

Transportation Information Update*

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AIR TRANSPORTATION

1. Air Canada launches non-stop seasonal service between St. John's, NL and London, U. K., with daily flights during summer peak travel

April 1, 2007 marked the return of seasonal non-stop service between St. John's, NL and London, UK by Air Canada. Its service to London will operate three times weekly in April 2007, increasing to five times a week in June 2007, and to daily service from July 1, 2007 through the end of September 2007.

2. Canada's Small Airports Need Reliable, Permanent Source of Funds for Safety Infrastructure, CAC Says

The Canadian Airports Council while commending the government for its \$33 million investment in small airports called for increased funding as these airports are a vital economic and social gateway for small and large Canadian communities alike.

3. WestJet Announces its highest March load factor in history

WestJet announced on April 4, 2007, its best March 2007 traffic results to date. Its traffic for March 2007 featured a record load factor to 85.2%, compared with 81.9% in March 2006. Revenue passenger miles (RPMs) and available seat miles (ASMs) for March 2008 increased by 23% and 22% over March 2006, respectively. Sean Durfy WestJet's president said "These results clearly establish WestJet as a national airline of choice. The past three months of record load factor indicate guests are choosing WestJet and that we are well positioned to successfully continue adding aircraft to our fleet. We have an additional five deliveries for new 737s confirmed before year-end, bringing our 2007 total to seven new aircraft."

4. WestJet posts its highest load factor ever

On April 4, 2007, WestJet Airlines Ltd. indicated that its load factor hit a record of 85.2 per cent in March 2007 due to an increase in demand. This occurred notwithstanding that capacity rose 19 per cent.

5. Air Canada reports record March traffic

Air Canada reported a record system load factor of 83.8 percent for March 2007, the highest for the month, up from 81.4 percent in March 2006. The mainline carrier flew 5 percent more revenue passenger miles (RPMs) in March 2007 than in March 2006. Air Canada's capacity increased by 2 percent for March 2007. Jazz's capacity for March 2007 increased by 12 per cent, resulting in a load factor of 76 percent, compared to 72.9 per cent in March 2006; an increase of 3.1 percentage points. On a combined basis (Air Canada and Jazz) system traffic rose 5.9 per cent on a capacity increase of 2.9 percent, resulting in a load factor of 83.1 percent for March 2007. International traffic (RPMs) increased by 6.3% for the same period.

6. Airlines carrying record passenger loads

The country's two largest airlines are soaring with record passenger loads for March, 2007. The load factors of both airlines rose for the first quarter of 2007. Cameron Doerksen, an analyst at Versant Partners Inc. said that WestJet and Air Canada enjoy a "competitive duopoly" as "demand for air travel remains at a high level." In April 2007, the two carriers are expected to see a small increase in traffic because Vancouver-based Harmony Airways Inc. is halting scheduled flights on April 9, 2007.

Current Developments in Brief

Air Transportation CANADA

1. Air Canada launches non-stop seasonal service between St. John's, NL and London, U. K., with daily flights during summer peak travel, April 1, 2007, www.aircanada.ca
2. Canada's Small Airports Need Reliable, Permanent Source of Funds for Safety Infrastructure, CAC Says, April 2, 2007, www.cacairports.ca
3. WestJet Announces its highest March load factor in history, April 4, 2007, www.westjet.ca
4. WestJet posts its highest load factor ever, April 4, 2007, www.globeandmail.ca
5. Air Canada reports record March traffic, April 4, 2007, www.aircanada.ca
6. Airlines carrying record passenger loads, April 5, 2007, www.globeandmail.ca
7. Air Canada provides update on wage review arbitration process, April 10, 2007, www.aircanada.ca
8. WestJet Adds Daily Routes to Several Destinations, April 12, 2007, www.westjet.ca
9. NAV Canada proposes 3% service charge reduction, April 16, 2007, www.ctl.ca
10. WestJet Woos Ontario and Quebec With \$11 Fares, April 16, 2007, www.westjet.ca
11. IATA OPS Forum by Giovanni Bisignani, April 16, 2007, www.iata.org
12. ATAC Still Hoping for Airport Relief, April 19, 2007, www.atac.ca
13. Aircraft movement statistics: Major Airports, April 20, 2007, www.statcan.ca
14. WestJet Announces aiRES Contract Amendment Extension, April 20, 2007, www.westjet.com
15. Air Canada increases Boeing 787 order to 37 aircraft; becomes North America's largest dreamliner customer, April 24, 2007, www.aircanada.ca
16. Air Canada announces new daily non-stop service between Gander and Halifax, April 24, 2007, www.aircanada.ca

* 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.

7. Air Canada provides update on wage review arbitration process

Air Canada announced on April 10, 2007 that Arbitrator Tom Jolliffe has issued his wage review award covering approximately 6,000 flight attendants represented by CUPE. The average of the wage adjustment awards granted represents an increase of approximately 5 per cent over the three year period 2006 - 2009.

8. WestJet Adds Daily Routes to Several Destinations

On April 12, 2007, WestJet indicated that it is pleased to add daily flights from Vancouver, British Columbia to several destinations in response to increased demand for additional flights after Harmony Airways' announcement to cease operations to several popular destinations such as Las Vegas, Nevada, Toronto, Honolulu, Maui and Palm Springs.

9. NAV Canada proposes 3% service charge reduction

On April 13, 2007, NAV Canada announced a proposed 3% reduction in its customer service charges, effective September 1, 2007 - the second consecutive year that the Company has reduced its charges, following a reduction in charges of 1.8% on average that came into effect September 1, 2006. John Crichton, NAV Canada President and CEO said "Our cost control efforts – combined with traffic growth – are really paying off for the Company and our customers."

10. WestJet Woos Ontario and Quebec With \$11 Fares

On April 16, 2007, WestJet announced a one-day \$11 fare for guests travelling from Toronto to Ottawa or Montreal. This fare is only available for purchase on April 17,

2007 for travel before September 3, 2007. As part of this low fare initiative, starting April 17, 2007, WestJet is offering guests \$29 and \$49 sale fares until April 24, 2007 for travel between Toronto and Ottawa, and Toronto and Montreal before September 3, 2007. The airline is also offering \$49 fares until April 24, 2007 for flights from Ottawa to Orlando and Tampa, Montreal to Orlando and Tampa, and Toronto to West Palm Beach for travel before May 13, 2007.

11. IATA OPS Forum by Giovanni Bisignani

Mr. Bisignani, CEO of IATA, spoke at the OPS Forum on the theme *Managing Growth Safely and Efficiently*. The speech covered four areas: safety, security, traffic management and environment. Regarding safety, the industry is safer than ever and the ultimate target is zero accidents. First, IATA's Operational Safety Audit is now a requirement; second, it is now being applied to ground handling units; and third, we need to implement an Integrated Airline Management Systems. Regarding security, there are two main issues that must be addressed with urgency: first, we must make better use of technology in processing passengers; and second, we need to sort out cargo security. Regarding traffic management, aircraft should operate using the technology that already exists in the cockpit. Regarding the environment, there are three issues: first, focus on technology to drive improvement; second, focus on air traffic management improvement; and third, focus on fighting taxes and charges together with working with governments.

12. ATAC Still Hoping for Airport Relief

On April 19, 2007, the Air Transport Association of Canada (ATAC) expressed disappointment that the Conservative government did not include airport rent reductions in the budget, despite promises they made in opposition to do so. According to ATAC, this lack of action is hurting Canada's economic competitiveness and undermining the Transport Minister's Blue Sky agenda. They indicated that it is a brutal tax shifting the cost to airlines and passengers and it is having a particularly severe impact on Toronto's Pearson Airport. The only other countries that charge airport rent are Peru and Ecuador.

13. Aircraft movement statistics: Major Airports

Aircraft take-offs and landings at the 96 Canadian airports with NAV CANADA air traffic control towers were 2.3% higher in February 2007 compared with February 2006. Take-offs and landings reached 383,520 movements in February 2007 compared with 374,998 movements the same month a year earlier.

14. WestJet Announces aiRES Contract Amendment Extension

WestJet announced on April 20, 2007 that WestJet and Travelport have agreed to extend the period for aiRES contract amendment negotiations to July 31, 2007. On January 10, 2007, WestJet had announced an agreement with Travelport to suspend the current aiRES contract in order to negotiate an amendment to this contract by May 31, 2007.

15. Air Canada increases Boeing 787 order to 37 aircraft; becomes North America's largest dreamliner customer

On April 24, 2007, Air Canada announced that it has exercised existing options and purchase rights for 23 Boeing 787

17. Air Canada declares the skies open for business, April 27, 2007, www.aircanada.ca

18. Passenger Demand On the Rise, Cargo Sluggish, April 30, 2007, www.iata.org

19. US-EU Open Skies deal is unlikely to produce a rush of new services, *The Journal of Commerce* April 9, 2007, p. 20.

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1. Flight Delays Rise in February [2007 compared to a year earlier], April 2, 2007, www.dot.gov

2. BTS Releases February Passenger Airline Employment Data; February 2007 Employment Up 0.2 Percent from February 2006, April 19, 2007, www.dot.gov

3. BTS Releases Fourth-Quarter 2006 Air Fare Data: Average Air Fares Reach Highest Fourth-Quarter Level Since 2000; Top 100 Airports: Highest Fare in Anchorage, Lowest Fare at Dallas Love, April, 25, 2007, www.dot.gov

aircraft, bringing its total firm orders for the aircraft to 37 from the 14 originally announced, with deliveries starting in 2010. Air Canada thus becomes the largest North American customer for the Dreamliner, the world's most advanced aircraft.

16. Air Canada announces new daily non-stop service between Gander and Halifax

On April 24, 2007, Air Canada announced that it will launch the only daily non-stop service between Gander and Halifax, effective June 30, 2007.

17. Air Canada declares the skies open for business

Air Canada introduced on April 27, 2007, a better way for business travellers to fly with the Flight Pass for Business. The Flight Pass for Business allows up to 25 people to fly 100 trips over a 12-month period. The new pass is designed to give a business cost certainty and maximum flexibility.

18. Passenger Demand On the Rise, Cargo Sluggish

On April 30, 2007, the International Air Transport Association (IATA) released March traffic results showing that international passenger traffic demand rose 7.8% year-to-year. This is the largest year-to-year single month increase recorded in a year. The average load factors remained high at 76.4%. International freight traffic demand continued a 12-month run of sluggish growth with a 2.3% increase year-on-year.

19. US-EU Open Skies deal is unlikely to produce a rush of new services

The US-EU Open skies deal is unlikely to produce a surge of new flights soon. Few cities are likely to be able to generate sufficient traffic to begin new flights. Nevertheless, new direct flights to any of the EU countries will now be possible together with direct flights from Asia to the EU. Further, the new agreement will improve service, efficiency and lower price as cargo will not have to be transferred to a different plane. Overall, some of the major all-cargo carriers believe that it will open 10 to 15 destinations but this does not mean more capacity as planes on other routes will have to be removed.

WATER TRANSPORTATION

1. Special Report - West Coast Ports

As China's manufacturing sector grows, the West Coast ports are becoming a hub for Asian imports. China sends more than 12 million TEUs to the US. There is fierce competition between ports from British Columbia to Southern California and even Mexico. With that West coast real estate is booming together with congestion and infrastructure problems. Growth is particularly noticeable at the ports of Tacoma, Seattle, Oakland and Vancouver. Southern California plans to spend \$600 million in improvements, the Port of Seattle has invested \$1 billion in container terminals. Seattle is the fastest growing port with growth of 20 percent in each of the two years 2004 and 2005.

2. Retailers predict record container volumes coming

Retailers and large importers are being urged to plan ahead for their logistics needs as the 2007 peak shipping season is shaping up to be the busiest ever. It is going to be a very busy summer at the ports on the West Coast. Container volumes are expected to be at a record high.

3. EU charges chemical carriers with price-fixing

European Union regulators on April 11, 2007 confirmed that they have issued formal charges against several shipping lines alleging they operated a price-fixing cartel in the transport of bulk liquids on deep-sea routes. The Commission sent a so-called Statement of Objections to the carriers alleging they were involved in bid-rigging, price-fixing, allocating customers and exchanging confidential market information in the

transport of liquid chemicals. The Commission didn't name the carriers but its officials previously said they had visited the offices of three Norwegian lines, Odjfell ASA, Stolt-Nielsen SA and Jo Tankers, and Tokyo Marine of Japan. The four companies account for about two-thirds of the \$2.5 billion-a-year deep-sea chemical shipping market.

4. Port of Vancouver, Accumulated Traffic Report [First Quarter]

The Port of Vancouver reported that total containers for the first quarter of 2007 increased by 8% over the first quarter of 2006. Imports increased by 12% whereas exports increased by 3%. The total TEUs in the first quarter were 514,332 which consisted of 280,161 imports and 234,171 exports.

Water Transportation

Canada

1. Special Report - West Coast Ports, *The Journal of Commerce*, April 9, 2007, p. 24.
2. Retailers predict record container volumes coming, April 10, 2007, www.joc.com
3. EU charges chemical carriers with price-fixing, April 11, 2007, www.joc.com
4. Port of Vancouver, Accumulated Traffic Report [February], April 12, 2007, www.portvancouver.com
5. Indian government to consider abolishing liner immunity, April 17, 2007, www.americanshipper.ca
6. Canada's New Government Invests in the Future of the Old Port of Montreal Corporation, April 18, 2007, www.tc.gc.ca
7. "Montréal's New Harbourfront": Canada's New Government to Redevelop Nearly 5 Million Sq. Ft. of its Properties, April 20, 2007, www.tc.gc.ca
8. Commissioner of Competition Approves Purchaser of Port Terminal in Vancouver, April 20, 2007, www.ic.gc.ca

5. Indian government to consider abolishing liner immunity

An Indian government commission has asked the country's Ministry of Shipping to end shipping conferences and allow shipping lines to quote independent tariffs to customers. It follows the EU decision to end antitrust immunity in 2008.

6. Canada's New Government Invests in the Future of the Old Port of Montreal Corporation

On April 17, 2007, government officials announced the New Government's commitment to support the Old Port of Montreal Corporation (OPMC) by providing the Corporation with \$94 million over five years to fund its operations. Over this period, \$35 million will be invested to maintain the infrastructure at the site.

7. "Montréal's New Harbourfront": Canada's New Government to Redevelop Nearly 5 Million Sq. Ft. of its Properties

Government officials announced on April 20, 2007 a major redevelopment of a number of Crown properties in Montréal's harbour front. They also announced that the Canada Lands Company has been mandated to carry out the redevelopment following the announcement of broad development principles. This initiative is based on four specific objectives: healthy and prosperous cities and communities; clean-up of contaminated land and sustainable urban redevelopment; respect for all levels of government and the interests of third parties; and economic vitality.

8. Commissioner of Competition Approves Purchaser of Port Terminal in Vancouver

On April 18, 2007, the Competition Bureau announced that Terminal West Ltd. has been selected by Grant Thornton Limited as the purchaser of Agricore United's AUV grain handling terminal in the Port of Vancouver. The Commissioner of Competition indicated that "The sale of the AUV terminal resolves the substantial lessening of competition for grain handling services in the Port of Vancouver created by the acquisition of Agricore Cooperative Ltd. by United Grain Growers Ltd. in 2001." The divestiture is in accordance with the October 2002 consent agreement between the Commissioner and United Grain Growers Ltd. requiring the merged entity to divest one of its grain handling terminals in the Port of Vancouver.

9. Port of Vancouver - Accumulated Container Traffic Report - Year to Date March 2007

Year-to-date (i.e., 1st Quarter) container traffic statistics were released by the Port of Vancouver. For the period January to March 2007, the total number of containers (TEUs) were 311,432 an increase of 5.7% over the same period in 2006. Exports did better than imports, recording an increase of 10.4% compared to 0.6%.

10. Panama Canal toll hikes approved

Panama's Cabinet Council on April 25, 2007 approved a proposal by the Panama Canal Authority to raise tolls and restructure the waterway's pricing system. The restructuring of waterway's pricing sets average vessel toll hikes of 10 percent a year over the next three years. The effect on different types of vessels and starting dates are not the same.

9. Port of Vancouver - Accumulated Container Traffic Report - Year to Date March 2007, April 24, 2007, www.portofmontreal.ca
10. Panama Canal toll hikes approved, April 27, 2007, www.joc.com

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1. Important Update About Port of Baltimore (Dundalk Marine Terminal)[Carriers must be pre-registered to access port May 1, 2007], April 4, 2007, www.ontruck.ca
2. Antitrust: Commission confirms sending Statement of Objections to alleged participants in cartel for transport of bulk liquids by sea, April 11, 2007, www.europa.eu
3. U.S. February port volume up 14.9%, July to see all-time high, April 12, 2007, www.americanshipper.com
4. U.S. Ranks Second in World Maritime Container Traffic, According to New BTS Report, April 23, 2007, www.dot.gov

RAIL TRANSPORTATION

1. Railway Safety Act Review Consultation Guidance Document Released

On March 30, 2007, The *Railway Safety Act* Review Advisory Panel released a *Consultation Guidance Document* to help stakeholders participate in the public consultation process. It is designed to ensure that consultations address key issues.

2. Canadian Pacific announces update in conciliation discussions

On March 30, 2007, Canadian Pacific announced that conciliation discussions between CP and the union representing maintenance of way employees in Canada ended without an agreement. These employees do not operate trains but maintain track and structures.

3. CN to build C\$20-million transload centre, intermodal yard in Prince George

CN announced on March 30, 2007 that it will construct a C\$20-million transload operation and intermodal rail terminal in Prince George, B.C., for the export of containerized products to and from Asian markets through the new Port of Prince Rupert, B.C., rail/maritime intermodal facility.

4. CN announces creation of CN WorldWide North America

On April 9, 2007, CN announced the creation of CN WorldWide North America, a new operating entity to more effectively introduce and manage integrated transportation solutions for customers. It will also give it the opportunity to expand its rail business. CN WorldWide North America is implementing plans to expand the scope and scale of CN's existing non-rail capabilities, such as warehousing and distribution, customs services, truck brokerage and supply chain visibility tools across North America. A key focus will be increasing CN's material handling ability.

5. Canada Line Reaches Landmark Breakthrough

Canada Line's tunnel boring machine achieved a milestone on April 7, 2007 when it broke through the ground north of Pender Street at Granville, the future site of the Canada Line Waterfront Station. It marks the completion of the first of two bored tunnels beneath downtown Vancouver. The Canada Line rapid transit system will run fully separate from traffic between the transportation hub at Waterfront Centre in Vancouver, and Vancouver International Airport.

6. CN prepared for rotating labour action by conductors after UTU Canada members reject tentative settlement

Following United Transportation Union (UTU) members' rejection of a tentative one-year settlement agreement with CN, the UTU informed CN that it planned to launch renewed strike action. In the event this occurs, CN announced on April 10, 2007 that its management officers are ready to perform the work.

7. CN locks out UTU members at several terminals in Canada

CN said on April 11, 2007 that it is locking out UTU members at various terminals in Canada where UTU members have withdrawn their services.

8. CN workers return to picket lines after rejecting contract

On April 11, 2007, the union representing 2,800 striking Canadian National Railway Co. has invited the railway back to the bargaining table after its members overwhelmingly rejected a one-year contract. As a result, workers went to the picket lines on a rotating strike across the country.

9. Railway strike hits trade surplus

According to Statistics Canada, Canada's trade surplus shrank more than expected in February 2007 due to a two-week railway strike. The surplus narrowed to \$4.8-billion from a revised \$5.8-billion in January 2007. Exports slumped 2.1 per cent in February. Energy was the only sector that gained which was mostly shipped through pipelines.

10. CN, UTU remain apart on issues; conductors' strike continues

On April 14, 2007, CN and the United Transportation Union (UTU) met for five hours for discussions but emerged with no settlement, so the UTU strike that began Feb. 10, 2007, continued.

11. Companies press Ottawa to end CN labour dispute

Nervous industries (Sultran Ltd., Canadian Chemical Producers Association, Canadian Wheat Board, etc.) across Canada are urging Ottawa to end a protracted labour dispute at Canadian National Railway Co., telling the government to act swiftly when Parliament resumes on April 16, 2007 or risk harsh economic damage from late trains.

12. Shippers' group calls for a swift end to rail strike

With the return of Parliament on April 16, 2007, the Canadian Industrial Transportation Association, is urging the government to act rapidly to pass the back-to-work legislation, Bill C-46, tabled in Parliament in February 2007.

Rail Transportation

Canada

1. *Railway Safety Act Review Consultation Guidance Document* Released, March 30, 2007, www.tc.gc.ca
2. Canadian Pacific announces update in conciliation discussions, March 30, 2007, www.cpr.ca
3. CN to build C\$20-million transload centre, intermodal yard in Prince George, March 30, 2007, www.cn.ca
4. CN announces creation of CN WorldWide North America, April 9, 2007, www.cn.ca
5. Canada Line Reaches Landmark Breakthrough, April 7, 2007, www.tc.gc.ca
6. CN prepared for rotating labour action by conductors after UTU Canada members reject tentative settlement, April 10, 2007, www.cn.ca
7. CN locks out UTU members at several terminals in Canada, April 11, 2007, www.cn.ca
8. CN workers return to picket lines after rejecting contract, April 11, 2007, www.cn.ca
9. Railway strike hits trade surplus, April 11, 2007, www.globeandmail.ca
10. CN, UTU remain apart on issues; conductors' strike continues, April 16, 2007, www.cn.ca
11. Companies press Ottawa to end CN labour dispute, April 16, 2007, www.globeandmail.ca
12. Shippers' group calls for a swift end to rail strike, April 16, 2007, www.ctl.ca
13. CN concludes national UTU agreement not possible, April 16, 2006, www.cn.ca
14. CN employees ordered back to work, April 17, 2007, www.globeandmail.ca
15. Canadian National won't lift lockout until law is official, April 18, 2007, www.joc.com
16. Striking rail workers fuming over Ottawa's return-to-work legislation, April 17, 2007, www.ctl.ca
17. CN invites striking workers back to work, April 18, 2007, www.globeandmail.ca
18. CN shuts down rail operations in Toronto-Montreal corridor for safety reasons following illegal blockade by First Nation protesters, April 20, 2007, www.cn.ca
19. CN resumes rail operations in Toronto-Montreal corridor, April 21, 2007, www.ctl.ca
20. Ottawa names arbitrator to settle CN Rail dispute, April 24, 2007, www.nationalpost.ca
21. Canada's New Government Invests More than \$10.4 Million in Grade Crossing Improvements During Rail Safety Week, April 23, 2007, www.tc.gc.ca
22. CN reports diluted Q1-2007 EPS of C\$0.63, net income of C\$324 million, reflecting adverse effects of severe winter

13. CN concludes national UTU agreement not possible

Following discussions held April 14, 2007, by CN and UTU negotiators, CN has concluded that a national collective agreement with the UTU cannot be reached due to conflicts within the union.

14. CN employees ordered back to work

On April 17, 2007, MPs approved legislation to force CN Rail employees back to work. The bill passed third reading in the Commons by a vote of 196 to 41.

28. CN vows push to prevent costly derailments, *Globe and Mail*, April 25, 2007, p. B3.

29. Canadian Transportation Agency Announces Increase to Revenue Cap Inflation Factor for Crop Year 2007-2008, April 27, 2007, www.cta-otc.gc.ca

30. Canadian Pacific Railway Limited amends normal course issuer bid, April 27, 2007, www.cpr

15. Canadian National won't lift lockout until law is official

Locked-out workers at Canadian National Railway will not be back on the job until later in the week despite the passing of back-to-work legislation by lawmakers. CN indicated on April 18, 2007, that it will maintain its lockout of members of the United Transportation Union until the back-to-work measure is signed into law.

16. Striking rail workers fuming over Ottawa's return-to-work legislation

Striking UTU members criticized Ottawa's move for what they believe is an illegal union-breaking strategy by CN Rail. The Canadian chapter of the UTU, representing 2,800 conductors and yard workers, vowed to resist CN Rail's plan to sign separate labor accords on a regional basis. The UTU accused CN Rail of trying to "fragment the bargaining structure so as to weaken the UTU's ability to gain improvements through collective bargaining a single national collective agreement."

17. CN invites striking workers back to work

Canadian National Railway Co. has invited workers to return to their jobs, saying they're welcome to report to their posts, ahead of federal back-to-work legislation that takes effect on the night of April 19, 2007. CN lifted its lockout on April 18, 2007.

18. CN shuts down rail operations in Toronto-Montreal corridor for safety reasons following illegal blockade by First Nation protesters

On April 20, 2007, CN announced a shutdown of rail operations in its Toronto-Montreal corridor, including an embargo on all freight and passenger traffic, to ensure the safety of its employees and the travelling public. The shutdown follows an illegal blockade of CN's double-track main line west of Napanee, Ont., by some members of the Mohawks of the Bay of Quinte First Nation.

19. CN resumes rail operations in Toronto-Montreal corridor

On April 21, 2007, CN restored rail service on its Toronto-Montreal corridor after the end of an illegal blockade of its tracks by First Nation protesters.

20. Ottawa names arbitrator to settle CN Rail dispute

On April 23, 2007, the government named Andrew C.L. Sims as arbitrator in the CN labour dispute with its 2,800 recently striking employees. He has 90 days to come up with a settlement.

21. Canada's New Government Invests More than \$10.4 Million in Grade Crossing Improvements During Rail Safety Week

On April 23, 2007, in celebration of Rail Safety Week, government officials announced that Canada's New Government will provide more than \$10.4 million for 103 safety improvement projects at railway crossings across Canada. The Minister of Transport, Infrastructure and Communities said that "Although accident rates and crossing fatalities have reached their lowest levels in 10 years, improving safety at crossings is a priority for Canada's New Government."

22. CN reports diluted Q1-2007 EPS of C\$0.63, net income of C\$324 million, reflecting adverse effects of severe winter weather and conductors' strike

CN announced its first-quarter results for 2007, on April 23, 2007. The highlights for the first quarter compared to the same period in 2006 were: net income of C\$324 million, down 10%; operating income of C\$561 million, down 10%; and operating ratio of 70.6, a .3.5 point increase. First-quarter 2007 revenues increased three per cent to C\$1,906 million. Revenues benefited from freight rate increases, an overall improvement in traffic mix driven principally by extended routings for certain forest products traffic, and the translation impact of the weaker Canadian dollar on U.S. dollar-denominated revenues. This small increase was offset buy the UTU strike, weather conditions, etc. Operating expenses for the quarter increased by six per cent to C\$1,345 million. The strong Canadian dollar adversely affected revenues and benefited expenses.

23. CN declares second-quarter 2007 dividend

On April 23, 2007, CN announced that its Board of Directors had approved a quarterly cash dividend of 21 cents per common share.

24. Bad winter cuts profit at CNR

A severe winter, avalanches and a 15-day strike hampered productivity at CN railway resulting in more than a 10% drop in first quarter earnings compared to the same period a year ago. Net income per share fell to 63 cents from 66 cents. Despite the poor first quarter performance, the company said it was still on track for a 10% earnings per share growth for the full year.

25. Canadian Pacific's first-quarter results solid despite tough winter conditions

Canadian Pacific Railway announced its first-quarter results on April 24, 2007. For the first quarter: net income was \$129 million, an increase of 18% when compared to same period in 2006; operating ratio was 79.5 per cent, an improvement by 0.1; freight revenue was \$1.09 billion, an increase of .02 per cent; and operating expenses were \$887 million, up by 3 million. Fred Green, CP's President and CEO said "Our disciplined execution of the integrated operating plan, in addition to the investments in network capacity we've made in our Western corridor, paid major dividends for us this quarter. We were able to recover from each event as it occurred and keep our customers' shipments moving."

26. CPR sees higher profit

Canadian Pacific Railway Ltd. said on April 24, 2007 that it expects profit to climb between 9 per cent and 13 per cent this year on lower costs, higher yields and a more diversified portfolio. It sees earnings of between \$4.30 and \$4.45 a share in 2007 — excluding foreign exchange gains, losses on long-term debt and other items, from \$3.95 a share last year.

27. CP Rail posts higher profit

Canadian Pacific Railway Ltd. posted a 18% rise in first-quarter earnings on April 24, 2007, despite harsh winter weather that disrupted operations in Western Canada. CP plans to buy back up to 15.5 million of its outstanding common shares for cancellation, representing about 10 percent of the public float.

28. CN vows push to prevent costly derailments

CN is stepping up its commitment to safety and to preventing costly derailments. CN's CEO suggested zero tolerance on the safety issue and indicated that the permissive culture adopted towards safety when CN was a Crown corporation have to be changed. He indicated that the company has never thought of compromising safety and that a large part of derailment can be traced to human error.

29. Canadian Transportation Agency Announces Increase to Revenue Cap Inflation Factor for Crop Year 2007-2008

On April 27, 2007, The Canadian Transportation Agency announced a 3.2 percent increase in the Volume-Related Composite Price Index to be used to establish railway-specific revenue caps for the movement of Western grain for the upcoming 2007-2008 crop year. This index is essentially an inflation factor to cover Canadian National Railway and Canadian Pacific Railway price changes for railway labour, fuel, material and capital inputs.

30. Canadian Pacific Railway Limited amends normal course issuer bid

Canadian Pacific Railway Limited has amended its normal course issuer bid with the Toronto Stock Exchange. The amendment allows CP to increase purchase up to 15,250,010 (or 9.8% of outstanding public shares) of its common shares during the 12-month period ending March 27, 2008.

HIGHWAY TRANSPORTATION

1. McGuinty Government Helps Rural And Northern Communities

The Ontario government is investing \$25 million to support rural and northern Ontario communities, Transportation Minister Donna Cansfield announced on March 30, 2007. Through this year's provincial budget, the government is providing 52 municipalities with a one-time Connecting Link (i.e., a municipal road that connects two ends of a provincial highway through an urban municipality) to be used for municipal roads.

2. List of 2006 vehicles eligible for the federal ecoAUTO rebate

The list of 2006 vehicles eligible for the federal ecoAUTO rebate has been released by Transport Canada on April 4, 2007 and is available on its website.

3. McGuinty Government Makes School Buses Safer For Kids

Transportation Minister Donna Cansfield announced on April 3, 2007 that the McGuinty government is making school buses safer by providing immediate funding to school bus operators to put a safety-crossing arm on the front bumper of every school bus.

4. Four-lane Widening from Surrey, British Columbia, to U.S. Border to Provide Better Links Between Two Countries

Government officials announced on April 10, 2007 that work is underway to widen the Highway 15 corridor between Surrey and the United States border. This project helps to support the economy by reducing bottlenecks, facilitating the flow of goods across our borders and making the crossings safer than ever. It will contribute to the economic well-being of the Lower Mainland and Canada.

5. Time for Government to Act on Limiting Truck Speeds is Now

On April 10, 2007, the Ontario Trucking Association responded favourably to the OPP Commissioner's comments saying, that it too has been lobbying the government for almost two years now to have the province enact legislation requiring all trucks operating in Ontario to have their engine speed limiters set at no more than 105 km/hr. It is good from the environmental, safety and economic standpoint as it saves fuel (50 million litres of scarce fossil fuels per year) and reduces green house gas emissions (150+ kilotonnes per year). In addition it encourages safety.

6. OTA Members Working with Customers to Make New CBSA Policy Functional

According to the Ontario Trucking Association (OTA), the new Canada Border Services Agency - Windsor (CBSA) security enhancement policy, mandating carriers use line release customs clearance which came into affect on April 1st has been implemented to date without major disruptions to the Windsor -Detroit crossing due in part to the hard work of OTA members educating their customers on ways to eliminate border delays due to failed PARS (Pre-Arrival Review System) transactions.

7. Large urban transit February 2007 (Preliminary)

Combined ridership on 10 large urban transit systems in Canada was 3.8% higher in February 2007 than it was for the same month a year ago. Approximately 109.8 million passenger trips were taken on these transit systems in February. The trips generated \$183.2 million in revenue in February (excluding subsidies), a 4.6% increase over February 2006.

8. Study Shows Expansion of Extended Double Trailers Helps Tackle Climate Change

The Canadian Trucking Alliance has just completed a study that confirms that extended double trailer configurations — known in the industry as turnpike doubles — offer a means to dramatically reduce climate change emissions from trucks and improve highway safety. Turnpike doubles are estimated to save on average of 28.8 litres of diesel per 100 km of truck travel when compared to single-trailer configurations moving the same volume of freight — a 55 percent

Highway Transportation

Canada

1. McGuinty Government Helps Rural And Northern Communities, March 30, 2007, www.mto.gov.ca
2. List of 2006 vehicles eligible for the federal ecoAUTO rebate, April 4, 2007, www.tc.gc.ca
3. McGuinty Government Makes School Buses Safer For Kids, April 3, 2007, www.mto.gov.on.ca
4. Four-lane Widening from Surrey, British Columbia, to U.S. Border to Provide Better Links Between Two Countries, April 10, 2007, www.tc.gc.ca
5. Time for Government to Act on Limiting Truck Speeds is Now, April 10, 2007, www.ontruck.ca
6. OTA Members Working with Customers to Make New CBSA Policy Functional, April 13, 2007, www.ontruck.ca
7. February 2006. Large urban transit February 2007 (Preliminary), April 20, 2007, www.statcan.ca
8. Study Shows Expansion of Extended Double Trailers Helps Tackle Climate Change, April 25, 2007, www.ontruck.ca
9. Canada and United States Agree to Work Together to Improve Vehicle Fuel Efficiency, April 26, 2007, www.tc.gc.ca
10. Couriers and Messengers Services Price Index (March 2007), April 26, 2007, www.statcan.ca

US

1. BTS Releases Transportation Services Index (TSI); Index Fell 0.3 Percent in February from January, April 11, 2007, www.dot.gov

saving. **9. Canada and United States Agree to Work Together to Improve Vehicle Fuel Efficiency**

On April 26, 2006, the Honourable Minister of Transport, Infrastructure and Communities, and the United States Secretary of Transportation, announced that the two countries have signed a Memorandum of Cooperation aimed at improving motor vehicle fuel efficiency. It will help the Government of Canada in its efforts to develop motor vehicle fuel efficiency regulations and specifically refers to exchanging information on a number of subjects

10. Couriers and Messengers Services Price Index (March 2007)

The Couriers and Messengers Services Price Index decreased 0.5% to 122.2 (2003=100) in March 2007. The courier portion fell 0.7% on a monthly basis, while the local messengers component was up 0.6%.

Other Transportation

1. Canada's New Government Funds Transit Security

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities announced on April 3, 2007 new projects to enhance rail and transit security under Transit-Secure, the Government of Canada's \$80-million passenger rail and urban transit security contribution program. Under the program's second round of funding, up to \$2 million will be provided to rail and urban transit operators outside Canada's six major urban areas, as well as inter-city rail and bus companies.

Other Transportation

Canada

1. Canada's New Government Funds Transit Security, April 3, 2007, www.tc.gc.ca

US

Financial ups and downs [Results were largely up for major transportation companies], April 23, 2007, www.americanshipper.com

Conferences

1. 11th International Conference on Mobility and Transport for Elderly and Disabled Persons (Transed), June 18-21, 2007 Palais des congrès de Montréal Convention Centre, Montreal.
2. Canadian Transportation Research Forum, June 3, June 6, Winnipeg, Manitoba, www.ctrf.ca

