

Transportation Information Update*

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Speech From the Throne / Discours du Trône

The Throne Speech, from the perspective of transportation, makes specific reference to ‘tangible improvements in our environment, including reductions in pollution and greenhouse gas emissions.’ It also states that the Government will work diligently to build a record of results. It will promote a more competitive, more productive Canadian economy and that it will seek to improve opportunity for all Canadians.

Speaking Notes for the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, at the North American Marine Conference, Vancouver, British Columbia, April 19, 2006

The Minister indicated that Marine transportation, in particular, has played a major role in linking our countries and communities. After indicating the Government of Canada’s five priorities, the Minister discussed the benefits of utilizing our waterways for shipping (alleviating congestion, enhancing supply chain efficiencies, facilitating trade and reducing pollution) along with some of the challenges faced (i.e., infrastructure, seasonal variation, regulations, tariff and non-tariff barriers, security and financial barriers) as this method of transportation is expanded. Finally, he discussed how we can address some of those common challenges through cooperation — domestically and with our international partners (i.e., business cases, coordinating policies, sharing best practices, and maintaining ongoing dialogue among stakeholders and in shortsea shipping: building a national approach; advancing a research agenda; and establishing a North American strategy). It is important for Canada to establish a North American strategy for shipping on our waterways. An important step was taken at this conference by signing a declaration.

AIR TRANSPORTATION

1. WestJet Asks Guests to Assist in Realizing Fuel Efficiencies

WestJet announced on March 31, 2006 that it will be launching a new program where guests can assist the airline in realizing fuel efficiencies. Based on a number of commissioned studies they concluded that the combination of specific hand and arm positions of our guests has a direct impact on our fuel efficiency. "Beginning tomorrow, we ask that every guest aboard a WestJet aircraft assume the in-flight winglet position [i.e., straightening the arms at a ninety-degree angle to the side of the body, holding the fingers together, and positioning the hand at a ninety-degree angle upward] upon takeoff."

2. Passenger and Freight Traffic Growth Continues on Pace with Forecast - Promising Start to 2006

The International Air Transport Association (IATA) announced on April 3, 2006 that international passenger traffic grew by 6.8% and international freight traffic by 5.4% in February 2006. The year-to-date passenger traffic growth is in line with industry projections for 2006. International freight traffic grew by 5.3% for the first two months of the year after a period of volatility and weakness in 2005. February, traditionally the slowest month for international traffic, brought both good news and solid growth. The Middle East remains the fastest growing area.

3. Air Canada leases additional Boeing 777-300ER to accelerate wide-body fleet renewal and modernization

Air Canada announced on April 3, 2006 that it had signed a 10-year lease for one new Boeing 777-300ER from International Lease Finance Corporation to accelerate its wide-body fleet renewal and modernization program. Air Canada will take delivery of the leased aircraft in May 2007, bringing to eight the total number of Boeing 777s entering the fleet next year.

4. Air Canada reports 24 consecutive month of record system load factors

Air Canada reports the 24th consecutive month of record load factors (system) for March 2006 compared to March a year ago. The system passenger load factor in

Current Developments in Brief

Speech From the Throne / Discours du Trône, April 4, 2006, www.pm.gc.ca

Speaking Notes for the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, at the North American Marine Conference, Vancouver, British Columbia, April 19, 2006, www.tc.gc.ca

Air Transportation

CANADA

1. WestJet Asks Guests to Assist in Realizing Fuel Efficiencies, March 31, 2006, www.westjet.ca
2. Passenger and Freight Traffic Growth Continues on Pace with Forecast - Promising Start to 2006, April 3, 2006, www.iata.org
3. Air Canada leases additional Boeing 777-300ER to accelerate wide-body fleet renewal and modernization, April 4, 2006, www.aircanada.ca
4. Air Canada reports 24 consecutive months of record system load factors, April 5, 2006, www.aircanada.ca
5. WestJet's Load Factor Sets a Record High for March, April 5, 2006, www.westjet.ca
6. WestJet Offers Great Savings with Launch of its Travel Pass, April 6, 2006, www.westjet.ca
7. WestJet Offers Great Savings with Launch of its Travel Pass, April 6, 2006, www.westjet.ca
8. Air Canada's Fort McMurray-Newfoundland Express Flights Take Off, April 8, 2006, www.aircanada.ca
9. Transport Canada Receives Final Report on Pelee Island Accident, April 11, 2006, www.tc.gc.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.

March 2006 was 81.4%, this represents a 1.4 increase in percentage points compared to a year ago. Overall capacity increased by 1.7% points for March 2006 compared to a year earlier. The domestic load factor was 90.0%, this represents a 1.0% increase in percentage points compared to March 2005. For Jazz, capacity, traffic and load factor increased by 84.5%, 88.8% and 1.4 percentage points, respectively for March 2006 compared to a year ago.

5. WestJet's Load Factor Sets a Record High for March

WestJet reported that its load factor in March 2006 improved to 81.9% from 77.8% in March 2005. Available seat miles increased 9% for this period to 1,014.6million and revenue passenger miles increased 15% to 831.3 million for this period.

6. WestJet Offers Great Savings with Launch of its Travel Pass

WestJet announced on April 6, 2006 the launch of its new travel pass for return flights between Toronto and Ottawa and between Toronto and Montreal. This product is a first for the airline. It will provide guests with the flexibility of 10 one-way flights for \$1,200 (including all taxes, fees and surcharges) for travel up to and including August 31, 2006.

7. IATA Calls For EC Directive on Robust National Economic Regulation of Airports

The International Air Transport Association (IATA) appealed to Jacques Barrot, Vice President of the European Commission and Commissioner responsible for Transport and Energy, for a Directive on robust national economic regulation of Europe's airports. Europe's airlines have achieved significant reduction in costs, however airports have increased cost to airlines and their users by US\$14.5 billion. He indicated that there are embarrassing examples of airport monopolies living in the dark ages. While noting that the Commission is already working on a Directive for airport charges, he indicated that it should contain certain principles and that Europe should remain competitive.

8. Air Canada's Fort McMurray-Newfoundland Express Flights Take Off

On April 8, 2006, Air Canada launched its inaugural non-stop flight between Fort McMurray in Northern Alberta and Toronto continuing to St. John's, Newfoundland & Labrador. To accommodate customer demand, this inaugural flight and two additional weekend flights in April are being operated with the larger 120-seat Airbus A319 aircraft. Flights are regularly scheduled with the 93-seat Embraer E190 jet.

9. Transport Canada Receives Final Report on Pelee Island Accident

On April 11, 2006, Minister of Transport, Infrastructure and Communities Lawrence Cannon received the Transportation Safety Board of Canada's final report concerning Georgian Express flight 0126, which crashed off the western shore of Pelee Island, Ontario, on January 17, 2004. The Minister said that "We have already taken steps to further improve Canada's civil aviation safety record as a result of this investigation and will continue to work with the operators, airports, regulators and the Transportation Safety Board to maintain and build on this record."

10. Air Canada adjusts domestic Canada and transborder U.S. fares in response to record high fuel prices

Air Canada announced on April 11, 2006 that it has adjusted fares to reflect additional operating costs in response to record high fuel prices. The fare increase, is effective on tickets issued beginning April 11, 2006, and applies to most fare types including published, web and other special fares for travel on Air Canada and Air Canada Jazz within Canada and between Canada and the United States.

11. WestJet stands pat

WestJet Airlines Ltd. said on April 12, 2006 that it won't increase ticket prices to cover soaring jet-fuel costs, despite a boost by rival Air Canada. Calgary-based WestJet believes that it can absorb fuel expenses without passing them directly on to customers, even though oil prices have been heading back up to near record highs recently. The airline indicated that it would continue to monitor the situation.

12. Complaints lodged over air travel soar by 21%

According to the Canadian Transportation Agency's air travel complaints program, the number of travellers' complaints about airlines jumped by 21 percent last year.

10. Air Canada adjusts domestic Canada and transborder U.S. fares in response to record high fuel prices, April 11, 2006, www.aircanada.ca

11. WestJet stands pat, April 12, 2006, www.globeandmail.ca

12. Complaints lodged over air travel soar by 21%, *Globe and Mail*, April 17, 2006, p. B3.

13. WestJet Selects Swissport for Toronto Ground Handling Contract, April 19, 2006, www.westjet.ca

14. Air Canada goes off the bottle, April 19, 2006, www.globeandmail.ca

15. New International Air Cargo Transshipment Program for Edmonton International Airport, April 20, 2006, www.tc.gc.ca

16. Aircraft movement statistics, March 2006, *The Daily*, www.statcan.ca

17. ACTS announces executive appointments, realigns senior management structure, April 20, 2006, www.aircanada.ca

18. Canada and the United Kingdom to Fly the "Open Skies", April 21, 2006, www.tc.gc.ca

19. Air Canada welcomes successful conclusion of Canada-United Kingdom Open Skies Agreement, April 21, 2006, www.aircanada.ca

20. WestJet Reacts to New Open Skies Treaty, April 21, 2006, www.westjet.ca

21. Aviation and the Environment Killing Myths and Setting the Agenda, April 25, 2006, www.iata.org

22. Fortify air travel complaints program, Ottawa urged, *Globe and Mail*, April 25, 2006, p. B6.

23. ACTS secures USD \$200 million component maintenance agreement for JetBlue Airways, April 25, 2006, www.aircanada.ca

24. Aircraft movement statistics, April 26, 2006, www.statcan.ca

25. Travel light and Tango for less with Air Canada's 'GO Discount', April 26, www.aircanada.ca

26. Beddoe outlines new vision for WestJet, April 27, 2006, www.nationalpost.ca

27. Canadian Airports Applaud Canada-U.K. Open Skies, April 24, www.cacairports.ca

28. Amendments to the *Aeronautics Act* Introduced, April 27, 2006, www.tc.gc.ca

29. WestJet Announces Record First Quarter Profits for 2006, April 27, 2006, www.westjet.ca

30. CHC talks called off over price, *Globe and Mail*, April 28, 2006, p. B4.

US/EU

1. BTS Releases January Domestic Airline Traffic Data; January 2006 Domestic Traffic Up 0.7 Percent From January 2005, April 13, 2006, www.dot.gov

2. BTS Releases February Passenger Airline Employment Data; February 2006 Employment Down 5.8 Percent from February 2005, April 18, 2006, www.dot.gov

3. BTS Releases Fourth-Quarter 2005 Air Travel Price Index (ATPI) Airline Index Up 9.1 Percent from Fourth Quarter 2004, April 26, 2006, www.dot.gov

4. BTS Releases 2005 Airline System Traffic Data; Total System Passenger Traffic Up 4.6 Percent From 2004, April 27, 2006, www.dot.gov

the number of travellers' complaints about airlines jumped by 21 percent last year. Air Canada had 663 grievances filed against it and its regional carrier Jazz. This was 37 percent up from 484 in 2004. The total number of complaints lodged with Ottawa's air travel watchdog against domestic and foreign airlines rose to 1,337 in 2005 from 1,105 in 2004.

13. WestJet Selects Swissport for Toronto Ground Handling Contract

WestJet airline announced on April 19, 2006 that Swissport will assume its ground handling contract for it at Toronto Pearson International Airport effective immediately. Swissport will be responsible for all aircraft loading and baggage handling at WestJet's second largest operation with approximately 290 scheduled departures per week. Swissport currently handles WestJet's ground operations in Vancouver, Las Vegas, Los Angeles and Honolulu.

14. Air Canada goes off the bottle

In an effort to save on fuel as oil prices soar, Air Canada is ditching glass wine bottles in favour of lightweight containers on its Montreal-to-Paris route this week in a trial to reduce the weight of its planes. If the test proves successful, French wines will eventually be packaged in the new format. Recently, it also completed a six-week test on its Montreal-to-Cancun route using new galley carts that are two-thirds the weight of traditional ones. Other measures adopted include only partly filling water tanks, and disposing of empty wine bottles at the arrival city instead of flying them back to the departure site, shutting down an engine during the taxiing phase and minimizing the use of auxiliary power at gates.

15. New International Air Cargo Transshipment Program for Edmonton International Airport

The Minister of Transport, Infrastructure and Communities, on April 20, 2006 launched an international air cargo transshipment program at Edmonton International Airport. The new program simplifies air carrier access to Edmonton for air cargo transshipment and provides an additional incentive to use the airport's cargo facilities.

16. Aircraft movement statistics

The 42 Canadian airports with NAV CANADA air traffic control towers reported 363, 844 aircraft take-off and landings in March 2006, up 1.6% from March 2005. Year-over-year increases in aircraft movements were reported by 26 of the airports in March 2006.

17. ACTS announces executive appointments, realigns senior management structure

Air Canada Technical Services (ACTS) President and Chief Executive Officer, Chahram Bolouri, today announced several key executive appointments that support the strategic business objectives of ACTS, a limited partnership of ACE Aviation Holdings Inc.

18. Canada and the United Kingdom to Fly the "Open Skies"

On April 21, 2006, the Minister of Transport, Infrastructure and Communities announced that the governments of Canada and the United Kingdom have negotiated an "Open Skies" air transport agreement. Canadian airlines will be able to offer virtually unlimited flights (passenger and cargo) to and from third countries via the United Kingdom, as U.K. airlines will also be able to do via Canada. Canadian and U.K. airlines will also face no restrictions on how they set their prices when carrying traffic through their own country's cities to the third country. This further liberalization will allow airlines to better meet the needs of travellers, shippers, and the air industry and will provide economic benefit to the Canadian industry by contributing to its growth in trade and tourism.

19. Air Canada welcomes successful conclusion of Canada-United Kingdom Open Skies Agreement

Air Canada welcomed the successful conclusion of an Open Skies Agreement for Canada and the United Kingdom. It indicated that this new agreement opens up a realm of new opportunities that will benefit air travellers. Most notably, it will allow Air Canada to continue expanding its simplified fare products for customers between Canada and the United Kingdom, their largest international market. In addition, it allows Air Canada to introduce more flexible simplified pricing, and expand its popular multi-trip flight passes to this important international market.

20. WestJet Reacts to New Open Skies Treaty

WestJet's President and CEO congratulated Transport, Infrastructure and Communities Minister for reaching a new Open Skies agreement with the United Kingdom. He said "I believe this is a positive step for the airline industry and for consumers. It will allow Canadian and United Kingdom airlines to better respond to market demand."

21. Aviation and the Environment Killing Myths and Setting the Agenda

Giovanni Bisignani, Director General and CEO of the International Air Transport Association (IATA) identified **five myths** that must be debunked with fact: 1. Air transport was excluded from Kyoto and does nothing for the environment; 2. Air transport is a major source of Greenhouse gas emissions; 3. Air transport is the most polluting form of transport; 4. Air transport is getting a free ride by not paying tax on fuel; and 5. Air transport growth is not sustainable. The IATA strategy on the environment consists of **four core principles: Technology is key; Infrastructure and operations** must be a part of the solution; Taxes are not the answer; and Emissions trading may be a part of the solution.

22. Fortify air travel complaints program, Ottawa urged

The Canadian Transportation Agency (CTA) is requesting the new government for permanent funding of the air travel complaints program. Grievances filed under the new program jumped 21% in 2005. The program was launched in 2000, however, the government later proposed eliminating the commissioner's position but the bill died on the order paper. Funding was provided by transfers from Transport Canada till March 2007. CTA wants permanent funding to carry out its legislative mandate.

23. ACTS secures USD\$200 million component maintenance agreement for JetBlue Airways

ACTS (Air Canada Technical Services) announced on April 25, 2006 that it has secured a ten year agreement for component maintenance support of JetBlue's Airbus A320 fleet. The agreement, representing an estimated value of USD\$200 million over its lifetime, is the largest component maintenance contract for ACTS, a unit of ACE Aviation Holdings Inc.

24. Aircraft movement statistics

Canadian airports with NAV CANADA air traffic control towers and flight service stations recorded 5.56 million itinerant and local take-offs and landings in 2005, almost unchanged (+0.1%) from 2004. Canadian airports (110) without air traffic control towers reported 0.57 million take-offs and landings in 2005.

25. Travel light and Tango for less with Air Canada's 'GO Discount'

Air Canada launched its GO Discount fare on April 26, 2006 making its Tango fare lower. It is only available at www.aircanada.com. Tango fares can save a further \$10 (USD\$8) each way, or \$20 (USD\$16) round trip, if they travel light and don't change their plans. Canada customers booking a Tango fare at aircanada.com, will be eligible for up to \$20 savings on their return trip if they agree not to make any changes to their booked itinerary, and agree to fly without checked baggage, within the normal carry-on bag allowance only.

26. Beddoe outlines new vision for WestJet

Mr. Beddoe said WestJet has identified three significant avenues for future growth: more cross-border flying into the United States, partnerships with foreign carriers and, eventually, a "full-blown" membership in a global airline alliance such as One World. It has held discussions with numerous airlines regarding the latter matter and has spent millions of dollars on a new computerized reservation system making the above possible. It will also be able to target business travellers.

27. Canadian Airports Applaud Canada-U.K. Open Skies

The Canadian Airports Council (CAC) on April 24, 2006 commended the federal government for reaching an historic Open Skies agreement with the United Kingdom – one of Canada's biggest air markets. Indicating that it is good news for Canadian airports and the communities they serve.

28. Amendments to the *Aeronautics Act* Introduced

On April 27, 2006 changes to the *Aeronautics Act* were introduced in the House of Commons to provide Transport Canada with more leverage to maintain and enhance the safety of Canada's aviation system. The proposed amendments to the *Aeronautics Act*, reflect new strategies being implemented to regulate aviation safety, including an increase in penalties that may be imposed under the act. Key amendments would also allow individuals and operators to confidentially report, on a voluntary basis, less safety-critical regulatory violations.

29. WestJet Announces Record First Quarter Profits for 2006

Westjet announced its 2006 first quarter results on April 27, 2006. It indicated net earnings of \$12.9 million for the first quarter of 2006 up from the \$9.6 million net loss experienced in the same quarter of 2005. WestJet's operating revenue for the first quarter of 2006 was \$387.6 million, a 31.6% increase from the \$294.6 million achieved in the first three months of 2005. Yield (revenue per revenue passenger mile) was 16.8 cents in the first quarter of 2006 compared to 15.2 cents in the same period in 2005, an increase of 10.5%. Compared to the previous quarter, its revenues increased \$20 million. During the quarter, Westjet also successfully completed the final transition to a more fuel-efficient Next-Generation fleet.

30. CHC talks called off over price

Chairman of CHC Helicopter Corp., one of the largest providers of helicopter services to the global energy business, indicated that talks to two US private equity groups have ended. The basic reason is because the groups would not meet the price. Another reason why the talks failed is because of overwhelming sentiment from the minority shareholders that the price was too low given the future outlook.

WATER TRANSPORTATION

1. International Trade Minister David Emerson Continues Dialogue with Pacific Gateway Stakeholders

The Honourable David Emerson, Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, met in Vancouver with representatives of the Greater Vancouver Gateway Council on March 31, 2006. Minister Emerson said “I am committed to moving forward with the federal government’s Pacific Gateway Initiative” International commerce depends more than ever on efficient transportation systems and trade promotion strategies.

2. Service Canada Launches Pleasure Craft Licensing

Service Canada will start delivering pleasure craft licensing on behalf of Transport Canada on April 1, 2006. This should make it easier for Canadians to license their pleasure craft, and they will benefit from improved boating safety.

3. Singapore Outlines Block Exemption Plan

The Competition Commission of Singapore (CCS) put forward its proposal for a block exemption order that will require liner shipping agreements with more than 50 percent market share to publish rate information in order to gain immunity from the country’s Competition Act. The proposed duration of the block exemption order, which will take effect retrospectively from Jan. 1, is five years.

4. Moving Towards a Shortsea Shipping Strategy

Industry, stakeholders and members of the international community are meeting in

Vancouver from April 18 to 20, 2006 to participate in the “North American Marine Conference – Towards a Shortsea Shipping Strategy for the North American Continent.” The event is the result of collaboration between Canada, the United States and Mexico following the signing of a Memorandum of Cooperation on Shortsea Shipping in 2003. It represents a commitment among the three nations to increase the security, prosperity and quality of life in North America.

5. Complaints by Neil Surry et al., Kenmore Air Harbor Inc., Amigo Airways Corp. and Seair Seaplanes Ltd. against the Nanaimo Port Authority

In October 2005, the Canadian Transportation Agency received a number of complaints that there was unjust discrimination in fees levied by the Nanaimo Port Authority on passengers travelling on passenger ferry services and float plane services. On May 9, 2006, the Agency will hold a hearing of these complaints in Nanaimo, British Columbia, as part of its investigations.

6. B.C. port shutdown looms

A federal order that ended last year’s truckers dispute at the Port of Vancouver will expire April 20 midnight and the Union representing more than half the drivers warned that another shutdown could occur if the federal government does not issue another order (which set rates the trucking companies had to pay drivers if they wanted to access the ports). This could mean that trucking companies will be free to cut rates they pay truckers and since the drivers do not have a contract they would be free to strike. Both the federal and provincial governments have indicated that the order was a stop-gap measure and the industry must come up with a long term solution. The order has so far been extended twice.

7. Regulations to Stabilize Container Trucking Industry in British Columbia Lower Mainland

The Government of Canada is proposing regulations see [Regulations Amending the Port Authorities Operations Regulations](#), to facilitate industry relations, help ensure the efficient movement of containers, and promote the long-term stability of operations in the ports of Vancouver and Fraser River, in British Columbia's Lower Mainland. The Minister announced on April 20, 2006 that this initiative, will help stabilize the container trucking industry in British Columbia's Lower Mainland. The port authorities will have the legal obligation to establish a licensing system, set minimum conditions on licences, and ensure these conditions are respected.

8. Port of Vancouver Accumulated Container Traffic Report

The Port of Vancouver reports that container traffic (476, 296 TEUs) for the first quarter of 2006 increased by 17% compared to a year ago. Imports increased by 23% whereas exports increased by 12% in terms of TEUs for the quarter of 2006 compared to 2005.

Water Transportation

Canada

1. International Trade Minister David Emerson Continues Dialogue with Pacific Gateway Stakeholders, March 31, 2006 www.tc.gc.ca

2. Service Canada Launches Pleasure Craft Licensing, March 31, 2006 www.tc.gc.ca

3. Singapore Outlines Block Exemption Plan, American Shipper, April 11, 2006 www.americanshipper.ca

4. Moving Towards a Shortsea Shipping Strategy, April 18, 2006. www.tc.gc.ca

5. Complaints by Neil Surry et al. Kenmore Air Harbor Inc., Amigo Airways Corp. and Seair Seaplanes Ltd. against the Nanaimo Port Authority, April 19, 2006. www.cta-otc.gc.ca

6. B.C. port shutdown looms, *National Post*, April 20, 2006, p. FP5.

7. Regulations to Stabilize Container Trucking Industry in British Columbia Lower Mainland, April 20, 2006 www.tc.gc.ca

8. Port of Vancouver Accumulated Container Traffic Report, April 21, 2006 www.portvancouver.ca

RAIL TRANSPORTATION

1. CN expands product offering with new Customs Clearance Services

In its continuing drive to make supply chain management simpler and more efficient, CN launched Customs Clearance Services for shipments entering Canada from the United States or overseas on April 18, 2006. CN will arrange to have shipments destined to all regions of Canada cleared electronically through Canada Customs. As a result, customers will be able to obtain one-stop shopping for door-to-door transportation of merchandise and intermodal traffic.

2. CN seeks stay of FOA proceedings pending judicial review of FOA law

CN announced on April 19, 2006 that it is applying to the Federal Court of Canada for a stay of proceedings following a recent submission for final offer arbitration (FOA) of rates and other conditions by Western Canada Coal Company (WCCC), a coal shipper in British Columbia. CN's motion is being filed pending a decision by the Federal Court of Canada on an application for judicial review of an arbitrator's decision rendered in September 2005 in another FOA submission by WCCC.

3. CN declares second-quarter 2006 dividend

CN announced on April 20, 2006 that its Board of Directors has approved a second-quarter 2006 dividend on the company's common shares outstanding. A quarterly dividend of sixteen-and-one-quarter cents (C\$0.1625) per common share will be paid on June 30, 2006, to shareholders.

4. CN reports first-quarter 2006 diluted EPS of C\$0.66 and record first-quarter operating ratio of 66.2 per cent

CN announced its fourth quarter results on April 20, 2006. The highlights for

for the first quarter compared to the same period in 2005 were: net income of C\$362 million, up 21%; Operating income of C\$624 million, up 19%; operating ratio of 66.2 an increase of 3.2 points. The President and CEO indicated that CN delivered solid first quarter performance.

5. Railway carloadings in February 2006, railway carloadings were down in almost all commodity groupings.

In total, 22.5 million metric tonnes of goods were loaded on Canadian railways, 3.6% less than in January 2006. Total tonnage of non-intermodal categories reached 20.4 million metric tonnes in February, down 4% from January. Intermodal loadings, that is, containers and trailers hauled on flat cars, remained steady at just over 2.0 million metric tonnes. On a year-over-year basis, all modes showed lower volumes.

6. CN obtains court injunction to re-open rail line

CN has obtained an injunction from the Ontario Superior Court, ordering First Nations members currently obstructing CN's main line between Montreal and Toronto at a site near Marysville, Ontario, to remove their blockade.

7. Rail blockade lifted, CN re-opens Montreal-Toronto main line

CN's main line between Montreal and Toronto has been re-opened, following the removal of a blockade by Mohawks of the Bay of Quinte First Nation near Marysville, in eastern Ontario.

8. CPR's first quarter earnings up thirty-eight per cent

On April 25, 2006, CPR reported that net income grew to \$111 million, a 38-per-cent improvement over first-quarter 2005. The highlights for the first quarter of 2006 compared to the first quarter of 2005 were: operating ratio improved 3 percentage points to 79.4 per cent; revenue increased 10 per cent to \$1,111 million; operating expenses up 1 per cent, excluding the impact of higher fuel prices; and diluted earnings per share increased 40 per cent to \$0.74 from \$0.53. The retiring CEO of CPR indicated that the company produced solid results.

Rail Transportation

Canada

1. CN expands product offering with new Customs Clearance Services, April 18, 2006, www.cn.ca

2. CN seeks stay of FOA proceedings pending judicial review of FOA law, April 19, 2006, www.cn.ca

3. CN declares second-quarter 2006 dividend, April 20, 2006, www.cn.ca

4. CN reports first-quarter 2006 diluted EPS of C\$0.66 and record first-quarter operating ratio of 66.2 per cent, April 20, 2006, www.cn.ca

5. Railway carloadings, April 21, 2006, www.statcan.ca

6. CN obtains court injunction to re-open rail line, April 21, 2006, www.cn.ca

7. Rail blockade lifted, CN re-opens Montreal-Toronto main line, April 21, 2006, www.cn.ca

8. CPR's first quarter earnings up thirty-eight per cent, April 25, 2006, www.cpr.ca

US/EU

1. U.S. grain companies balk at petition for short-line abandonment, April 18, 2006, www.americanshipper.ca

HIGHWAY TRANSPORTATION

1. CTA/ATA to jointly pursue cabotage liberalization

The Canadian Trucking Alliance and the American Trucking Associations have agreed to work together in a push to allow for greater flexibility in the movement of empty trailers by foreign truck drivers. Immigration laws in both Canada and the US do not currently allow for foreign drivers to reposition empty trailers if they have been disconnected from the power unit that brought them across the border. Liberalization would enable a Canadian driver to be able to pick up an empty trailer and reposition it to another location after delivery of a loaded trailer.

2. Mullen to acquire Kleysen Group

Mullen Group Income Fund has announced in April that it has signed a deal to acquire family-owned Kleysen Investments. The Winnipeg-based Kleysen group has been in operation since 1935. It's a diversified Canadian transportation and logistics operation offering bulk transportation, deck transportation, multi-commodity transload services and intermodal transportation services.

3. Large Urban Transit

Combined ridership on 10 large urban transit systems in Canada was 1.8% higher in February 2006 than it was for the same month in 2005. Approximately 110.1 million passenger trips were taken on these transit systems in February 2006. These systems account for about 80% of total urban transit in Canada. The trips generated \$173 million in revenue in February (excluding subsidies), a 5.5% increase over February 2005.

4. Fuel prices will push Canada trucking costs higher.

The Canadian Trucking Alliance, representing more than 4,000 motor carriers, warned shippers on April 18, 2006 to expect increased trucking costs amid sharply higher fuel prices. Trucks haul two-thirds of Canada's trade with the United States. New diesel fuel and engine emission standards being adopted next year will also increase fuel consumption.

5. New solutions to fuel price volatility sought by trucking industry

The factors contributing to volatile fuel prices in trucking are not expected to change in the foreseeable future, according to a leading petroleum industry analyst and consultant. This forecast does not bode well for trucking operators seeking price relief. In response to a growing interest for new solutions to the problem of volatile fuel prices, Transportation Media Research, in partnership with Markel Insurance Company of Canada, invites Canadian business leaders with an interest in transportation costs to attend Let's Talk about Volatile Fuel Prices.

6. International Bridges and Tunnels Act Tabled in Parliament

On April 24, 2006, the Minister of Transport, Infrastructure and Communities, tabled the [International Bridges and Tunnels Act](#) in the House of Commons. It will establish a legislative framework enabling the government to exercise authority over international bridges and tunnels. It also meets the government's agenda of securing Canada's borders, improving infrastructure and supporting the creation of jobs through international trade. There are currently 24 international vehicular bridges and tunnels and five international railway tunnels linking Canada and the United States.

7. CPR revists bullet-train idea

Canadian Pacific Railway (CPR) would like to see a bullet train between Calgary and Edmonton. Estimates for the rail megaproject range from \$1.7 billion to \$3.4 billion. As the Province continues to grow, the viability of such a project improves. CPR would like the province to pay part of the cost i.e., for infrastructure.

8. Couriers and Messengers Services Price Index

The Couriers and Messengers Services Price Index (CMSPI) increased 0.8% to 118.1 in February 2006 (2003=100), due to higher fuel prices. The courier portion rose by 0.9% while the local messengers component was unchanged. For March 2006, it rose 0.2% with the courier portion increasing by 0.3% and the local messengers component remaining unchanged.

9. Continuing fuel price volatility is here to stay, warns industry expert

Michael Ervin warned transportation professionals that fuel pricing volatility will persist. Ervin said that several factors, including lack of spare refining capacity, declining refinery population, a lack of incentive to invest in new refining infrastructure in North America and a declining rate of new oil discoveries are having a distinct impact on supply. Combined with rising global demand for petroleum products, this has made for a very thin margin between the available supply and demand that is easily upset by external factors such as conflicts in oil producing nations or natural disasters

Highway Transportation

Canada

1. CTA/ATA to jointly pursue cabotage liberalization, April 3, 2006, www.ctl.ca
2. Mullen to acquire Kleysen Group, April 10, 2006, www.ctl.ca
3. Large Urban Transit, April 19, 2006, www.statcan.ca
4. Fuel prices will push Canada trucking costs higher, April 19, 2006, www.joc.com
5. New solutions to fuel price volatility sought by trucking industry, April 18, 2006, www.ctl.ca
6. International Bridges and Tunnels Act Tabled in Parliament, April 24, 2006, www.tc.gc.ca
7. CPR revists bullet-train idea, *Globe and Mail*, April 26, 2006, p. B3.
8. Couriers and Messengers Services Price Index, April 27, 2006, www.statcan.ca
9. Continuing fuel price volatility is here to stay, warns industry expert, April 27, 2006, www.ctl.ca

US/EU

1. BTS Releases Transportation Services Index (TSI); Index Fell 0.9 Percent in February from January, April 6, 2006, www.dot.gov

that wreak havoc on refining capacity and schedules.

GENERAL

1. Review of National Capital Commission Announced

Minister of Transport, Infrastructure and Communities, Lawrence Cannon on April 13, 2006 proposed the review of the National Capital Commission's mandate.

2. Travel between Canada and other countries

A record number of Canadians (547,000) travelled to overseas countries. This represented a 1.5% gain from January 2006 and a year to year increase of 7%. It was the third consecutive monthly increase. At the same time, same-day car travel from the United States fell to its lowest monthly level on record (i.e by 8%).

Current Developments in Brief

General

CANADA

1. Review of National Capital Commission Announced, April 13, 2006, www.tc.gc.ca
2. Travel between Canada and other countries, April 20, 2006, www.statcan.ca

Publications

1. CAC 2005 Annual Report - Working Together, Moving Forward, April 11, 2006, www.cacairports.ca

Conferences

1. Sustainable Workforce Management Strategies, A Two-Day Conference: July 26th & 27th, 2006, Pre-Conference Workshops: July 25th, 2006, Toronto, Canada