

Transportation Information Update*

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Harper bets the House, wins minority, October 15, 2005, www.globeandmail.ca

The Honourable John Baird, new Minister of Transport, Infrastructure and Communities Shuffle reflects No. 1 priority: the economy

The Prime Minister of Canada, the Honourable Stephen Harper, enlarged his cabinet to 38 members from 32 with a view on focussing on the economy. Three heavyweight ministries – Finance, Industry and Transport – will be filled by Jim Flaherty, Tony Clement and John Baird. He told reporters “Obviously we have tried to move some of our strongest ministers into key economic portfolios.” Mr. Baird said of his new role. “We want to see more action and we are committed to moving forward aggressively with our new agenda.” Infrastructure and transport are obviously very important to economic growth, they are very important to job creation.”

Shuffle reflects No. 1 priority: the economy, October 31, 2008, www.globeandmail.ca

AIR TRANSPORTATION

1. Air Canada to launch non-stop Fort McMurray-Vancouver flights, continues non-stop Kelowna-Toronto seasonal service

On October 2, 2008, Air Canada announced that beginning January 5, 2009, it will offer the only daily non-stop service linking Vancouver and Fort McMurray. In addition, Air Canada will restart its popular non-stop weekend flights between Kelowna and Toronto.

2. WestJet announces September load factor of 75.5 per cent

WestJet on October 4, 2008 announced its September 2008 traffic results: a load factor of 75.5 per cent (a fall of 0.4 points compared to September 2007); available seat miles of 1.417 billion (a capacity increase of 15.8 per cent compared to September 2007); and revenue passenger seat miles of 1.069 billion (an increase of 11 per cent compared to September 2007). The CEO for WestJet, Sean Durfy stated "Our September results cap off a third quarter of substantial growth."

3. Air Canada reports record September load factor

Air Canada reported a load factor of 80.9% for September 2008, 1.8 points higher than that recorded in September 2007. The main line carrier flew 4.8% less revenue passenger miles (RPMs) in September 2008 than in September 2007. Air Canada's capacity decreased by 6.9% for September 2008. Jazz's capacity for September 2008 decreased 1.6%, resulting in a load factor of 69.2%, compared to 73.5 percent in September 2007, a decrease of 4.3 points. On a combined basis (Air Canada and Jazz), system traffic decreased 5% while capacity decreased 6.4%, resulting in a load factor of 79.9% for September 2008, 1.2 percentage points higher than a year earlier.

4. Aircraft movement statistics: Small airports [April 2008]

The number of take-offs and landings at the 116 airports without air traffic control towers in Canada reached 59,164 movements in April 2008, up 3.9% compared with the 56,932 take-offs and landings for the 119 airports reported in April 2007. Moosonee, Ontario, was the most active site in April 2008.

5. Air Canada, WestJet under pressure

The outlook for the Canadian airline sector has deteriorated in the past few months as air travel demand continues to weaken due to the effect of slowing economic growth and higher costs of air travel. Demand for corporate travel is also expected to decelerate. Earnings estimates for both WestJet Airlines Ltd. and Air Canada is expected to be lower.

Current Developments in Brief

Air Transportation

CANADA

1. Air Canada to launch non-stop Fort McMurray-Vancouver flights, continues non-stop Kelowna-Toronto seasonal service, October 2, 2008, <http://www.aircanada.com/en/about/media/acts/index.html>

2. WestJet announces September load factor of 75.5 per cent, Oct. 3, 2008, www.westjet.ca

3. Air Canada reports record September load factor, September 4, 2008, <http://www.aircanada.com/en/about/media/acts/index.html>

4. Aircraft movement statistics: Small airports [April 2008], Oct. 3, 2008, www.statcan.ca

5. Air Canada, WestJet under pressure, October 6, 2008, www.nationalpost.ca

6. Air Canada and TAM expand network between major cities in Brazil and Canada, October 7, 2008, <http://www.aircanada.com/en/about/media/acts/index.html>

7. Environment Still a Top Priority Even in Times of Crisis, Oct 13, 2008, www.iata.org

8. Aircraft movement statistics: Small airports [May 2008], October 18, 2008, www.statcan.ca

9. New Booklet for Aviation Personnel Will Enhance Security, Oct. 21, 2008, www.tc.gc.ca

10. Air Canada to launch direct Halifax-Orlando seasonal service, October 21, 2008, <http://www.aircanada.com/en/about/media/acts/index.html>

11. WestJet tries for hedging success, October 23, 2008, www.nationalpost.ca

12. Aircraft movement statistics: Major airports, October 23, 2008, www.statcan.ca

13. Alarming Drop for September International Traffic, Oct. 24, 2008, www.iata.org

14. Successful Agenda for Freedom Summit Concludes, October 26, 2008, www.iata.org

15. Aircraft movement statistics: Small airports, October 29, 2008, www.statcan.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.

6. Air Canada and TAM expand network between major cities in Brazil and Canada

Air Canada and TAM, Brazil's largest airline, on October 7, 2008 announced they have concluded an agreement to expand their networks on a codeshare basis, offering customers more choice of destinations and convenient transfers to major cities throughout Brazil and Canada. This bilateral agreement also provides for reciprocal travel reward benefits for the members of the carriers' frequent flyer programs, Aeroplan and TAM Fidelidade subject to government approval.

7. Environment Still a Top Priority Even in Times of Crisis

G. Bisignani, IATA's Director General and CEO, said that "Environment remains a top priority, even in the middle of the current crisis hitting the air transport industry." He noted that the industry was doing much to deliver results, and that the governments could do much more to facilitate even better results. He suggested that the focus must be a global solution.

8. Aircraft movement statistics: Small airports [May 2008]

The number of take-offs and landings at the 117 airports without air traffic control towers reached 64,156 movements in May 2008, down 12.2% compared to May 2007. The most active site in May 2008 was Trois-Rivières, Quebec.

9. New Booklet for Aviation Personnel Will Enhance Security

On October 21, 2008, Transport Canada announced the implementation of a new format for air traffic controller licences, and flight crew licences and permits. The new aviation document booklet will enhance security in the airline industry.

10. Air Canada to launch direct Halifax-Orlando seasonal service

Air Canada announced on October 21, 2008 that beginning February 6, 2009, it will launch bi-weekly non-stop seasonal service between Halifax and Orlando. This seasonal service will be offered until May 10, 2009.

11. WestJet tries for hedging success

The rapid decline in oil prices could result in benefits for airlines involved in hedging. Though WestJet engages in hedging, it is not hedged for the fourth quarter of 2008. WestJet Airlines is expected to use as much as 5 million barrels of fuels in 2009. An analyst believes that it has began a systematic hedging policy that could see 30% to 40% of its estimated 2009 needs hedged. Every \$10 decline per barrel results in \$56million earnings to the airline.

12. Aircraft movement statistics: Major airports [September 2008]

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations increased by 5.9% in September 2008 compared with September 2007. These 95 airports reported 590,174 movements in September 2008 compared with 557,040 movements in September 2007.

13. Alarming Drop for September International Traffic

The International Air Transport Association (IATA) announced global international traffic results for September 2008. Passenger traffic declined 2.9% while cargo traffic dropped 7.7% compared to the same month in 2007. International load factors tumbled by 4.4 percentage points to 74.8% in September 2008 from the previous month. The deterioration in traffic is alarmingly fast-paced and widespread - unseen since SARS in 2003. It may result in losses deeper than the forecast of US\$5.2 billion for 2008.

14. Successful Agenda for Freedom Summit Concludes

The International Air Transport Association (IATA) successfully concluded the *Agenda for Freedom Summit*. A total of 14 nations plus the European Commission focused on ways to further liberalise market access and ownership and control rules governing international civil aviation.

15. Aircraft movement statistics: Small airports [June 2008]

The number of take-offs and landings at the 116 airports without air traffic control

US

1. Airline On-Time Performance Improves in August, October 2, 2008, www.dot.gov
2. BA executive heads to jail for price fixing, October 3, 2008, www.americanshipper.com
3. United States Reaches Aviation Agreements with Vietnam, Armenia, October 8, 2008, www.dot.gov
4. U.S. Transportation Secretary Mary E. Peters Announces \$89 Million Commitment to Capacity Improvements at JFK International Airport, Releases Final Rules to Improve Service, Keep Fares Competitive at New York's 3 Capped Airports, October 9, 2008, www.dot.gov
5. US Airport Slot Auctions Illegal And Unjustified, October 9, 2008, www.iata.org
6. [US] Air cargo off 6.6%, October 13, 2008, www.joc.com
7. ACE Aviation share a buy as they trade near cash value, October 14, 2008, www.nationalpost.ca
8. Airline stocks jump on fall in oil price, October 10, 2008, www.globeandmail.ca
9. Air Passenger Rights in the European Union, October 14, 2008, www.europ.eu
10. July 2008 [US] Airline Traffic Data: Seven-Month 2008 System Traffic Down 0.8 Percent from 2007 and Down 2.9 Percent in July, October 17, 2008, www.bts.gov
11. George Casey: On a wing, and a deep-pocketed partner, October 17, 2008, www.globeandmail.ca
12. August 2008 Passenger Airline Employment Down 2.1 Percent from August 2007, October 21, 2008, www.bts.gov
13. No Bounds on Industry Crisis - Arab Carriers Urged to Focus on Efficiency and Commercial Freedoms, October 21, 2008, www.iata.org
14. IATA Blasts European Union ETS (Emission Trading Schemes) Decision, October 24, 2008, www.iata.org
15. Joint statement of GPS and Galileo cooperation, October 28, 2008, www.europa.eu
16. U.S. Transportation Secretary Peters Says New Airfare Data Shows Need for Competition at Newly Capped Airports to Avoid Sharp Increases in Ticket Costs, October 29, 2008, www.dot.com
17. Average Second-Quarter Domestic Air Fares Reach Highest Quarterly Level; Top 100 Airports: Highest Fare in Cincinnati, Lowest Fare at Dallas Love Fields, October 29, 2008, www.bts.gov
18. Qantas Airways has struck an agreement with the Australian Competition and Consumer Commission to pay A\$20 million to settle charges that it fixed the price of air cargo fuel surcharges, October 29, 2008, www.globalcompetitionreview.com
19. Delta-NWA merger approved, October 30, 2008, www.joc.com

towers reached 63,704 movements in June 2008, down 17.6% compared with the 77, 319 take-offs and landings for the 119 airports reported in June 2007. Goose Bay, Newfoundland and Labrador, was the most active site in June 2008.

WATER TRANSPORTATION

1. Looming strike could shut down Seaway transport: Report

The federal government is being asked to intervene in a brewing labour dispute that could see shipping through the St. Lawrence Seaway come to a halt. The *Financial Post* reports that some steamship lines and shippers are already putting contingencies in place and some freighters are already being diverted to other waterways.

2. Planners of new US-Canada bridge eye legal fight

The owners of the busiest commercial bridge, Ambassador Bridge, linking the United States and Canada say they'll sue if their plan for a new span is not approved by government authorities.

3. Port of Montreal Accumulated Traffic Report [Year to Date - August 2008]

The Port of Montreal released its accumulated container traffic report for January to August 2008. Total year-to-date traffic was 994,286 TEUs for August 2008, an increase of 8.4% over August 2007. Year-to-date imports (TEUs) increased by 8.4% and exports increased by 8.4%.

4. Statement by the St. Lawrence Seaway Management Corporation on the Results of a Strike Vote by CAW

The St. Lawrence Seaway Management Corporation (SLSMC) has received the results of strike votes taken by its 445 unionized employees. The votes give the union a mandate to strike on 72 hours' notice at any time after October 10, 2008.

5. Port of Vancouver Accumulated Traffic Report [Year to Date - September 2008]

The Port of Vancouver released its accumulated container traffic report for September 2008. Total year-to-date traffic was 1, 901, 705 TEUs to September 2008, an increase of 3% over September 2007. Year-to-date imports (TEUs) increased by 3% and exports increased by 3%.

6. Port of Vancouver Accumulated Cruise Traffic Report [Year to Date - September 2008]

The Port of Vancouver released its accumulated cruise traffic report for September 2008. Total year-to-date traffic was 852, 672 passengers to September 2008, a decrease of 10.8% over September 2007. The number of vessels calling decreased by 6.3% year-to-date (i.e., to September 2008).

7. Annual Survey of Water Carriers

In 2006, total revenue for Canadian domiciled for-hire and own account marine carriers reached \$3.2 billion, up 7.6% from 2005. These carriers recorded \$2.9 billion in expenses, resulting in a profit of \$304.3 million, up 1.0% from 2005. Carriers owned by Canadian governments registered \$859.3 million in total revenues, up 3.7% from 2005. Total expenses for this sector increased 4.8%, from 2005 levels, resulting in a loss of \$21.5 million.

8. Workers, St. Lawrence Seaway reach deal

On October 14, 2008, the Canadian Auto Workers union said it has

Water Transportation

Canada

1. Looming strike could shut down Seaway transport: Report, October 2, 2008, www.cfl.ca
2. Planners of new US-Canada bridge eye legal fight, October 3, 2008, www.joc.com
3. Port of Vancouver Accumulated Traffic Report [Year to Date - August 2008], October 6, 2008, www.portvancouver.ca
4. Statement by the St. Lawrence Seaway Management Corporation on the Results of a Strike Vote by CAW, October 9, 2008, www.greatlakes-seaway.com
5. Port of Vancouver Accumulated Traffic Report [Year to Date - September 2008], October 14, 2008, www.portvancouver.com
6. Port of Vancouver Accumulated Traffic Report [Year to Date - September 2008], October 14, 2008, www.portvancouver.com
7. Annual Survey of Water Carriers, October 14, 2008, www.statcan.ca
8. Workers, St. Lawrence Seaway reach deal, October 15, 2008, www.globeandmail.ca
9. St. Lawrence Seaway Reaches Agreement with Union, October 14, 2008, www.greatlakes-seaway.com
10. Pulp backlog clogs B.C. port, October 16, 2008, www.nationalpost.ca
11. DG Comp consults on shipping exemptions, October 23, 2008, www.globalcompetitionreview.com
12. Melford International Terminal receives environmental approval, October 23, 2008, www.todaystrucking.ca
13. Pitt River Bridge Project Marks Milestone, October 27, 2008, www.tc.gc.ca

US/ECC

1. Commission boosts inland waterway transport through a new platform – PLATINA, October 1, 2008, www.europa.eu
2. Funding Guide for inland waterways transport in Europe, October 1, 2008, www.europa.eu
3. Antitrust: The Commission invites comments on the revised block exemption for liner shipping consortia (Regulation 823/2000), October 6, 2008, www.europa.eu
4. US box slump continues, October 8, 2008, www.joc.com
5. Drewry: Bear box market, October 8, 2008, www.joc.com
6. Seattle, Tacoma focus on infrastructure, joint promotion, October 9, 2008, www.joc.com
7. Industries sag under financial woes, October 9, 2008, www.americanshipper.com
8. TUI sells Hapag-Lloyd, October 13, 2008, www.joc.com
9. Peak season tanking on weak West Coast imports, October 16, 2008, www.joc.com
10. Portland boxes up 9.6%, October 16, 2008, www.joc.com
11. Transpacific carriers forecast flat volumes in 2009, October 17, 2008, www.joc.com
12. End of an era for liner conferences in Europe, October 17, 2008, www.joc.com
13. Analysis: Intra-Asia's growth linked to rest of world, October 17, 2008, www.americanshipper.com
14. British forwarders hope end of liner conferences brings transparency, October 20, 2008, www.americanshipper.com
15. APL slashes capacity on major trade lanes, October 21, 2008, www.joc.com
16. Preliminary Draft Regulation on the application of Article 81 (3) of the Treaty to certain categories of agreements, decisions and concerted practices between liner shipping companies (consortia), October 23, 2008, www.europa.eu

reached a tentative deal on new contracts for 475 of its members who work on the St. Lawrence Seaway, averting a strike that could have derailed grain shipments.

9. St. Lawrence Seaway Reaches Agreement with Union

The St. Lawrence Seaway Management Corporation announced on October 14, 2008 that a three-year agreement was reached with the union negotiating team on October 13, 2008, after a series of bargaining sessions which extended through the Thanksgiving weekend. The Canadian Auto Workers Union, which represents the Corporation's 445 unionized employees, are unanimously recommending that the membership ratify the agreement.

- 17. Maersk Line cuts Asia-Europe capacity by 10 percent, October 24, 2008, www.joc.com
- 18. EU seeks comments as future liner regulation takes shape, October 24, 2008, www.americanshipper.com
- 19. Lower outlook for MOL, "K" Line despite profit gains, October 27, 2008, www.joc.com
- 20. Panama Canal records dip in cargo volume, October 27, 2008, www.joc.com
- 21. MOL quitting transpacific discussion agreements, October 29, 2008, www.americanshipper.com

10. Pulp backlog clogs B.C. port

With pulp mills operating at 100% and sales dropping by 75%, warehouses in British Columbia are being filled and storage space is being sought inland. It appears that the cause of the drop in sales is Chinese credit and a fall in demand. Shipments of grain and other commodities have also begun to pile up. The problem began three weeks ago. This will affect mill operations eventually. If the mill is fully dependent on Chinese imports the impact will be severe. It is not known when this trend will reverse itself.

11. DG Comp consults on shipping exemptions

On October 23, 2008, the European Commission has opened consultations on plans to remove antitrust exemptions for shipping consortia. The commission will review a draft regulation that will revise a block antitrust exemption the commission had granted to liner shipping consortia. The exemption allows shipping lines to cooperate in providing a joint service, or 'consortia', without falling foul of the EC Treaty's ban on restrictive business practices. The new draft regulation would allow for such cooperation only when the consortia have a market share of below 30 per cent.

12. Melford International Terminal receives environmental approval

Melford International Terminal (MITI) has been given environmental approval, with conditions, from the Governments of Canada and Nova Scotia, clearing the way for the next phase in the development of the container terminal, intermodal rail facility and logistics park on the Strait of Canso.

13. Pitt River Bridge Project Marks Milestone

On October 27, 2008, the Pitt River Bridge and Mary Hill Interchange Project marked a milestone as it reached the two-thirds completion mark. The Pitt River Bridge Crossing is a significant gateway for British Columbia. The crossing connects key economic and transportation facilities with the Greater Vancouver Area.

RAIL TRANSPORTATION

Canada

1. CP gets nod on DM&E purchase

The US Surface Transportation Board has given conditional approval to Canadian Pacific Railway's purchase of the Dakota, Minnesota & Eastern (DM&E) railroad, giving the go-ahead to the largest rail industry merger in a decade. The three-member board said in its ruling that the proposed tie-up will not bring "a substantial lessening of competition" or lead to a monopoly that could cost shippers competitive options in rail service. Any overlaps of the two railways are minor and are outweighed by the public interest benefits.

2. Canadian Pacific welcomes STB approval

Fred Green, President and Chief Executive Officer of CP said "The DM&E is an excellent fit for Canadian Pacific making this a strategic end-to-end addition to our network." CP's ability to now provide single line service between DM&E and its IC&E (a subsidiary of Iowa, Chicago & Eastern Railroad) served origins and CP destinations will enhance rail service, while its commitment to make infrastructure investments across the DM&E and IC&E network will improve safety and fluidity. The DM&E is the largest regional railroad in the U.S. and the only Class II railroad that connects and interchanges traffic with all seven Class I railroads, connecting with Canadian Pacific at Minneapolis, Winona, MN and Chicago.

3. Scope of CN's voluntary environmental mitigation plan unprecedented in an STB rail control proceeding

On October 1, 2008, CN urged the Surface Transportation Board (STB) to promptly approve its proposed acquisition of the principal lines of the Elgin, Joliet & Eastern Railway Company (EJ&E), pointing to planned mitigation efforts and the significant economic and environmental benefits to the overall Chicago region. Hunter Harrison, President and CEO, of CN said "Our expanded mitigation plan contains 101 specific measures to address the transaction's environmental issues, ...The cost of this program would now be roughly \$60 million, representing a full 20 percent of the EJ&E acquisition purchase price – an unprecedented proportion for any railroad control transaction. Clearly, CN is stepping up to the plate to mitigate significant environmental issues in this case."

4. Canadian Pacific one of Canada's Top 100 Employers

Canadian Pacific (CP) was named to one of the nation's "Top 100 Employers" of the year in a report compiled by Mediacorp Canada.

5. CN orders 232 new iron ore cars, undertakes 500-car refurbishment program, as part of long-term upgrade of Upper Midwest ore fleet

On October 9, 2008, CN announced the acquisition of 232 rapid-discharge ore cars and refurbishment of 500 existing ore cars as part of a long-term plan to upgrade the company's car fleet for transporting pelletized iron ore produced in the Upper Midwest.

6. Railway Noise and Vibration: Canadian Transportation Agency Releases Guidelines for Complaint Resolution

The Canadian Transportation Agency on October 20, 2008, released its Guidelines for the Resolution of Complaints Regarding Railway Noise and Vibration under the *Canada Transportation Act*. These guidelines set out: the collaborative measures that parties must follow; the elements that the Agency considers; and how to file a complaint.

7. CN reports Q3-2008 net income of C\$552 million, or C\$1.16 per diluted share, including deferred income tax recovery of C\$0.09

Rail Transportation

CANADA

1. CP gets nod on DM&E purchase, September 30, 2008, www.joc.com
2. Canadian Pacific welcomes STB approval, September 30, 2008, www.cpr.ca
3. Scope of CN's voluntary environmental mitigation plan unprecedented in an STB rail control proceeding, October 1, 2008, www.cn.ca
4. Canadian Pacific one of Canada's Top 100 Employers, October 3, 2008, www.cpr.ca
5. CN orders 232 new iron ore cars, undertakes 500-car refurbishment program, as part of long-term upgrade of Upper Midwest ore fleet, October 9, 2008, www.cn.ca
6. Railway Noise and Vibration: Canadian Transportation Agency Releases Guidelines for Complaint Resolution, October 20, 2008, www.cta-otc.gc.ca
7. CN reports Q3-2008 net income of C\$552 million, or C\$1.16 per diluted share, including deferred income tax recovery of C\$0.09, October 20, www.cn.ca
8. CN declares fourth-quarter 2008 dividend, October 21, 2008, www.cn.ca
9. CN profit beats expectations, October 21, 2008, www.globeandmail.ca
10. Railway carloadings [August 2008], October 21, 2008, www.statcan.ca
11. CN acquires new state-of-the-art track geometry inspection vehicle, October 27, 2008, www.cn.ca
12. CP Rail price target cut on eve of Q3 earnings, October 27, 2008, www.nationalpost.ca
13. Canadian Pacific announces its third-quarter results, October 28, 2008, www.cpr.ca
14. Canadian Pacific assumes operational control of DM&E Railroad, October 29, 2008, www.cpr.ca
15. CP Rail says new U.S. arm will boost profitability, October 30, 2008, www.globeandmail.ca

US

1. U.S. Transportation Secretary Announces Latest Driving Data, New Funding to Improve Intercity Passenger Rail, September 30, 2008, www.dot.gov
2. BA executive heads to jail for price fixing, October 3, 2008, www.americanshipper.com
3. [US] Rail traffic slammed, October 3, 2008, www.joc.com

CN announced its third-quarter results for 2008, on October 21, 2008. The highlights for the third quarter compared to the same period in 2007 were: net income of C\$552 million, up 12%; operating income of C\$844 million, up 9%; and operating ratio of 62.6, up 0.6 points. Third-quarter 2008 revenues increased twelve per cent to C\$2,257 million. Operating expenses for the quarter increased by thirteen per cent to C\$1,413 million. CN's CEO said "I am extremely pleased with our results. Operational execution during the quarter was outstanding, with notable gains in network fluidity, productivity and asset utilization, while we enjoyed good revenue growth across most commodity groups." CN's third-quarter 2008 revenue increase was due to freight rate increases, of which approximately two thirds was related to a higher fuel surcharge resulting from year-over-year increases in applicable fuel prices; and higher volumes in specific commodity groups, particularly intermodal, metals and minerals, and coal.

8. CN declares fourth-quarter 2008 dividend

CN announced on October 21, 2008 that its Board of Directors had approved a fourth-quarter 2008 dividend on the Company's common shares outstanding. A quarterly dividend of twenty-three cents (C\$0.23) per common share will be paid on Dec. 31, 2008.

9. CN profit beats expectations

The revenue of CN (\$2.267b) exceeded even the highest of six analyst estimates compiled by Thomson Financial. On average, they had called for CN's revenue to rise 6 per cent to \$2.153-billion. The Montreal-based railway said earnings per diluted share were \$1.16 for the quarter ended Sept. 30, 2008 up from 96 cents a year earlier, when profit totalled \$485-million. Given the uncertain economic landscape, the CEO said CN is well-positioned to weather the headwinds because of its business model based on a strong freight franchise with growth prospects in intermodal, bulk commodities and energy-related developments in Western Canada.

10. Railway carloadings [August 2008]

Canadian railways loaded 22.6 million metric tonnes in August 2008, down 9.0% from August 2007. The drop in loadings was largely the result of declines in non-intermodal loadings. Intermodal loadings also fell, dropping 3.6% from August 2007 to 2.5 million metric tonnes. Rail freight traffic received from the United States increased 1.0% from last year's level to 2.9 million metric tonnes.

11. CN acquires new state-of-the art track geometry inspection vehicle

CN on October 27, 2008 accepted delivery of a new track geometry vehicle for the electronic inspection of track curvature, alignment and cross-level of rail lines across its network. The state-of-the-art, self-propelled vehicle is equipped with high-speed cameras and optical recognition software to detect possible flaws in joint-bars that connect sections of rail. It is expected to improve CN's safety performance.

12. CP Rail price target cut on eve of Q3 earnings

Blackmont Capital analyst said we should expect less from Canadian Pacific Railway when it releases its third quarter results on October 28, 2008. The analyst expects earnings per share of \$1.09 compared with \$1.41 a year ago. CP shares were down almost 2% to \$46.83 in mid-afternoon trading.

13. Canadian Pacific announces its third-quarter results

Canadian Pacific Railway announced its third-quarter results on October 28, 2008. For the third quarter: net income decreased to \$173 million, a decrease of 21% when compared to same period in 2007; operating ratio was 76 per cent, a decrease of 3.4 points; freight revenue was \$1.2395 billion, a increase of 8% per cent; and operating expenses were \$961.5 million, up by 95.3 million or 11%. Fred Green, CP's President and CEO said "Our pricing gains and focused cost containment helped offset declines in bulk volumes". Further, "Fuel expenses were a serious headwind, but we saw strong recovery in our operations with progressive improvement as we moved through the quarter. In a declining market, our operating ratio for the third quarter improved 340 basis points to 76.0 per cent from second quarter 2008 of 79.4 per cent."

14. Canadian Pacific assumes operational control of DM&E Railroad

Canadian Pacific assumes operational control of the Dakota, Minnesota and Eastern (DM&E) Railroad Corporation and its subsidiaries, Cedar American Rail Holdings, Inc., and the Iowa, Chicago and Eastern Railroad (IC&E) Corporation on Oct. 30, 2008.

15. CP Rail says new U.S. arm will boost profitability

Canadian Pacific Railway says its newly acquired regional railway (DM&E) in the U.S. Midwest will likely turn out to be more profitable than first estimated. As a result, Canadian Pacific shares rose 3%, on the Toronto Stock Exchange.

HIGHWAY TRANSPORTATION

1. Quebec roads and bridges safe: Deputy Transport Minister

Transports Quebec says the province's roads and overpasses are safe, despite claims to the contrary by some engineers in the province. It was pointed out that the number of engineers working in Quebec has increased from 327 to 513 between 1993 and 2008.

2. TransForce buys Que LTL fleet

TransForce, Canada's largest for-hire trucking company has just acquired Transport Couture et Fils Itée (TCFL) based in Saint-Ephrem-de-Beauce. TCFL is a \$30-million carrier with 215 employees including 139 drivers and some 500 units – 105 tractors and 370 trailers. It ranks as the 18th largest carrier in Quebec.

3. Ryder agrees to acquire Transpacific Container Terminal and CRSA Logistics

Ryder System, Inc. is acquiring substantially all the assets of Transpacific Container Terminal Ltd. (TCTL) and CRSA Logistics Ltd. (CRSA). CRSA Logistics operates as a provider of trans-Pacific end-to-end transportation management and supply chain services for Canadian retailers and TCTL operates a Canadian network of off-dock import/export container terminal facilities. The acquisition would increase Ryder's presence in the Canadian retail sector.

4. Large urban transit August 2008 (preliminary)

Combined ridership on 10 large urban transit systems in Canada was 3.6% higher in August 2008 than it was in August 2007. Approximately, 104.9 million passenger trips were taken on these transit systems in August. The trips generated \$188.2 million in revenue (excluding subsidies), up 7.0% over the same month in the previous year.

5. Diesel Fuel Rationing in Western Canada: Who Would Have Thought It Possible

In Alberta, Saskatchewan and Manitoba a severe shortage of truck diesel fuel has led to rationing throughout the region. Carriers were seeing their fuel supplies rationed by as much as 10% to 50%.

6. Vitran revenue hits record in Q3, but earnings fall

Vitran Corporation achieved record revenue of \$198.6 million in the third quarter of 2008, compared to \$171.9 in the third quarter of 2007. Net income, however, fell to \$2.1 million in the third quarter of 2008 compared to net income of \$3.1 in 2007. Vitran president and CEO Rick Gaetz blamed the results on the economic slowdown.

7. Down market shrinking capacity: OTA survey

According to a *Business Pulse e-Survey*, conducted by the Ontario Trucking Association in October 2008, the struggling U.S. economy and financial crisis has had a significant impact on capacity and the balance of freight for Canadian carriers. As a result, major changes are afoot in trucking that include the volume, mix, trajectory and type of freight moving.

8. Trucking analyst expects economic turnaround in late 2009

Chair of RBC Asset Management, acknowledged that the US economy is on its way into recession this quarter, however he was optimistic that it would rebound in 2009. On the trucking side, he noted several trends in the US which are expected to continue, such as a decrease in average length of haul and rising bankruptcies. He said an increase in US truck tonnage earlier this year may have been misleading, since it had more to do with a rise in exports and flooding in the US mid-west that put rail lines under water, than any economic rebound. He said "We think, as we go forward, you'll see tonnage come down because as the economy comes down, tonnage comes down and prices come down."

9. Keep Your Eyes On The Road And Hands On The Wheel

Ontario is proposing a ban on the use of hand-held devices to talk, text or e-mail while driving. Under a bill to be introduced on October 28, 2008, police would be able to charge drivers who use a hand-held cell phone, send email or text messages, or use other hand-held electronic devices while driving. The use of hand free devices would be permitted. The ban follows the ban in Quebec, Nova Scotia and Newfoundland.

10. OTA seeks clarification of cell phone ban's scope

OTA president David Bradley responded to the bill's announcement saying, "we applaud today's move by the minister

Highway Transportation

Canada

1. Quebec roads and bridges safe: Deputy Transport Minister, October 1, 2008, www.ctl.ca
2. TransForce buys Que LTL fleet, October 6, 2008, www.ctl.ca
3. Ryder agrees to acquire Transpacific Container Terminal and CRSA Logistics, October 3, 2008, www.ctl.ca
4. Large urban transit August 2008 (preliminary), October 20, 2008, www.statcan.ca
5. Diesel Fuel Rationing in Western Canada: Who Would Have Thought It Possible, October 21, 2008, www.cantruck.ca
6. Vitran revenue hits record in Q3, but earnings fall, October 23, 2008, www.todaystrucking.ca
7. Down market shrinking capacity: OTA survey, October 24, 2008, www.todaystrucking.ca
8. Trucking analyst expects economic turnaround in late 2009, October 27, 2008, www.ctl.ca
9. Keep Your Eyes On The Road And Hands On The Wheel, October 28, 2008, www.mto.ont.gov
10. OTA seeks clarification of cell phone ban's scope, October 28, 2008, www.todaystrucking.ca
11. Couriers and Messengers Services Price Index, October 30, 2008, www.statcan.ca

US.

1. Riding on Air, October 2, 2008, www.tc.gc.ca
2. U.S. Freight Transportation Services Index (TSI) Fell 1.9 Percent in August [2008] from July [2008], October 8, 2008, www.bts.gov

to ban the use of hand held cell phones and other distractions while driving.” The Ontario Trucking Association indicated that the ban may or may not have an impact on trucking and want clarification of the broad language used in the bill. The ban may also have an impact of the development of future technologies used for communication in trucks.

11. Couriers and Messengers Services Price Index [September 2008]

The Couriers and Messengers Services Price Index decreased 0.2% to 146.7 in September 2008. The courier portion fell 0.2%, while the local messengers component was down 0.5%.

GENERAL

1. July 2008 Surface Trade with Canada and Mexico Rose 15.9 Percent from July 2007 (State Rankings in Tables 5 and 7)

Trade using surface transportation between the United States and its North American Free Trade Agreement (NAFTA) partners Canada and Mexico was 15.9 percent higher in July 2008 than in July 2007, reaching \$71.6 billion. U.S.–Canada surface transportation trade totalled \$46.9 billion in July 2008, up 19.8 percent compared to July 2007.

2. New study shows public in favour of globalization

According to a recent study by Angus Reid Strategies commissioned by UPS more than half of Canadians believe that the opening of borders and the shrinking of the world into a global village has positively supported the Canadian economy. In addition, the study found that more than half of the respondents believe Canada has reciprocated by being a major contributor to the global market.

3. Travel between Canada and other countries [August 2008]

Travel to Canada declined 1% in August 2008 from the previous month. Travel from Canada increased 3.5% for the same period. Travel to or from Canada consists of two components: travel to or from US, and travel to or from the rest other countries. Travel to Canada from the US decreased 1.4% and travel from Canada to the US increased 3.5%. Travel to Canada from other countries increased 1.1% and travel from Canada to other countries decreased 2.3%.

4. P3s a viable solution for infrastructure woes: study

The Conference Board of Canada in a new study examines both successful and failed transportation infrastructure projects. It concluded that public-private partnerships (PPPs) can be a cost-effective tool for building and managing transportation infrastructure, but governments must be selective in deciding which projects are best developed. The new international bridge crossing at the Windsor-Detroit border gateway is one such PPP project.

5. August 2008 Surface Trade with Canada and Mexico Rose 4.5 Percent from August 2007

Trade using surface transportation between the United States and its North American Free Trade Agreement (NAFTA) partners Canada and Mexico was 4.5 percent higher in August 2008 than in August 2007, reaching \$72.3 billion. U.S.–Canada surface transportation trade totaled \$46.7 billion in August 2008, up 8.6 percent compared to August 2007.

Canada

1. July 2008 Surface Trade with Canada and Mexico Rose 15.9 Percent from July 2007 (State Rankings in Tables 5 and 7), September 30, 2008, www.dot.gov
2. New study shows public in favour of globalization, October 8, 2008, www.ctl.ca
3. Travel between Canada and other countries [August 2008], October 16, 2008, www.statcan.ca
4. P3s a viable solution for infrastructure woes: study, October 21, 2008, www.todaystrucking.ca
5. August 2008 Surface Trade with Canada and Mexico Rose 4.5 Percent from August 2007, October 30, 2008, www.bts.gov

1a. Merchandise imports see largest drop in nearly 17 years: StatsCan, October 16, 2008, www.ctl.ca

2a. Ottawa, EU seek new trade pact, October 17, 2008, www.globeandmail.ca

US

1. National Transportation Statistics Updated: Includes Freight Ton-Miles Tabulations through 2006, October 10, 2008, www.bts.gov

Conferences

1. **CTRF Conference, May 24-27, 2009, Inn at Laurel Point, Victoria, B.C.**

New Publications

1. Study on Administrative and Regulatory Barriers in the Field of Inland Waterway Transport, October 1, 2008, www.europa.eu
2. 17th International ITF/OECD Symposium on Transport Economics and Policy: Benefiting from Globalisation Transport Sector Contribution and Policy Challenges OECD Publishing, October 1, 2008, www.cemt.org
3. Towards Zero. Ambitious Road Safety Targets and the Safe System Approach, October 1, 2008, www.cemt.org
4. Energy and Transport in Europe Digest, No. 282, October 17, 2008, www.europa.eu
5. Energy and Transport in Europe Digest, No. 283, October 24, 2008, www.europa.eu

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