later day delivery; and messenger delivery. The former accounts for 82% of the total revenue.



2

Commodities: The four most important commodities in domestic trade were: construction materials (24%); agricultural products (17%); energy products (10%); and primary metals, metals and mineral products (9%). In international trade five commodity groups represented 80+% of all exports and imports by truck in 2006. The five groups were: automobile and transport equip.; machinery and electrical equip.; other manuf. products; plastics and chemicals; and base metals and articles.

3. *Area of Operation:* Ontario and Quebec account for 75% of intra-provincial trucking in Canada. The main interprovincial flows were between Ontario and Quebec, followed by Ontario and Alberta, and Alberta and BC. The share of intraprovincial, interprovincial and international carriers according to their activity in 2006 in million of tonnes was: 447 (73.6%); 73.2 (12%); and 87.2 (14.4%).

As in the past, data on private trucking is illusive and the little information that exists is a result of the 1991 and 1995 surveys by Statistics Canada. Private trucking is typically concentrated in urban and intraprovincial movements, accounting for 85% and 75% of these movements. Private trucking accounts for 28% of transborder trucking and 22% of interprovincial trucking. The market share of private

trucking rapidly diminishes as the linehaul distance increases, for example it accounts for only 10% of long distance transborder trucking. It has also been pointed out that the type of vehicles used by private trucking is different to that of for-hire trucking.

4. Firms: In 2009, ownership of the for-hire freight transport industry was mainly in private hands, the government having sold its limited interest in it. In the case of forhire trucking companies, other than household goods, the top four trucking companies (according to the 100 top Annual Survey) in terms of fleet units were: Transforce Income Fund, Vitran Corporation Inc., Mullen Group Inc., and Trans X. None of the companies that were in the top four in the 1980s are in this list.

b) Economic regulations in the Trucking Industry After Deregulation

1. Federal: The first indication of regulatory reform in highway transportation resulted from a statement by the federal Minister of Transport on September 28, 1984 which indicated that his government in cooperation with provincial governments should "proceed towards the establishment of a uniform and scaled-down regulatory framework for the trucking industry."^[2] Shortly thereafter, on February 27, 1985 the Council of Transportation of Ministers signed a Memorandum of Understanding proposing changes related to entry, elimination of rates, exemption of commodities from economic regulation and streamlining the application process. Besides these specific proposals which were later reflected in the July 1985 Discussion Paper *Freedom to Move* of the Minister of Transport, general principles underlying regulatory reform of transport were also contained in the Discussion Paper. These proposals were later embodied in Bill C-127 (*An Act Respecting Motor Vehicle Transport by Extra-Provincial Undertakings*) and Bill C-126 (*An Act Respecting National Transportation*).

The basic reforms relating to economic regulation introduced in the *Motor Vehicle Transport Act*, 1987 (MVTA) (i.e., Bill C-127) were: 1) Relaxation of extraprovincial trucking regulation by easing market entry. (More specifically, beginning January 1, 1988, the current 'public convenience and necessity test' was to be replaced by a 'fitness' entry test and a 'reverse onus' public interest test. Further, on December 31, 1992 the public interest test was to expire); 2) Discontinuation of rate regulation; and 3) Restrictions on existing licences were to expire on January 1, 1993, for example extra-provincial licences were not to be

limited to specific commodities or specific routes. The revised MVTA left regulation of intra-provincial operations by extraprovincial truck undertakings (Part III of the MVTA) and regulation of busing (Part I) unchanged. At the provincial level, a number of provinces also began to introduce regulatory reforms for intra-provincial carriers.

In 1990, the federal government agreed to repeal Part III (extraprovincial undertakings involved in intraprovincial operations) of the MVTA through the *Agreement on Internal Trade Implementation Act*.^[3] The date for repeal was Jan. 1, 1998, however, in response to requests from BC and Québec, the Minister agreed to postpone the repeal to Jan. 1, 2000.^[4] On August 26, 1999, the Governor in Council approved an order establishing Jan. 1, 2000, as the date for repeal of Part III of the MVTA. As of this date, [extra-provincial] trucking [was] no longer subject to economic controls, such as economic entry controls and tariff regulations in any part of Canada.^[5]

Deregulation of international trucking with regard to Mexico was achieved at a later date. The NAFTA, provided for access to Canada and US by Mexican carriers in 2000^[6] and provided for ownership and investment in Mexican trucking companies providing international service up to 51% by the year 2001 and 100% by 2004.

The above success did not completely carry through to the busing sector, due to lack of provincial consensus, the matter was referred to a Parliamentary Com. In Dec. 2002, the Senate Standing Com. tabled its report on bus issues. Its key recommendation was a *reverse onus* public interest test of entry for extraprovincial bus carriers. The effect of this would be national liberalization of economic entry control.

2. Provincial: The *Agreement on Internal Trade* called for the elimination of economic controls on trucking. The elimination of intraprovincial economic regulation in various provinces did not all occur on the same date, eg. PEI repealed its *Motor Carrier Act* on January 1, 1995, Manitoba and Saskatchewan phased out economic regulation on intraprovincial trucking on January 1, 1998. However, by January 1, 2000, the last vestiges of provincial economic regulation of *intraprovincial* trucking expired. Trucking is no longer subject to entry, or tariff filing or tariff regulation in any part of Canada. This does not mean that all regulation of trucking has been abandoned, regulation of safety, inspections, etc. have been retained either in their motor carrier

acts or in cases where the act has been repealed in other regulations. It is also worthwhile noting that intra-provincial regulation of passenger transportation continues eg. taxis, busing, etc.

It is worthwhile noting the following economic characteristics of for-hire highway freight transport in Canada according to econometric studies:[7] i) Economies of scale are either absent or unimportant in the production of TL freight transportation services. Costs do drop sharply with increases in output; however, beyond a relatively low level of operations, the cost curve becomes statistically flat. The reason for such a finding could be attributed to the fact that the variable costs dominate fixed cost, capital is highly divisible and has a relatively short-life, and the production process does not give rise to significant economies of scale. ii) There is little statistical evidence to indicate that line haul costs per mile decrease with respect to distance. iii) Shipment weight can be expected to exert a significant influence on the structure of transportation cost. iv) The demand for highway trucking services with respect to own price is not highly elastic.

V. Major Trends in Trucking Transportation Since Deregulation a) Short Term (1988-1998) and Longer Term (1999-2009)

1. Concentration: Concentration in for-hire trucking has been examined by Transport Canada by reviewing the distribution of total for-hire trucking revenues of the top carriers i.e., carriers with revenues above \$25 million. Their share of the total industry revenue decreased from 1991 to 1997 suggesting that overall concentration during this period has decreased from 33% to 25.7%. It began to increase marginally after that period in 1999 for a brief period from 28.2% and declined marginally again in 2006 to 26.1%. One noticeable trend is the dramatic growth in the category of large carriers i.e., carriers with revenues between \$12m and \$25m. Their share of the total industry revenue increased from 11.1% to 18.3% for the period 1991 to 1998 and to 30.9% by 2006. It is also worthwhile noting that the top carriers and large carriers accounted for 0.9% and 4.1% of the approximately 10,134 carriers in 2006. The overnight delivery segment of the courier industry has been characterized as highly concentrated with nine carriers accounting for 85% of their total revenue and over time this has increased. The same day segment of courier industry is fragmented with the top nine carriers accounting for less than 20% of their total revenue.

2. Transborder traffic: One of the major trends since deregulation is the rise in the revenue share of transborder traffic. The transborder share of operating revenue increased from 25.4% in 1988 to 36% in 2003. This was accompanied by a corresponding decline in the share of domestic traffic. It suggests that Canadian based firms were successful in their attempts to expand their share of the transborder market, corroborated by a significant increase in their application for US inter-state licenses (325% from 1989-93). The shift to north/south orientation of traffic was also aided by the removal of tariffs due to the FTA/NAFTA together with other economic factors. One writer on the impact of deregulation notes "...Since 1987, Cd. trucking firms have faced two important changes, each having its own mark on the industry. Deregulation, introduced a level of competition unequalled in the past...FTA and the NAFTA, opened up opportunities for Cd. firms abroad..."[8]

3. Productivity Performance: A recent study by the Conference Board of Canada examines productivity in the transportation sector. Using tonne-kilometres for freight output and a measure for all inputs, it finds that total factor productivity in trucking has grown at a compound rate of 1.8% over the period 1981-2006. Part of this productivity gain was translated into lower end-user prices of about 35 percent in real terms or a compound rate of 1.4 percent per year over this period. This compares to 0.2 per cent per year for the entire business sector or about ten times its rate of growth. The Board states "The strong productivity growth in rail, air and trucking is due in large part to the sweeping changes in transportation policy and regulation that transformed the ... sectors from the late 1980s through the 1990s."[9]

VI. Current issues or problems facing the industry

While the progress in the post deregulation period is noteworthy, the industry continues to face a number of problems. The top issues in 2009 are indicated in the table hereafter together with the strategies to deal with them. Some of these issues raised in Canada are examined.

1. Fuel price volatility: Trucks haul two-thirds of Canada's trade with the United States and a major portion of internal trade. Price volatility when fuel prices are rising leads to increased trucking costs and calls for relief from the trucking industry. Strategies to deal with this are: increasing supply; reducing consumption; using incentives to adopt fuel saving technologies; promoting use of alternative fuels and creating

incentives for its use. Several factors have a distinct impact on increasing fuel supply in the short run.[10] Given that increasing supply cannot occur in the short run, perhaps the best short run strategy is: a. reducing consumption by encouraging: efficient or smart consumption (eg., choosing shortest routes), alternative modes (such as use of transit, bicycles, etc); ban on use of vehicles on the road on certain days or times each month. b. encouraging use of fuel saving tech. (eg., more efficient/smaller vehicles). c. promoting use of alternative fuels. d. creating incentives for its use (eg. tax rebates/credits,).

Top Issues Facing the Industry (Over the last few years) & Proposed Strategies to Deal with It	
Issues	Strategies
1. Economy	Support pro-freight political candidates; advocate pol; and pursue full implementation of NAFTA
2. Fuel	Increase supply; reduce consumption; use incentives to adopt fuel saving technologies; promote use of alternative fuels and create incentives for its use
3. Driver Shortage	Identify factors and develop sustainable pools; redesign entrant programs and satisfaction; and expand campaigns to recruit and retain drivers
4. Govt. Regulations	Oppose regulations that increase equipment costs; advocate streamlined, standardized and single security, custom and phytosanitary checks; and advocate removal of cabotage and level competitive arenas
5. Congestions	Provide for truck only lanes; improve use of infrastructure; and encourage optimal size and weight to reduce number of trucks on the road
6. Hours-of-Service	Support research on driver fatigue; encourage fatigue monitoring devices; and enforce rules, harmonize and eliminate exemptions
7. Tolls/ Road Funding	Promote increased use of fuel taxes for funding; support infrastructure spending including PPPs; prevent road funding for use in non-road funding; and oppose tolls and privatization
8. Environmental	Advocate uniform standards; and encourage and publicize voluntary compliance (also see 2)
9. Onboard Technology	Support tax incentives to reduce cost of new technologies; quantify costs and benefits of onboard safety systems; and develop standards and practices for EOBRs
10. Infrastructure Maintenance	Infrastructure maintenance funding; require regular maintenance checks; and mandate engineering examinations after a specified period

See Annual Surveys of American Transportation Research Institute (ATRI).

2. Rising Border Costs: The rising cost of engaging in transborder trade as a result of government actions has been a matter of concern to the Canadian trucking industry from time to time. In 2007, the CEO of the Canadian Trucking Alliance (CTA) CEO, David Bradley, said “But what bothers me, and should be of grave concern to Canadian exporters,

is that the cost to sending goods into the United States continues to rise, with absolutely no end in sight...”[11] Examples of this are Crossing Fees, Transportation Worker Identity Credential costs, levy to fund agricultural quarantine inspections, passport costs, costs for a Free and Secure Trade Program (FAST) card and costs imposed because of advanced information required by the Canada Border Services Agency (CBSA). The sentiments voiced in 2007 were recently (2009) presented to the HOCSC on Agriculture and Agri-food by the CTA. Some of these costs are a result of changes of rules in the US. These costs not only have a detrimental impact on trade in general but also a differential impact on large vs. small trucking companies and different modes of transport. The basic strategy adopted by the industry to deal with rising border costs is to make submissions to the Canadian government and to oppose regulations that result in increased costs. It is unlikely that this has had any effect on costs imposed in the US. Advocating increased use of fuel taxes for funding could be more successful.

3. Regulatory Harmonization: Lack of harmonization of standards creates unjustifiable barriers to trade, creates an unequal competitive field, affects labour productivity and increases costs in transportation, in particular trucking. The Canadian Transport Association says lack of harmonization in trucking regulations is harmful in three key areas: the National Safety Code for Trucks; the truck weights and dimensions standards; and the different tax regimes for tractors and trailers. Similar problems also arise in other areas. For example, a Senate Committee on transportation in its report - *Time for a New National Vision* - states ‘As the port authority security rules vary from one federal port to the next, truckers suffer long, complicated and redundant security checks. Therefore, it was recommended that the port authorities implement uniform security systems so that a trucker with clearance for one federal port also has clearance at another’ and that the federal government work with the Canadian Council of Motor Transport Administrators (CCMTA) to harmonize trucking regulations across the country. The problems of obtaining consensus from all jurisdictions to examine and develop standards for new or special configurations is extremely difficult. No sooner some consensus is obtained other similar problems arise to accommodate new technologies or add-on devices to reduce air contaminant and GHG emissions. Harmonization may not be the right course in all cases and at all times for all provinces. It is therefore

suggested that in areas where lack of harmonization constitute barriers to fair competition and barriers to effective trade, harmonization is not only desirable but also essential.[12]

4. Onboard technologies: On board technologies such as *speed limiters* and *cell phones* have attracted the greatest attention at the present time in Canada. Other such technologies are: *Electronic Onboard Recorders*, *Collision Warning Systems and Rollover Stability Control Systems and Lane Departure Warning System* . Use of each type of onboard technology has its pros and cons and there does not appear to be a national approach to ensure national consistency. For example, for speed limiters studies confirm support (environmental benefits by reducing fuel consumption), at the same time small fleets and independent owner-operators could be placed at a slight competitive disadvantage to larger operations where speed limits already govern their operations, further it could affect some regions more than others. Two associations have indicated that equipment suppliers are against a policy requiring speed limiters, as it leads to increasing costs, tampering, setting speeds for different jurisdictions and enforcement problems. Even though Ontario has adopted legislation on it, other provinces have not. Similarly, the use of a ‘hand-held’ cell phone vs ‘hand free’ devices has raised controversy. There is need for driver communications to enhance efficiency, however, selecting one over the other chooses one technology (earpieces or Bluetooth technology) over the other. In addition, safety concerns have been questioned, as an insurance report indicates there is no difference in safety level using one over the other. While the Provinces of Quebec, Nova Scotia, Newfoundland and Ontario have adopted the ban against hand-held devices other Provinces have not. It is suggested that consideration be given to document the real benefits and costs, and when the evidence is convincing for their need, tax incentives be used to require its use.

Before concluding, the ‘state of the economy’ is now cited as the most pressing issue and government regulation has been steadily rising. A number of strategies have been proposed to deal with this: support removal of barriers to the implementation of trade agreements, advocate policies to remove bottlenecks (increased regulation, driver shortage, etc.) to the growth of trucking, advocate infrastructure projects or other projects that reduce cost of trucking and support pro-freight politicians (ranked no. 1 by the American Transportation Research Institute).

VII. Conclusion

Highway transportation includes trucking (private and for-hire), courier services and busing. Trucking accounts for nearly 80% of the revenue of this sector equally split between private and for-hire trucking.

Before regulatory reforms were introduced in 1987, economic regulation of highway transport was extensive covering: 1) entry-exit and transfer control; 2) rate regulation; 3) rate filing; and 4) authority restrictions. The reforms introduced through the repeal of economic regulations in the MVTA by the federal government and the removal of the last vestiges of economic control by the provinces in 2001 freed the industry from their regulatory burdens.

These reforms introduced a level of competition unequalled in the past. It opened up opportunities for Canadian firms abroad and their share of transborder traffic nearly doubled. Another trend is the dramatic growth of large carriers. Surprisingly, overall concentration in trucking did not increase. Productivity (1981-2006) increased by 45% and prices dropped by 35% in real terms. In light of this, the Conference Board stated "Policy and regulatory regimes should continue to promote market-oriented organizations, minimal economic regulation, and competition between carriers and modes as they face new challenges in the future." Despite the progress achieved since deregulation, the trucking industry still faces several problems. The major issues are: the economy, fuel volatility, driver shortage; govt. regulations, congestion, hours-of-service, tolls/road funding, environment, onboard technology; and infrastructure maintenance. To deal with these concerns, a number of strategies were suggested.

Endnotes/Bibliography

1. The structure may not include the taxi sector and limousine service. It estimated to be about \$1.4 billion.
2. Statement by the Minister of Transport, September 28, 1984.
3. *MVTA REVIEW, DISCUSSION PAPER*, Transport Canada, Motor Carrier Policy Branch and Road Safety Branch, April 1997, at 14.
4. *MVTA REVIEW, POSITION PAPER, TC*, February 1998, at 18.
5. Order In Council Number P.C./C.P. 1999-1469.
6. Annual Report 1996, Transport Canada 1997, TP13012E, at 82.
7. See studies by Cairns and Kirk; Chow; Kahn; Bonsor; Oum and B.C.P.
8. Barzyk, F., *Trucking in a borderless market, 1988 to 1994*, Statistics Canada., Cat. No. 61-532.
9. See Reference 3 in Bibliography, p. 37.
10. These include a lack of spare refining capacity, a decline of refinery population, a lack of incentive to invest in new refining infrastructure in North America and a decline in the rate of new oil discoveries. See *Continuing fuel price volatility is here to stay, warns industry expert*, April 27, 2006, www.ctl.ca
11. *Canadian Truckers Seek Lower Border Costs*, 6/4/2009, www.joc.com
12. Stand. Senate Com. on Transport and Comm., June 2008, pp. 30-31.
13. Prokop, D. J., *The Canada-U.S. Transborder Trucking Industry*, Ph.D. Diss., U of Man., Nov. 1998.