

Transportation Information Update*

Editor: Joseph Monteiro**

November 2006, No. 27

Associate Editor: Gerald Robertson**

Blue Sky: Canada Takes its International Air Policy to New Heights

A new international air transportation policy called Blue Sky was announced on November 27, 2006 by the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities. Canada's New Government has introduced Blue Sky to create opportunities for travellers, businesses and the air industry. It will encourage the development of new markets, new services and greater competition. For travellers, this means more choices in terms of destinations, flights and routes. Under the new policy, the focus will be to pursue the negotiation of open skies type agreements when it is in Canada's overall interest.

Blue Sky: Canada Takes its International Air Policy to New Heights, November 27, 2007, www.tc.gc.ca

AIR TRANSPORTATION

1. WestJet Finalizes Term Sheet for an Additional Five Aircraft

Westjet announced on October 30, 2006 that it has finalized a term sheet with Singapore Aircraft Leasing Enterprise (SALE) for five Boeing Next-Generation 737 aircraft to be delivered in 2009. Details of the agreement include four 700-series aircraft scheduled for delivery in January, May, June and October 2009 respectively and one 800-series aircraft to be delivered in May 2009.

2. WestJet Launches Expanded Winter Schedule

On October 30, 2006 Westjet commenced its expanded winter non-stop service to the U.S. and the Caribbean. New non-stop flights will be offered to Nassau, West Palm Beach, Orlando, Tampa, Phoenix and Palm Springs from select Canadian cities.

3. Aircraft movement statistics: Major Airports

Aircraft movement at Canadian airports with NAV CANADA air traffic control towers reported 561,106 aircraft take-offs and landings in August 2006, up 4.7% compared with August 2005 (535,766 movements). Itinerant movements (flights from one airport to another) increased by 3.9% (+15,636 movements) in August compared with the same month a year earlier. Local movements (flights that remain in the vicinity of the airport) increased by 7.2% (+9,704 movements) in August compared with August 2005.

4. Skip Aeroplan, save \$3 on a ticket

To shrink the costs of an Air Canada ticket, the carrier has unveiled new à la carte choices. For example, buy your lunch in advance and save \$2, leave luggage at home save \$5, take a pass on Aeroplan points save \$3. Declining benefits can result in savings. Some of these choices (i.e., saving on Aeroplan) only applies for now to the lowest level of fares called Tango. Air Canada claims that this is all about transparency and choice - how you want to travel and what is the price that you want to pay.

5. Air Canada launches the only non-stop flight from Edmonton to London Heathrow

On October 31, 2006, Air Canada launched the only non-stop, scheduled transatlantic flight from Alberta's capital city to London Heathrow, the world's busiest international gateway. It now offers three weekly flights to Heathrow.

6. Air Canada provides update on wage review arbitration process

Air Canada announced on November 1, 2006 that the arbitrator has issued his wage review award covering approximately 3,100 pilots represented by the Air Canada Pilots Association (ACPA). The award grants ACPA-represented pilots a 2% wage increase effective July 2006, a 1.75% increase effective July 2007 and a 1.75% increase effective July 2008. The award did not provide for adjustments to pensions.

7. Slowing Growth for Passenger And Cargo - Forecast for Bottom Line Improvement Unchanged

Current Developments in Brief

Air Transportation

CANADA

1. WestJet Finalizes Term Sheet for an Additional Five Aircraft, October 30, 2006, www.westjet.ca
2. WestJet Launches Expanded Winter Schedule, October 30, 2006, www.westjet.ca
3. Aircraft movement statistics: Major Airports, October 31, 2006, www.statcan.ca
4. Skip Aeroplan, save \$3 on a ticket, *Globe and Mail*, October 28, 2006, p. B6.
5. Air Canada launches the only non-stop flight from Edmonton to London Heathrow, October 31, 2006, www.aircanada.ca
6. Air Canada provides update on wage review arbitration process, November 1, 2006, www.aircanada.ca
7. Slowing Growth for Passenger And Cargo Forecast for Bottom Line Improvement Unchanged, November 1, 2006, www.iata.org
8. US, EU to resume Open-Skies Talks, *The Journal of Commerce*, October 9, 2006.
9. Transport Canada amends security requirements affecting liquids, gels and aerosols onboard aircraft, November 3, 2006, www.tc.gc.ca
10. Canadian Transportation Agency Rules on Air Canada's New Firearms Charge, November 3, 2006, www.cta-otc.gc.ca
11. WestJet Announces New Non-Stop Service to Tampa, Florida, Nov. 6, 2006, www.westjet.ca
12. WestJet October Traffic Statistics, November 7, 2006, www.westjet.ca
13. WestJet, Air Canada packed planes in October, November 8, 2006, www.globeandmail.ca
14. Air Canada Boosts Overall Capacity to Atlantic Canada by 16%, November 7, 2006, www.aircanada.ca
15. Air Canada Reports October Traffic - Mainline passenger load factor of 79% - highest ever for November, November 7, 2006, www.aircanada.ca
16. Canada's New Government Proposes to Boost Airport Security with Biometric Technology, November 10, 2006, www.tc.gc.ca
17. WestJet on track to post strong year, *Globe and Mail*, November 11, 2006, p. B5.
18. Air Canada to Focus on China Growth, *Financial Post*, November 11, 2006, p. FP8.
19. Passengers will soon be able to plug in iPods on six major airlines, November 15, 2006, www.nationalpost.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.

The International Air Transport Association (IATA) on November 1, 2006 reported a 4.7% year-on-year growth in international passenger traffic for September 2006. This is well below the 5.9% average for the year to date. The passenger load factor for September was 76.9%, 0.2% higher than for September 2005. Year to date load factors are 1.0% higher than in 2005 at 76.5% for the period. International freight traffic rose 4.9% in September 2006, up from 4.7% in August but below the growth of 5.2% over the same period in 2005.

8. US, EU to resume Open-Skies Talks

US and EU aviation negotiators resumed talks in October 2006. But progress is expected to be elusive. A stumbling block is how much foreign investors should be able to have in US airlines. While US DOT proposed increasing the influence foreigners would be allowed to have, the proposal ran into congressional and labour opposition. EU Transport Commissioner said he could not agree to legislation under which European companies could not have effective control of investments.

9. Transport Canada amends security requirements affecting liquids, gels and aerosols onboard aircraft

Transport Canada has amended security requirements for liquids, gels and aerosols on aircraft. Since, November 6, 2006, air passengers are permitted to bring liquids, gels and aerosols through security screening at Canadian airports provided that the items are packaged in containers with a capacity of 100 ml / 100 grams (3.4 oz.) or less – instead of the previously required 90 ml / 90 grams (3 oz.) or less. Further, the containers should fit comfortably in one clear, closed and resealable plastic bag with a capacity of no more than 1 litre (1 quart).

10. Canadian Transportation Agency Rules on Air Canada's New Firearms Charge

The Canadian Transportation Agency on November 3, 2006 dismissed complaints concerning a new charge of \$50 imposed by Air Canada for carrying firearms.

11. WestJet Announces New Non-Stop Service to Tampa, Florida

WestJet announced on November 6, 2006 that it will begin offering seasonal non-stop service from Halifax to Tampa, Florida starting March 13, 2007 until May 1, 2007. The new non-stop flights between Halifax and Tampa will be offered once a week as of March 13, 2007 with introductory fares starting at \$219 CAD. These fares must be booked by November 7, 2006 and are available for travel from March 13 to May 1, 2007.

12. WestJet October Traffic Statistics

WestJet announced its traffic statistics for October 2006 featuring an increase in load factor to 74.9%, compared with 73.5% in October 2005. WestJet's revenue passenger miles (RPMs) increased 24% to 826.3 million for October this year, up from 665.6 million in October 2005. Available seat miles (ASMs) grew 22% to 1,102.7 million in October 2006, up from 905.2 million in October 2005. "These traffic results are a clear indication that our network deployment approach of adjusting capacity to meet market demand is working and on track," commented Sean Durfy, President. "October's strong traffic results were achieved despite the growth in capacity by 22 per cent.

13. WestJet, Air Canada packed planes in October

WestJet Airlines Ltd. and Air Canada's planes were fuller this October 2006 than last October, leading both carriers to unveil plans to increase network capacity in the final quarter of the year. The two carriers have been boosting capacity and gaining business following Halifax-based CanJet Airlines decision to end scheduled service, particularly in CanJet's core Atlantic market. WestJet's traffic has also benefited from a bustling Western Canadian economy.

14. Air Canada Boosts Overall Capacity to Atlantic Canada by 16%

Air Canada announced on November 7, 2006 that it has increased overall capacity in Newfoundland and Labrador, New Brunswick, and Nova Scotia. The additional flights, operated by Air Canada and Air Canada Jazz, will offer customers more choice and convenience in time for planning vacations during the year-end holiday travel time. Overall, the airline is increasing the number of seats to destinations it serves in Atlantic Canada by over 16 per cent, or more than 10,000 additional seats per week, compared to last winter.

20. US Airways to make US\$8 billion cash and stock bid for Delta Air Lines, November 15, 2006, www.nationalpost.ca
21. ACE Aviation and Air Canada announce the pricing for the initial public offering of Air Canada, November 16, 2006, www.aircanada.ca
22. WestJet Leads North American Airline Industry in Percentage Earnings, November 16, 2006, www.westjet.ca
23. WestJet Announces Additional Non-Stop Service From Toronto to Sun Destinations, November 17, 2006, www.westjet.ca
24. Ottawa to open skies to foreign competition, *National Post*, November 18, 2006, p. FP6.
25. WestJet Responds to Montreal Economic Institute Report, November 23, 2006, www.westjet.ca
26. ATAC Welcomes Montreal Economic Institute Study, November 23, 2006, www.atac.ca
27. Fee hikes seen for Pearson, *National Post*, November 23, 2006, p. FP7.
28. WestJet Introduces Great Savings and Flexibility with The WestJet Travel Pass, November 24, 2006, www.westjet.ca
29. WestJet Launches Get Set for Mac Users, November 24, www.westjet.ca
30. Air Canada welcomes federal government plan to negotiate more Open Skies Agreements, November 27, 2007, www.aircanada.ca
31. WestJet Comments on Government's New International Air Policy, November 27, 2006, www.westjet.ca
32. ATAC Welcomes Minister's New International Air Policy Announcement, November 27, 2006, www.tc.gc.ca
33. "Blue Sky" Policy will Benefit Canadian Travellers, Shippers and Communities, Airports Group Says, November 27, 2007, www.cacairports.ca
34. Blue Sky plan to boost open skies agreements, November 28, 2006, www.globeandmail.ca
35. Ottawa confident about open-skies air travel policy, November 27, 2006, www.nationalpost.ca
36. Air Cargo Transshipment Program, November 27, 2007, www.tc.gc.ca
37. Foreign Carrier Access, November 27, 2007, www.tc.gc.ca
38. Couriers and Messengers Services Price Index, November 28, 2006, www.statcan.ca
39. Aircraft Movement Statistics, November, 28, 2006, www.statcan.ca
40. "Blue Sky to Boost Asia-Pacific Gateway" — Emerson, November 28, 2006, www.tc.gc.ca

15. Air Canada Reports October Traffic - Mainline passenger load factor of 79% - highest ever for October

Air Canada reported a system load factor of 79 percent for October 2006. The mainline carrier flew 1.8 percent more revenue passenger miles (RPMs) in October 2006 than in October 2005. Overall, capacity increased by 0.3 percent, resulting in a load factor of 79 percent, up from 77.9 percent in October 2005. Jazz's capacity increased by 37.2 per cent, resulting in a load factor of 72.5 per cent, compared to 71.5 per cent in October 2005; an increase of 1.0 percentage points. On a combined basis (Air Canada and Jazz), system traffic rose 4.3 per cent on a capacity increase of 3 percent, resulting in a load factor of 78.4 percent. North American traffic, on a combined basis, rose 3.8 percent.

16. Canada's New Government Proposes to Boost Airport Security with Biometric Technology

The Minister of Transport, Infrastructure and Communities on November 10, 2006 proposed amendments to the Canadian Aviation Security Regulations to implement the use of the new Restricted Area Identity Card. Through the use of biometrics, the card will enhance the restricted area pass system currently in place at Canada's twenty-nine major airports for airport personnel, including flight crews, refuelers, caterers and others who require access to restricted areas.

17. Air Canada, WestJet on track to post strong year

The heads of both Air Canada and WestJet are forecasting strong performance for 2006, partly helped by the exit of CanJet Airlines. ACE, the carrier's parent earned \$258 million in 2005 and posted earnings of \$457 million in the first nine months of 2006. WestJet earned \$24 million in 2005 and posted earnings of \$88 million in the first nine months of 2006.

18. Air Canada to Focus on China Growth

The CEO of ACE Aviation Holdings Inc. indicated that Air Canada will focus on China in 2007 with more flights to Beijing and Shanghai from Toronto and Vancouver together with the addition of another Chinese city. These plans will be helped by the emergence of long range Boeing 787 aircraft. However, these plans did not cheer investors as its third quarter earnings were down 62% due in part to high fuel costs and charges related to its Aeroplan loyalty program obligations.

19. Passengers will soon be able to plug in iPods on six major airlines

Six major carriers - Air France, Continental Airlines, Delta Air Lines, Emirates, KLM and United Airlines - will begin offering their passengers iPod seat connections. It will enable them to connect their iPods to in-flight entertainment systems and watch their favourite videos without fear of running out of battery power while travelling. There are no plans to offer a similar service in Canada.

20. US Airways to make US\$8 billion cash and stock bid for Delta Air Lines

U.S. Airways Group Inc. unveiled an unsolicited US\$8-billion offer for bankrupt Delta Air Lines Inc. that would be the largest merger in U.S. airline history. The move could be the beginning of a round of airline consolidation and would result in one of the world's largest carriers. US Airways has hubs in Phoenix, Philadelphia and Charlotte, N.C. Delta's hubs are in Atlanta, Cincinnati and Salt Lake City.

21. ACE Aviation and Air Canada announce the pricing for the initial public offering of Air Canada

ACE Aviation Holdings Inc. and Air Canada announced on November 16, 2006 that they have entered into agreements with a group of underwriters to sell an aggregate of 25 million Class A Variable Voting Shares and Class B Voting Shares (the "Offered Shares") in the capital of Air Canada at a price of \$C21 per Offered Share

22. WestJet Leads North American Airline Industry in Percentage Earnings

WestJet leads North America's airline industry in 2006. Its third quarter pre-tax margin is 16 per cent, outperforming all other North American carriers on a percentage basis. In addition, its available seat mile growth is 17.3%. Sean Durfy, President said "WestJet leads the North America airline industry in earnings margin due to our successful implementation of the three key elements of our plan - strategic network deployment, award-winning corporate culture and guest service, and our consistent alignment with our low cost business model."

23. WestJet Announces Additional Non-Stop Service From Toronto to Sun Destinations

WestJet announced on November 17, 2006 that it will offer additional seasonal non-stop service from Toronto to Fort Lauderdale, Tampa and Nassau, Bahamas starting January 8, 2007 until April 28, 2007. These fares must be booked by November 22, 2006.

24. Ottawa to open skies to foreign competition

According to the *National Post*, Ottawa is set to announce a new international policy that aims to open Canada's skies to

- 41. XM Canada Becomes Exclusive Music Channel Provider for Air Canada, November 29, 2006, www.aircanada.ca
- 42. WestJet Welcomes John Hamilton as Vice President, WestJet Vacations, November 29, 2006, www.westjet.ca
- 43. Freight Growth Dips to one-year Low, As Passenger Demand Rises, November 30, 2006, www.iata.org

US/EU

- 1. September's Airline On-Time Performance Better Than in August But Declines from Last Year, November 2, 2006, www.dot.gov
- 2. FAA International Safety Forum, Remarks by Giovanni Bisignani, Director General and CEO, IATA, November 2, 2006, www.iata.org
- 3. BTS Releases August 2006 Airline Traffic Data; Southwest Tops System Carrier List for First Time, November 16, 2006, www.dot.gov
- 4. BTS Releases September Passenger Airline Employment Data; September 2006 Employment Down 2.6 Percent from September 2005, November 21, 2006, www.dot.gov

more foreign competition. This move will benefit consumers but not necessarily the country's carriers. *National Post* sources said that the new policy will create a framework for negotiating future bilateral agreements that stresses the importance of allowing market forces to determine the quality, frequency and range of air service options available to Canadians. The new accords will focus on removal of restrictions on pricing, frequency and destination. They could also include fifth freedom rights. The Air Transport Association of Canada said the government is moving too quickly. In contrast, the Canadian Airports Council has praised the government's initiative.

25. WestJet Responds to Montreal Economic Institute Report

WestJet President commented on the Montreal Economic Institute Report and stated it corroborates that the problem of level playing field is a very real problem for all airlines in Canada. Our ability to compete with U.S. carriers requires that the government act on the economic inequalities imposed by excessive taxes, security fees and airport rent. According to the study, industry-specific payments to the federal government rose by almost 20 per cent per year between 2000 and 2004/2005. Fuel taxes imposed on Canadian carriers are three times higher than those in the United States. These are examples of how our tax and fees structure is out of step with other industries in Canada and needs to be brought in line.

26. ATAC Welcomes Montreal Economic Institute Study

On November 22, 2006, ATAC welcomed an independent research report issued by the Montreal Economic Institute, which confirmed that the aviation industry in Canada is being overburdened by industry-specific taxes. The report outlines three specific areas of taxation, in need of urgent reform: airport rents, the Air Travelers' Security Charge and the Fuel Excise Tax. The President and CEO of ATAC said that "Today's report from a respected economic think tank underscores the urgent need for the government of Canada to fix Canada's competitive gap in commercial aviation by eliminating the punishing taxes of airport rents, the Fuel Excise Tax and the Air Travelers' Security Charge."

27. Fee hikes seen for Pearson

The Greater Toronto Airports Authority is considering raising the 2007 landing fees at Pearson despite the warnings that the country's airline industry is being placed at a competitive disadvantage to the U.S. airports due to high airport fees, government taxes and security charges. While the increase is likely to be small, it comes at a time when the airport improvement fee was just increased to \$20 from \$15, a 33% increase. It also comes at time when the government is set to announce a new international air policy to encourage new services and stimulate demand.

28. WestJet Introduces Great Savings and Flexibility with The WestJet Travel Pass

WestJet announced on November 23, 2006 the availability of an affordable and convenient Travel Pass, at a cost of \$1,700, for travel until May 31, 2007. The pass offers significant savings for business travel between Toronto, Ottawa and Montreal, with the flexibility of allowing guests to transfer the passes between colleagues, friends and family members. The pass offers 10 one-way flights for \$1,700 (including all taxes, fees and surcharges), is transferable and offers significant savings compared to similar products available from other airlines.

29. WestJet Launches Get Set for Mac Users

On November 23, 2006, WestJet announced the launch of Get Set for Mac users, an application that runs directly on a Mac desktop delivering instantaneous information on WestJet flights, vacation packages and hot deals from WestJet partners directly to computers. WestJet initially launched Get Set in September for PC users.

30. Air Canada welcomes federal government plan to negotiate more Open Skies Agreements

Air Canada welcomed the announcement by the federal government that it intends to pursue more Open Skies Agreements with certain countries on November 27, 2006. Executive Vice President and Chief Commercial Officer of Air Canada said "Air Canada and our customers have benefited tremendously from the Canada-U.S. Open Skies agreement which has resulted in more flights between both countries and additional options for our customers on both sides of the border...." Air Canada has been supportive of a liberalization provided it is done on an equitable and reciprocal basis together with a level playing field.

31. WestJet Comments on Government's New International Air Policy

On November 27, 2007, WestJet President commented on the Government's new international air policy indicating that "The federal government's pledge to establish further bilateral air agreements with other countries is encouraging and will provide consumers with more choice and provide air carriers with more market opportunities. He also pointed out that two fundamental issues should be dealt with: fair access to foreign airport terminal facilities in future bilateral agreements and the issue of uncompetitive taxes and fees be addressed.

32. ATAC Welcomes Minister's New International Air Policy Announcement

The Air Transport Association of Canada on November 27, 2006 welcomed the Minister of Transport's new international air policy announcement and the Minister's important acknowledgement of the legitimacy of Canadian air carriers concerns related to federal fees and costs.

33. "Blue Sky" Policy will Benefit Canadian Travellers, Shippers and Communities, Airports Group Says

Canadian Airports Council heralded Canada's new Blue Sky international policy as it will benefit travellers, shippers and communities. It called on the government to now aggressively pursue open skies agreement in Canada's important markets for tourism, trade and transit of passengers.

34. Blue Sky plan to boost open skies agreements

The Globe and Mail reported that the new Blue Sky plan could mean better fares and more choice for Canadian travellers as Ottawa wants the price, quality, frequency and range of air services to be determined by market forces. At a news conference, Mr. Cannon said the topic of cabotage isn't on the table, and won't be any time soon. For now, Ottawa intends to gradually negotiate bilateral pacts that would lead to more choice on international flights eg. Japan, Australia, France, Singapore and South Korea.

35. Ottawa confident about open-skies air travel policy

The National Post reported that the industry generally applauded the government's pledge to open Canada's skies. However, several observers pointed to Ottawa's airport rent scheme and other fees as a threat to the industry's competitiveness — an issue Mr. Cannon acknowledged, but made no promises to address.

36. Air Cargo Transshipment Program

The Government is expanding its policy on air cargo transshipment developed in 1982. The international air cargo transshipment program which had been in the past available to six airports in Canada will be expanded to allow any airport to participate in the program, subject to its meeting current application requirements and approvals.

37. Foreign Carrier Access

The Government will continue to review the current Foreign Carrier Access (FCA) program. In the meantime, the program will continue to apply. The FCA provisions were intended to facilitate foreign carrier access to Canada where no air transport agreement was in place.

38. Couriers and Messengers Services Price Index

The Couriers and Messengers Services Price Index decreased 0.7% to 119.8 (2003=100) in October, 2006. The courier portion decreased by 0.7% on a monthly basis, while the local messengers component decreased by 0.2% due to lower fuel charges.

39. Aircraft Movement Statistics

Aircraft take-offs and landings at the Canadian airports without air traffic control towers reached 72,112 movements in July 2006, up 1.1% from the same month a year earlier (71, 324 movements). Guelph was the most active in both in both overall and local classes of operations.

40. "Blue Sky to Boost Asia-pacific Gateway" — Emerson

The Honourable David Emerson, Minister of International Trade and Minister for the Pacific Gateway on November 28, 2006 welcomed the new international air transportation policy called Blue Sky. He said that "Blue Sky is a major boost for the Asia-Pacific Gateway and Corridor Initiative, as air transportation will help build fast and efficient linkages between Canada and the growing economies of Asia. ...With increased competition, more goods, services and people will move through our western airports, as part of the Gateway."

41. XM Canada Becomes Exclusive Music Channel Provider for Air Canada

XM Canada and Air Canada announced on November 29, 2006 a multi-year agreement to supply music content to all of Air Canada's customers. Effective March 1, 2007, XM Canada will program all audio content currently provided by the existing "enRouteFM" channels. The new content will be made available on both the existing legacy in-flight entertainment system and the new touch-screen, seatback in-flight entertainment systems being installed on all Air Canada aircraft.

42. WestJet Welcomes John Hamilton as Vice President, WestJet Vacations

WestJet announced the appointment of John Hamilton as Vice President, WestJet Vacations on November 29, 2006.

43. Freight Growth Dips to one-year Low, As Passenger Demand Rises

The International Air Transport Association (IATA) results for October 2006 show that year-on-year demand growth for international freight was 2.3%, a sharp drop from the 4.9% growth recorded in September 2006. This was the weakest monthly freight growth rate recorded in 2006. By contrast, international passenger demand growth ended a five-month period of slowing growth with a 5.3% increase (up marginally from the 4.7% recorded in September). For the first ten months of the year, freight traffic is up by 4.9% and passenger traffic by 5.8%.

WATER TRANSPORTATION

1. Dubai firm considers investing in Halifax ports

Dubai Ports World (DPW) is considering whether to establish an operation in Halifax. While there is no indication on how it would do this, one way would be to take over Halterm-Income Fund which operates Halterm Terminal, one of the two terminals in Halifax. The acquisition would give DPW access to a stable North Atlantic market, it also attracts Asian traffic entering via the Suez Canal. The other Halifax terminal is Fairview Cove Container Terminal which is owned by Ceres Terminals Inc. But the company said it has no intention of selling.

2. Vancouver Again Angers Truckers

The 1000 or so owner operators who walked out in the summer of 2005 are threatening to do it again. They say that the Vancouver Port Authority is not living up to the agreement they reached to end the walkout. New drivers are being hired at rates below those stipulated in the agreement that all companies must sign to be licensed to serve the port.

3. Threat or necessity?

Carriers' comment on the proposed EC guidelines for the period after antitrust immunity ends indicates that they should be permitted to meet and engage in supply forecasting. However, DG Comp expressed three areas of concern: the high risk of collusion; the possibility of signalling to each other of pricing strategies; and unnecessary protection against currency fluctuations (through currency indexing). Shippers have till the end of October to file their analysis.

4. Halifax to deepen berths

The Halifax Port Authority said it will deepen the Pier C berths of its Southend Container Terminal facility to a depth of 52.5 feet from its current depth of 49.2 feet in order to accommodate 8,000-TEU ships and larger. The dredging work, which will cost an estimated \$1.5 million, will mean that both container terminals in Halifax harbor, which is already the deepest natural harbor on the east coast of North America will be able to handle larger post-Panamax ships.

5. Ports Giant to Buy Halifax Terminal

New York based Macquaire will pay \$172.75 million for Halterm Income Fund, owner of the Halterm container facility at the Port of Halifax. This is the fourth terminal that is expected to be sold to foreign interests. In 2005, Dubai World Ports of UAE bought the operator of Centerm. TSI Terminal Systems is expected to be sold to another non-Canadian interest. Fraser Surrey Docks is also expected to be sold at the end of the year. Before the sale is completed, it must be approved by unit holders.

6. Will Congress revisit OSRA?

On October 18, the Antitrust Modernization Commission ended its hearings. It considered 30 examples of antitrust exemptions, including that applicable to shipping. While most, if not all Commissioners were sceptical on the justification and reasons for it, what happens ultimately will depend on Congress. No one is certain that Congress will visit the Ocean Shipping Reform Act (OSRA) soon. While what the European Commission is doing will have an impact, no one is certain. Peter Gatti, VP of the National Industrial Transportation League said "I think it will only attract congressional attention if the industry goes in with some semblance of consensus to say these changes make sense." Part of the lack of enthusiasm is because the system is faring well in the post-OSRA world.

7. Canada's New Government Implements Background Checks for Port Workers

The Minister of Transport, Infrastructure and Communities announced amendments to the Marine Transportation Security Regulations that will strengthen marine security by requiring background checks for port workers through the Marine Transportation Security Clearance Program on November 16, 2006. This program is expected not only to further secure our ports but also to help ensure the continued competitiveness of our marine industry

8. Canada's New Government Invests \$42 Million for Marine Security Projects Across the Country

The Minister of Transport, Infrastructure and Communities announced on November 16, 2006 that 386 projects aimed at enhancing security at Canadian ports and marine facilities will receive funding under the Marine Security Contribution

Water Transportation

Canada

1. Dubai firm considers investing in Halifax ports, *Globe and Mail*, Wednesday, November 1, 2006, p. B3.
2. Vancouver Again Angers Truckers, *The Journal of Commerce*, October 9, 2006.
3. Threat or necessity?, *The Journal of Commerce*, October 9, 2006
4. Halifax to deepen berths, November 3, 2006, www.joc.com
5. Ports Giant to Buy Halifax Terminal, *Financial Post*, November 7, 2007, p. FP8
6. Will Congress revisit OSRA?, *The Journal of Commerce*, October 30, 2006, p. 17.
7. Canada's New Government Implements Background Checks for Port Workers, November 16, 2006, www.tc.gc.ca
8. Canada's New Government Invests \$42 Million for Marine Security Projects Across the Country November 16, 2006, www.tc.gc.ca
9. Asian shipper group lauds latest EC decision on liner conferences, November 17, 2006, www.americanshipper.com
10. Asian shippers' councils keep liner antitrust immunity in sights, November 21, 2006, www.americanshipper.com
11. NIT League to review OSRA in 2007, November 20, 2006, www.americanshipper.com
12. Teachers buys four marine terminals November 24, 2006, www.globeandmail.ca
13. West Coast ports on board with single entity, November 28, 2006, www.ctl.ca
14. Halifax Port Authority looks to deepen berths at Southend facility, November 28, 2006, www.ctl.ca
15. Canada's New Government Moves to Improve Efficiency at British Columbia Lower Mainland Ports, November 29, 2006, www.tc.gc.ca
16. OOIL deal fuels already hot terminals market November 30, 2006, www.americanshipper.ca

US

1. BTS Releases North American Surface Trade Numbers for August: August Surface Trade with Canada and Mexico Rose 10.2 Percent from August 2005, October 30, 2006, www.dot.gov

Program, and that Transport Canada is now accepting applications under the program's next round of funding. This round of funding will provide up to \$42 million to 101 ports and marine facilities across the country.

9. Asian shipper group lauds latest EC decision on liner conferences

On November 14, 2006, the Asian Shippers' Council said it concurs with the European Commission turning down ELAA's proposal to replace the conference with an industry organization for pro-competitive information exchange on the grounds that it would harm "the pro-competitive impact of abolishing the block exemption." The ELAA's proposals on capacity forecast and benchmarking of currency fluctuations could be used to perpetuate the existing collusive behaviour and practices embodied in the liner shipping conferences and discussions agreements according to the submission of the Global Shippers' Forum.

10. Asian shippers' councils keep liner antitrust immunity in sights

A group of Asian shippers' councils backed the European Union Competitiveness Council's recent decision to end liner carrier antitrust immunity in the European trades. The Asian councils hope this action will add pressure on governments to eliminate this privilege in other trades. The Asian Shippers' Council said the EC decision "will usher in a new dawn for both shippers and carriers. ... The EC's decision will prompt other governments to review and come up with the needed reform in the liner shipping sector."

11. NIT League to review OSRA in 2007

The National Industrial Transportation League will make an evaluation of the Ocean Shipping Reform Act a top priority in 2007. The president of the NIT League said that "While we agree with the ocean carriers that OSRA is working well, it does not mean that it cannot work better." Developments are occurring in the shipping industry and legislative developments in the European Union.

12. Teachers buys four marine terminals

Ontario Teachers Pension Plan invested \$2.4-billion (U.S.) in infrastructure by purchasing four marine terminals from Orient Overseas (International) Ltd. Teachers is buying terminals in Vancouver and Delta, B.C., the main New York container operation on Staten Island and a facility in New Jersey. These ports move containers between trucks, trains and ships. Combined annual sales of the four operations totals \$500-million.

13. West Coast ports on board with single entity

A report prepared by InterVISTAS Consulting recommending the integration of the Vancouver, North Fraser and Fraser River port authorities into a single Canada Port Authority was ratified by the Boards of Directors of the Lower Mainland's three gateway port authorities. According to the report, the integration can enhance Canada's competitiveness in the global trade environment and is the most effective means of optimizing port planning, development and marketing.

14. Halifax Port Authority looks to deepen berths at Southend facility

Halifax Port Authority plans to deepen the Pier C berths of its Southend Container Terminal facility, operated by Halterm, from a current depth of 15 metres to a new depth of 16 metres. The dredging will allow safer clearance for the keels of fully laden, post-Panamax vessels with a capacity of 8,000 TEUs or more.

15. Canada's New Government Moves to Improve Efficiency at British Columbia Lower Mainland Ports

The Ministers Lawrence Cannon and David Emerson announced on November 29, 2006 the enactment of new regulations aimed at stabilizing trucking operations at British Columbia's Lower Mainland ports. Under the new regulations, the Vancouver and Fraser River port authorities must, by law, establish a licensing system, set minimum conditions on licences, and ensure these conditions are respected. These regulations are expected to make B.C.'s ports increasingly attractive destination for exporters from Asia and around the world.

16. OOIL deal fuels already hot terminals market

The recent sales in terminals at better than expected price has led industry analysts to predict that other terminal operators may be interested in doing the same. A number of sales have already gone through in 2006 such as: Macquarie Infrastructure Partners purchase of Halterm Ltd.; RREEF Infrastructure purchase of a stake in Peel Ports; Macquarie Bank agreement to purchase 40 percent of Hanjin Shipping's terminal assets in Taiwan, Japan and the United States; Goldman Sachs-led consortium purchase of Associated British Ports Holdings; sale by Hutchison Port Holdings of a 20 percent stake to PSA International in certain properties; and acquisition by Dubai Ports World of London-based Peninsular and Oriental Steam Navigation Co.

RAIL TRANSPORTATION

Canada

1. CN recognizes four short-line railways for superior performance

CN honoured four of its short-line railway partners at its 2006 Annual Shortline Conference in Montreal. Awards (for most improved reporting performance) were presented to: Société des chemins de fer du Québec inc. (Quebec Railway Corp.); St. Lawrence & Atlantic Railroad of Auburn, Me., and Richmond, Que.; Iowa, Chicago & Eastern Railroad Corp. of Sioux Falls, S.D.; and Tomahawk Railway of Tomahawk, Wis.

2. Minister Cannon to announce funding for rail and urban transit security in six urban centres

The Minister of Transport, Infrastructure and Communities will announce National funding recipients for the first round of Transit-Secure, the Government of Canada's rail and urban transit security contribution program. The program will help rail and urban transit operators to further enhance their security measures and to be better equipped to address potential threats of terrorism.

3. Canada's New Government Invests \$37 Million to Improve Transit Security in Six Urban Areas

The Minister of Transport, Infrastructure and Communities announced on November 14, 2006 up to \$37 million in funding for security in the six highest-volume urban transit systems – Montreal, the National Capital Region, Toronto, Edmonton, Calgary and Vancouver - under the Transit-Secure program.

4. Canada's New Government Invests \$8 Million to Keep First Nations Railway Moving

The Minister of Transport, Infrastructure and Communities announced on November 15, 2006 that the Government of Canada will provide up to \$8 million to Tshiuetin Rail Transportation, to continue passenger rail service between Sept-Îles and Schefferville, Quebec, through Emeril, Newfoundland and Labrador, until December 31, 2007.

5. Canadian Pacific Railway [CPR] targets continued improved earnings in 2007

CPR at its workshop on November 16, 2006 indicated that it is poised to deliver improved results in 2007. Earnings per share are expected increase 9 to 13 per cent over \$3.95. CPR also expects total revenue to increase by 4 to 6 per cent in 2007, based on volume growth and higher prices for its services. Total operating costs are expected to increase by 3 to 5 per cent. Capital investment is expected to be in the range of \$885 to \$895 million in 2007, an increase from anticipated capital spending of \$840 to \$845 million in 2006. CPR expects free cash after dividends to be in excess of \$200 million in 2007.

6. CN opens \$4 million grain container facility in Edmonton

CN announced on November 17, 2006, the opening of its Edmonton Grain Distribution Centre. The new facility will make it easier and more cost-effective for specialty crop growers on the western prairies to ship their high-value grains and oilseeds in containers to overseas customers. Previously, the grains were first loaded into hopper cars which had to be later transferred into containers. CN invested \$4 million in the facility, which is expected to handle 20,000 containers per year. This will make the prairie supply chain more competitive in world markets

7. Canada's New Government Announces Call for Applications for Round Two of Transit-secure

The Minister of Transport, Infrastructure and Communities announced on November 17, 2006 a call for applications for the second round of funding under Transit-Secure, the Government of Canada's \$80-million passenger rail and urban transit security contribution program.

8. CN to reduce fuel surcharge for the third time since April 2005

CN announced on November 17, 2006 that it will reduce its fuel surcharge under the company's Tariff 7401, effective Jan. 1, 2007. The surcharge reduction will be the third since CN introduced Tariff 7401 in April 2005.

9. CN to increase 2007 capital spending to C\$1.6 billion

CN announced plans on November 29, 2006 to spend C\$1.6 billion on capital programs in 2007, an increase of four per cent over the level of 2006.

Rail Transportation

Canada

1. CN recognizes four short-line railways for superior performance, November 6, 2006, www.cn.ca

2. Minister Cannon to announce funding for rail and urban transit security in six urban centres, November 10, 2006, www.tc.gc.ca

3. Canada's New Government Invests \$37 Million to Improve Transit Security in Six Urban Areas, November 14, 2006, www.tc.gc.ca

4. Canada's New Government Invests \$8 Million to Keep First Nations Railway Moving, November 15, 2006, www.tc.gc.ca

5. Canadian Pacific Railway [CPR] targets continued improved earnings in 2007, November 17, 2006, www.cpr.ca

6. CN opens \$4 million grain container facility in Edmonton, November 17, 2006, www.cn.ca

7. Canada's New Government Announces Call for Applications for Round Two of Transit-secure, November 17, 2006, www.tc.gc.ca

8. CN to reduce fuel surcharge for the third time since April 2005, November 17, 2006, www.cn.ca

9. CN to increase 2007 capital spending to C\$1.6 billion, November 29, 2006, www.cn.ca

US

1. STB releases rule on reformed railroad rate cases, November 1, 2006, www.americanshipper.com

HIGHWAY TRANSPORTATION

1. Couriers and Messengers Services Price Index [September]

The Couriers and Messengers Services Price Index increased 0.2% to 120.6 (2003=100) in September 2006. The courier portion rose 0.5% while the local messengers component jumped .3% due to fuel charge increases.

2. The Federal and Provincial Governments Improve Access to Port Kells

Federal and provincial government officials, on November 2, 2006 announced the opening of a new on ramp and off ramp along Highway 1 in Surrey, B.C. Canada's New Government contributed \$1 million toward the \$2.9-million project, along with \$1.9 million provided by the Government of British Columbia.

3. Canada's New Government and the Government of New Brunswick Open 29 Kilometres of Four-lane Highway

Canada's New Government and the Government of New Brunswick have officially opened 29 kilometres of the new four-lane Trans-Canada Highway between Pokiok and Longs Creek on November 2, 2006. It marks the official completion of the \$125-million project.

4. Completion of the Western section of Highway 30 under a public-private partnership

The Prime Minister and government officials announced on November 5, 2006, the launch of a request for qualifications to identify potential private partners to complete the Western section of Highway 30 under a public-private partnership.

5. Extension of Highway 5 in the Outaouais Region

Government officials announced on November 15, 2006 the extension of Highway 5 in the Outaouais region. It is expected that this new section of Highway 5 will contribute to the economic growth of the Outaouais region and foster the development of tourism.

6. Federal and Provincial Governments Invest \$70.8 Million in British Columbia Highway Improvements

Government of Canada and government of BC officials announced the completion of construction on a section of the Trans-Canada Highway in B.C. on November 21, 2006. The federal government contributed \$21.3 million toward the \$70.8-million project, with \$49.5 million provided by the Government of British Columbia. The first phase of highway improvements replaced the pre-existing Yoho Bridge and upgraded 3.2 kilometres of the Trans-Canada Highway through Kicking Horse Canyon. Phase 2, involves the replacement of Park Bridge and approximately 6 kilometres of highway.

7. Ontario Trucking Association Renews Call for Toll-Road User Protection

The Ontario Trucking Association on November 25, 2006 renewed its call (at the public hearings before the Ontario Government on Highway 407) for the government to protect the public interest in future toll road deals by establishing a Toll-Road Users Protection Act that protects road user's rights in legislation and establishes the parameters under which the provincial government would create new toll roads. The OTA indicated that it was impossible to use 407 because of the excessive tolls.

8. McGuinty Government's Record Highway Investments Ease Traffic Congestion Headaches

Ontario Minister of Transportation Donna Cansfield on November 24, 2006 thanked the construction industry and Greater Toronto Area drivers for their patience and perseverance during this year's construction season. "In 2006, we invested \$238.2 million for 14 kilometres of new highway, the repaving of 191 kilometres, the repair of nine bridges and safety improvements across the GTA." Our record investments are addressing the growth of 2 million vehicles over the next 25 years.

Highway Transportation

Canada

1. Couriers and Messengers Services Price Index, October 31, 2006, www.statcan.ca
2. The Federal and Provincial Governments Improve Access to Port Kells, November 2, 2006, www.tc.gc.ca
3. Canada's New Government and the Government of New Brunswick Open 29 Kilometres of Four-lane Highway, November 3, 2006, www.tc.gc.ca
4. Completion of the Western section of Highway 30 under a public-private partnership, November 7, 2006, www.tc.gc.ca
5. Extension of Highway 5 in the Outaouais Region, November 15, 2006, www.tc.gc.ca
6. Federal and Provincial Governments Invest \$70.8 Million in British Columbia Highway Improvements, November 21, 2006, www.tc.gc.ca
7. Ontario Trucking Association Renews Call for Toll-Road User Protection, November 23, 2006, www.ontruck.ca
8. McGuinty Government's Record Highway Investments Ease Traffic Congestion Headaches, November 24, 2006, www.mto.gov.on.ca

US

1. BTS Releases Transportation Services Index (TSI); Index Rose 1.5 Percent in September from August, November 7, 2006, www.dot.gov
2. BTS Reports that U.S. Freight Shipments with Canada and Mexico Reached a Record High in 2005, According to Three-Country Database, November 15, 2006, www.dot.gov

GENERAL

1. Canada's New Government Provides Online Tool to Help Cities Reduce Greenhouse Gases and Polluting Emissions

Transport Canada has launched a new online tool that helps cities estimate the annual impact on greenhouse gases and other emissions from transportation-related projects such as new transit or roads. The Urban Transportation Emissions Calculator is a simple and user-friendly tool that helps cities reduce greenhouse gases and protect the health of Canadians.

2. North American Transportation Statistics

An updated version of the North American Transportation Statistics (NATS) database was released on November 15, 2006. The database is available online (<http://nats.sct.gob.mx>).

3. All Levels of Government Team up to Give Winnipeggers More Environmentally Sustainable Transportation Choices

Government officials announced on November 24, 2006, the launch of the WinSmart Showcase created to demonstrate, evaluate and promote effective strategies to reduce greenhouse gas emissions from urban transportation in Winnipeg. This project will receive up to \$3.5 million in funding from Transport Canada.

4. The Governments of Canada and Ontario Team up to Fund Research to Make Ontario Transportation Safer and More Reliable

The governments of Canada and Ontario announced on November 29, 2006 that they will invest a total of \$930,000 in research and development projects on intelligent transportation systems. These projects have the potential for making transportation in Ontario safer, more reliable and efficient. Each government will equally contribute for projects beginning now through to September 30, 2008.

Canada

1. Canada's New Government Provides Online Tool to Help Cities Reduce Greenhouse Gases and Polluting Emissions, November 14, 2006, www.tc.gc.ca
2. North American Transportation Statistics, November 15, 2006, www.statcan.ca
3. All Levels of Government Team up to Give Winnipeggers More Environmentally Sustainable Transportation Choices, November 24, 2006, www.tc.gc.ca
4. The Governments of Canada and Ontario Team up to Fund Research to Make Ontario Transportation Safer and More Reliable, November 29, 2006, www.tc.gc.ca

Publications

1. Benefiting from Globalisation: Transport Sector Contribution and Policy Challenges 17th International ECMT/OECD Symposium on Transport Economics & Policy, Berlin, 25-27 October 2006 - For Papers presented see www.cemt.org
2. Post "Rolling Report" on the Pacific Gateway, www.westac.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. Airports Canada 2007, Conference and Exhibition, April 25 - 26, 2007 at the Hilton Lac-Leamy Hotel & Casino in Ottawa-Gatineau, www.cacairports.ca