

Transportation Information Update*

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Budget 2005 - Moving Towards a Green Economy

One of the major themes of Budget 2005 is moving towards a green economy. To achieve this objective, the government has committed \$5 billion on a package of measures over the next five years to support a sustainable environment by: 1) addressing climate change by promoting reductions in greenhouse gas (GHG) emissions and encouraging the development of environmental technologies; 2) building on existing tax measures to encourage Canadian business to invest more in efficient and renewable energy generation; 3) investing in public infrastructure to encourage more efficient use of energy as well as the remediation of brownfield sites; and 4) protecting our natural environment, including the Great Lakes, oceans and national parks. The guiding principles in the allocation of funds for various environmental and climate change measures are: balance of short and long term measures; competitiveness; partnership; innovation; and cost-effectiveness.

AIR TRANSPORTATION

1. Air travel complaints office may be grounded

The Air Travel Complaints Commissioner's office may be shut down due to funding problems and the drive to achieve saving of \$12 million by Transport Canada. The fall in market share of Air Canada below 60 percent and the decline in complaints to 443 in the six month period ending December 2003 were not contributing to keeping it running. The complaint office employs 30 people.

2. Air Traffic Rebounds in 2004-Cost Efficiency;The Challenge for 2005

Director General of IATA indicated that traffic recovery was phenomenal across all regions. He reported that for 2004, scheduled passenger traffic increased 15.3% and cargo traffic 13.4% over 2003 levels. Middle East and Asia Pacific led the way with growth of passenger traffic of 24.8% and 20.5%, respectively.

3. Airlines must cut costs IATA chief says

IATA chief says that the challenge for the airlines is to cut costs and move toward profitability. IATA forecasted the average annual growth of airline passenger traffic to be 6% for the next three years. It estimated that 5% increase could be attributed to the decline in traffic due to SARS. The airline industry lost about \$4.8 billion in 2004 and the estimated profitability for 2005 of \$1.2 billion is predicated on the price of fuel being \$34 (US) a barrel.

4. Post-Workshop Report Small Airport Challenges Workshop

The workshop dealt with events stemming from the federal government's transfer of airports to local airport authorities and to communities beginning in 1994. This has resulted in small airports which are more competitive and efficient (operating with lower costs and fewer employees) and working closely with their partners (communities, air carriers and employees).

5. CHC spinning repair, leasing into new unit

CHC Helicopter Corp. is creating Heli-One, a new division, that will combine buying components for CHC in different parts of the world. This, CHC indicates will enable Heli-One to buy components at lower prices and attract new customers. Hel-One will also operate at arm's length enabling it aggressively to pursue third-party contracts. Nearly half of CHC's revenue is expected to come from Heli-One. CHC has two other divisions:

* **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.**

Current Developments in Brief

Budget 2005 - Moving Towards a Green Economy, February 24, 2005 (www.fin.gc.ca).

Air Transportation

CANADA

1. Air travel complaints office may be grounded, *National Post*, January 29, 2005, p. FP4.
2. Air Traffic Rebounds in 2004 - Cost Efficiency; The Challenge for 2005, January 31, 2005 (www.iata.org).
3. Airlines must cut costs IATA chief says, *National Post*, February 1, 2005, p. FP5.
4. Post-Workshop Report Small Airport Challenges Workshop, November 17-18, 2004, Edmonton, Alberta, January 31, 2005 (www.westac.com).
5. CHC spinning repair, leasing into new unit, *Globe and Mail*, February 8, 2005, p. B8.
6. Aviation heavyweights circling Vector, *Globe and Mail*, February 8, 2005, p. B8.
7. Canada and Guyana conclude new air transport agreement, February 10, 2005 (www.tc.gc.ca).
8. Designation of Skyservice to Russia, February 15, 2005 (www.tc.gc.ca).
9. Aircraft movement Statistics, Small airports, September 2004 (www.statcan.ca)
10. Aircraft movement statistics, *The Daily*, February 18, 2005 (www.statcan.ca).
11. Airline industry on shaky ground: analyst's forecast, *National Post*, January 29, 2005, p. FP4.
12. WestJet shares gain on rumours of trouble at Jestsco, *Globe and Mail*, January 29, 2005, p. B6/Dogfight in the sky - scramble on the ground, *Globe and Mail*, February 1, 2005, p. B6.
13. Canjet heads West in dogfight for market share, *National Post*, February 4, 2005, p. FP2.
14. Westjet willing to sacrifice sales to save market share, *Globe and Mail*, February 16, 2005, p. B3.
15. Jetsgo hires staff to improve service, *National Post*, February 17, 2005, pp. FP4.

CHC Europe and CHC Global.

6. Aviation heavyweights circling Vector

The Globe and Mail reports that CHC Helicopter and IMP Group are interested in purchasing Vector Aerospace Corp. The news was sparked from the purchase of shares (10.8%) by the major owner of CHC Helicopter, Craig Dobbin. Mr. Dobbin indicates that the purchase was only for investment purposes. Mr. Rowe of IMP Group owns 19.5% of Vector. Vector's board is controlled by IMP Group and Northstar Aerospace but there are also a large number of shareholders with large blocks of shares.

7. Canada and Guyana conclude new air transport agreement

Transport Minister and International Trade Minister announced the first air transport agreement between Canada and Guyana. This will permit both countries to operate scheduled air services between them.

8. Designation of Skyservice to Russia

Transport Minister announced the designation of Skyservice Airlines Inc. to operate scheduled international air service between Canada and Russia using its own aircraft. It presently holds a non-scheduled international licence for this service. The Minister indicated that this new designation is a indication of a policy that encourages innovation and growth.

9. Aircraft movement Statistics, Small airports

Canadian airports (42) with NAV CANADA air traffic control towers reported a fall in take-offs and landings by 4.9% to 366,234 for Oct. '04 compared to 384,931 for Oct. '03. Pearson airport was the most active of the airports.

10. Aircraft movement statistics

Canadian airports (42) with NAV CANADA air traffic control towers reported a rise in take-offs and landings by 5% for Jan '05 from a year ago. This is the first year-over-year increase of monthly movements since Feb. '04.

11. Airline industry on shaky ground: analyst's forecast

Canada's airline industry is being affected by too much supply and not too much demand. According to one analyst, this will make it difficult for carriers to grow and make profits. The analyst has criticized the industry for relentlessly pursuing growth strategies in a mature market.

12. WestJet shares gain on rumours of trouble at Jetsgo/Dogfight in the sky - scramble on the ground

A leading industry analyst questioned rival Jetsgo Corp's ability to stay in business calling Jetsgo the weakest link in Canada's airline industry. This resulted in a rise in Westjet shares of 12%. The rumours have been attributed to the Raymond James Report. This has analysts and investors scrambling to establish a strategy on how to best profit from Canada's airline industry.

13. Canjet heads West in dogfight for market share

Canjet, a low cost carrier, is planning to introduce twice-daily flights between Toronto and Calgary, and Toronto and Vancouver (the most competitive routes) in the spring of 2005. Most analysts indicate that placing more capacity on the market will not stimulate yields. However, a professor at Queen's University indicates that the expansion is not large enough to warrant a major shakeup in the industry.

14. Westjet willing to sacrifice sales to save market share

Westjet announced its first quarterly loss in eight years. Chairman for the carrier indicated that he would continue to focus on expanding cheap fares at the expense of revenue. He said "Westjet wants to avoid further cuts to already discounted ticket prices, but it needs to defend its business by boosting its inventory of seats on the lowest-fare side -- a counterattack against aggressive pricing by Jetsgo Corp."

15. Jetsgo hires staff to improve service

Jetsgo has indicated that it is planning to expand its call-centre service and to increase its airport staff. The announcement was made in response to its handling of cancelled flights due to the handling of its problems caused by the winter storm in December and its growth of business. To appease angry customers affected by the cancellation it has sent 2000 letters and offered vouchers towards Jetsgo flights. It indicated that the speculation of its pending bankruptcy is without merit but conceded that like several of its competitors it is suffering in an industry that is affected by fierce competition and high fuel prices.

16. WestJet's new baggage

Westjet Airlines Ltd.'s decision to battle rivals is worrying analysts because it suggests problems for the company and

16. WestJet's new baggage, *National Post*, February 19, 2005, pp. FP1-2.

17. Westjet raises bar on low-cost fares, *National Post*, February 23, 2005, p. FP12.

18. Jetsgo boots presence in WestJet stronghold, *Globe and Mail*, February 25, 2005, p. B5/Jetsgo expands service in WestJet's backyard, *National Post*, Feb. 25, 2005, p. FP6.

19. Let Transat decide what to do with cash, *National Post*, February 18, 2005, p. FP9.

20. Air Canada to cut service from 9 cities, *National Post*, February 25, 2005, p. FP6.

21. Transport Minister gung-ho for open skies, *Globe and Mail*, February 22, 2005, p. B9.

22. Critics skeptical open skies policy will fly, *National Post*, February 22, 2005, p. FP4.

23. Transport Minister meets with U.S. Transportation Secretary, February 24, 2005 (www.tc.gc.ca).

24. Canada, U.S. plan talks to expand open skies deal, *Globe and Mail*, February 25, 2005, p. B5/U.S., Canada set to talk on more open skies, *National Post*, February 25, 2005, p. FP6.

25. Airport rent increases to be frozen, *National Post*, February 22, 2005, p. FP4.

26. Tempted to put Cabinet names on 'no fly list' Lapierre says, *National Post*, February 25, 2005, p. FP2/6.

U.S/EU

1. Airlines' silver lining: cargo, *JOC*, January 31, 2005, p. 54.

2. BTS releases November airline traffic data: 11 month domestic traffic up 7.7 percent from 2003, February 11, 2005 (www.dot.gov).

3. EU mail giants moving in opposite directions, Feb. 15, 2005 (www.joc.com).

the industry. The shift in strategy from improving profit margins to low fares would depress yields even further after its first loss this last quarter. WestJet's chief executive said "We cannot let any carrier gain a foothold in any sector of our market." One analyst indicates that 'WestJet's focus on pricing may be a thinly veiled move to hasten the collapse of one of its key competitors, Jetgo. The latter, however, denies that it is in financial trouble.

17. Westjet raises bar on low-cost fares

WestJet's lowest advertised fares were 10% to 20% lower than those offered by rival Jetgo Corp. for the past several weeks according to a recent survey. Last week Westjet's chief executive indicated it would defend its market share by being much more aggressive with its pricing. An analyst indicated that the data 'although not conclusive, suggested Jetgo was being targeted specifically.' A spokesman for WestJet indicated that its 'fare reductions are a reaction to the discount airline's cheap fares and special promotions.'

18. Jetgo boots presence in WestJet stronghold/Jetgo expands service in WestJet's backyard

Jetgo Corp. is intensifying the price war in Western Canada by tripling its seat capacity. It has added Regina to its network of cities and increased its daily flights between Vancouver and Calgary to 12. The increase amounts to about 16%. In January, Jetgo added four more Western cities. Jetgo's President indicated that he is not afraid to engage in price wars as they are in the business of pleasing customers.

19. Let Transat decide what to do with cash

Air Transat like other airlines was severely affected by the 9/11 events. After its successful restructuring, the Montreal based carrier ended up with excess cash \$468 million at the end of the fourth quarter of 2004. Its shares have risen from \$16 in the first quarter of 2004 to \$27 in early February. The company has not decided whether to give the cash to shareholders or buy back to repurchase its shares.

20. Air Canada to cut service from 9 cities

Air Canada is replacing its service to nine Canadian cities with the services of its regional carrier Jazz. Air Canada indicated that this change was consistent with its restructuring approved by the Ontario Court. Three hundred and thirty employees will be laid off May 3 in Charlottetown, Fredericton, Saint John, Moncton, Quebec City and Thunderbay. As of October 1, Regina, Saskatoon and Whitehorse will see service replaced by Jazz. The service by Jazz will be by jets from Bombardier and this will increase its fleets to 65.

21. Transport Minister gung-ho for open skies

Transport Minister indicated that he will press ahead with opening up Canadian skies to foreign airlines even though MPs on the House of Commons Transport Committee have other priorities. The Committee has chosen first to study airports, trucking, and rail hopper cars. The Minister is expected to meet US Transportation Secretary Norman on Feb 24, 2005.

22. Critics skeptical open skies policy will fly

Industry observers are not too hopeful that they will see open skies in the near future. Two basic reasons have been provided: 1. the protectionist attitude of the US airlines as the airlines at the moment are experiencing financial problems; and 2. the labour unions in the US who oppose open skies fearing bankruptcies and job loss in a fragile market. In addition, opinion has been expressed that opening skies would attract little interest from US airlines.

23. Transport Minister meets with U.S. Transportation Secretary

At the Canadian Airports Council Open Skies Forum, Transport Minister met with U.S. Transportation Secretary. They reinforced our shared commitment to ensuring safe, efficient and secure transportation and trade across our border. One key area of discussion was commercial air liberalization. They expressed interest in expanding the Open Skies Agreement and agreed to exchange views and discuss opportunities. Exploratory talks will begin in the near future. They also discussed the pressing need to increase border capacity at the Windsor-Detroit gateway and will work together through the Bi-National Partnership.

24. Canada, U.S. plan talks to expand open skies deal/U.S., Canada set to talk on more open skies

Transport Minister and U.S. Transportation Secretary indicated that it is time to move toward a more continentalist approach to skies. The scope of the talks between the two countries has not been set but Mr. Lapierre said it should include: cross border courier service to more than one point; unfettered access for airlines from third countries; cabotage; and raising foreign ownership limits to 49%. During the discussion the Assistant deputy secretary of transportation affairs for US Dep. of State said that the talks could lead to small steps toward liberalization but a broad agreement is unlikely. A number of factors cited against a more liberal skies are: state of the US airline industry; labour; and security.

25. Airport rent increases to be frozen

The airport rents are expected to be frozen, news expected to be announced in tomorrow's federal budget. What is not yet clear is the length of the freeze (i.e., the number of years) or whether the freeze applies to this year or last year. Transport Canada has already increased the airports rents by 13.6% this year. Since 1994, members of the Canadian Airport Council have paid \$1.7 billion in rent.

26. Tempted to put Cabinet names on 'no fly list' Lapierre says

Minister of Transport Canada indicated that he was unhappy about the federal budget because it failed to freeze or reduce rent charged to airports. Industry officials expected a freeze but that was not to be. President of Air Transport Association of Canada said he was disappointed. Transport Minister told the industry they ought to keep pushing.

WATER TRANSPORTATION

1. Ottawa backs away from Prince Rupert terminal

Ottawa is backing away from the \$40 million funding request for a proposed container terminal at Prince Rupert. The chief executive of the Prince Rupert Port Authority indicated that the impediment in granting the request was the *Canada Marine Act*. However, the plans for the Port are not killed as the BC government is considering increasing its contribution.

2. Port of Tacoma opens new mega-container terminal

The Port of Tacoma and Evergreen Group opened a new 171-acre mega-container terminal. It is designed to move international containerized cargo and has road and trans-continental rail connections.

3. Increase in the Vancouver Port Authority's borrowing limit

Minister of Industry and Regional Minister for British Columbia on behalf of Transport Minister announced an increase in the borrowing limit of the Vancouver Port Authority to \$510 million from \$225 million. "The increase in the port's borrowing limit will greatly enhance the port authority's ability to expand its capacity and keep the port competitive, key components identified in the British Columbia Ports strategy..." according to Transport Minister. Minister of Industry said "Increasing the port's borrowing limit will assist it in increasing container capacity and enable it to keep pace with rapidly growing container traffic volumes."

4. Vancouver to expand facilities

The Port of Vancouver is looking for ways to expand facilities. The port has spent \$60 million in the past five years and its current budget includes \$15 million. The port has projected traffic growth of more than 3 percent annually through 2008. Expansion plans include new warehouses, new industrial space and a marine cargo warehouse.

5. Lines agree to cut Vancouver cargo

Ocean carriers have agreed to cut import cargoes at Vancouver's Deltaport by 25 percent a week for four weeks beginning February 28 as the Canadian port struggles to clear the backlog of more than 5000 containers which has not been reduced since TSI Terminals declared *force majeure* (i.e., it is not liable for delays in delivering boxes) in mid-January. Vice-President of TSI Terminals said that CN has failed to provide the extra capacity it promised.

6. It's do-or-die time in Halifax harbour

The corner stone of the growth plan of the Port of Halifax is to persuade shipping lines to transport more Asian goods through the Suez Canada to the Halifax harbour. The Suez holds promise for Halifax port and for shippers concerned about the bottlenecks at the Port of Vancouver. If Halifax attracts Asian contracts East Coast ports would enjoy a revival. One of the challenges facing Halifax is to enable the port to recover from the fall in TEUs recently caused by the withdrawal of Maersk and the expansion of NewYork-New Jersey which is undergoing massive expansion to meet forecasted surge in Asian cargo.

7. Panama approves higher Canal tolls

Tolls for container ships will rise on May 1 from \$32 per TEU to \$42 per TEU. Further, increases to \$49 on January 1, 2006 and to \$54 on January 1, 2007 will be implemented later on. This means a total toll increase of 65%. The Panama Canal Authority said that this increase should not have a significant impact on the cost of any product that is transported in containers. The Authority said it included in the revised system several recommendations from consultants, maritime associations, shipping lines, foreign governments and Panamanian citizens.

8. Precedent set as marine polluter ordered to pay substantial penalty

A Nova Scotia provincial court judge ordered the Fishing Vessel (Hime Maru No. 38) to pay \$60,000 penalty for violations of the Canada Shipping Act because of a discharge of an oily substance into Canadian waters. Since the sentence was also against a member of the crew it marked the first conviction of Oil Record Book violations.

Current Developments in Brief

Water Transportation

CANADA

1. Ottawa backs away from Prince Rupert terminal, *National Post*, Jan. 29, '05, p. FP4.
2. Port of Tacoma opens new mega-container terminal, Jan. 31, '05 (www.ctl.ca).
3. Increase in the Vancouver Port Authority's borrowing limit, February 4, 2005 (www.tc.gc.ca).
4. Vancouver to expand facilities February 3, 2005 (www.joc.com).
5. Lines agree to cut Vancouver cargo, February 17, 2005 (www.joc.com).
6. It's do-or-die time in Halifax harbour, *Globe and Mail*, Feb. 21, 2005, p. B1.
7. Panama approves higher Canal tolls, February 17, 2005 (www.joc.com).
8. Precedent set as marine polluter ordered to pay substantial penalty, February 14, (www.tc.gc.ca).

U.S./EU

1. 2004 tally: Box volume up 12% at W. Coast ports, Feb. 3, 2005 (www.joc.com).
2. New bill provides \$4B for port security grants, February 4, 2005 (www.joc.com).
3. Shippers associations seek review of FMC's rule on NVO service arrangements, *JOC*, Jan. 31, 2005, p. 22.
4. U.S. to reinstate Seaway tolls, Feb. 8, 2005 (www.joc.com).
5. FMC denies shippers' petitions on NVO rule, Feb. 9, 2005 (www.joc.com).
6. Portland details \$89m box expansion, Feb. 15, 2005 (www.joc.com).
7. Record results for Port of Tacoma, February 16, 2005 (www.joc.com).
8. Asian nations dominate shipping industry: UN, Feb.16,'05 (www.joc.com).
9. Long Beach cargo up by one-third, February 17, 2005 (www.joc.com).
10. Further rate hikes possible, TSA warns, February 22, 2005 (www.joc.com).
11. Seattle, Tacoma set box records, February 22, 2005 (www.joc.com).
12. Container ship orders surge, Feb. 22, 2005 (www.joc.com).
13. Bill would allow ports to impose security, infrastructure fees, February 22, 2005 (www.joc.com).
14. Port of Tacoma container terminal simulations assist in planning improvements, Feb. 24, '04 (www.ctl.ca).
15. No let-up for West Coast ports, February 25, 2005 (www.joc.com).

RAIL TRANSPORTATION

1. Transport Minister proposes an appointment to VIA RAIL
Transport Minister, Jean-C. Lapierre, proposed the appointment of Mr. Paul Cote as president and CEO of VIA Rail Canada Inc. The proposed appointment will be referred to the Standing Committee on Transport. Mr. Cote has been with VIA since 1978.

2. ELK Valley Coal and CPR continue mediation process in coal transportation contract dispute

ELK Valley Coal and CPR continue to be engaged in mediation to resolve the issues between them concerning the transportation of coal from mines of Elk Valley Coal to Vancouver area ports. Pending the outcome of mediation, the Canadian Transportation Agency has agreed to the request to stay a ruling on whether final arbitration is applicable.

3. Canadian Heartland Training Railway [CHTR] to begin operations

CHTR, a newly created, non-for-profit organization will offer practical training solutions to those enrolled in their programs - conductors, industrial switching, locomotive engineers, etc. CHTR is located in Settler, Alberta.

4. CN reaches tentative labour agreement with the United Transportation Union [UTU] in Canada / CN, UTU reach tentative labour agreement

CN and the UTU announced that they have signed a tentative labour contract covering approximately 2,600 conductors, assistant conductors, yard service employees and traffic coordinators in Canada. The UTU is the largest rail and transportation union in North America with 125,000 members.

5. CPR and CAW-TCA Canada reach agreement in principle on three-year contract with freight car and locomotive repair and servicing employees Canadian Pacific Railway and the CAW-TCA Canada announced that they have reached agreement in principle to renew collective agreements governing 2,600 employees who maintain and repair locomotives and rail cars. The three year agreement covering wage benefits, work rule and productivity improvements extends to the end of 2007.

6. CPR and VPL join together to preserve important piece of Vancouver history

Canadian Pacific Railway has presented the Vancouver Public Library foundation with \$24,000 to enable the preservation of a unique collection of historic CPR photos. The funds will be used to digitize the collection.

Current Developments in Brief

Rail Transportation

CANADA

1. Transport Minister proposes an appointment to VIA RAIL, February 1, 2005 (www.tc.gc.ca).
2. ELK Valley Coal and CPR continue mediation process in coal transportation contract dispute, February 3, 2005 (www.cpr.ca).
3. Canadian Heartland Training Railway to begin operations, April 1, February 7, 2005 (www.ctl.ca).
4. CN reaches tentative labour agreement with the United Transportation Union in Canada/CN, UTU reach tentative labour agreement, February 14, 2005 (www.cn.ca)/February 15, 2005, (www.ctl.ca).
5. CPR and CAW-TCA Canada reach agreement in principle on three-year contract with freight car and locomotive repair and servicing employees, February 17, 2005 (www.cpr.ca).
6. CPR and VPL join together to preserve important piece of Vancouver history, February 17, 2005 (www.cpr.ca).

U.S./EU

1. Global traffic spurs U.S. intermodal, Feb. 8, 2005 (www.joc.com).
2. President's Budget Recommends key transit projects for federal funding, Feb 8., 2005 (www.dot.gov).
3. U.S. Transportation Secretary Mineta says Amtrak 'is dying,' reaffirms administration's commitment to reform of passenger rail, February 14, 2005 (www.dot.gov).

HIGHWAY TRANSPORTATION

1. Highway Improvement project Funding For Newfoundland and Labrador

Spokesman for the Minister of Transport and the Minister of Transportation and Works for the Government of Newfoundland and Labrador announced joint funding of \$4.2 million for highway improvements on the province's west coast. The project will rehabilitate the Trans-Canada Highway between Flat Bay Brook and Fischells River in that province. According to Transport Canada "Improvements to this section of the Trans-Canada Highway will not only enhance the safety and efficiency of the highway, but increase its capacity."

2. Governments of Canada and Alberta announce contribution agreements for Intelligent Transportation Systems (ITS)

Deputy Prime Minister, Minister of Public Safety and Emergency Preparedness, Environment Minister and Alberta Infrastructure and Transportation Minister announced the signing of two contribution agreements between the Government of Canada and the Province of Alberta for ITS in Alberta. Both governments will each contribute \$652,400 for the acquisition and installation of 19 Road Weather Information System Stations. An additional half a million each will be provided by both the governments for ITS research and developments.

3. Brun-Way Group to complete twinning of Trans-Canada Highway

The twinning of Trans-Canada Highway will be completed by the fall of 2007. Agreements amounting to \$543 million for its completion were made with Brun-Way Group. The Government of Canada will be contributing \$200 million towards the project from the \$2 billion Canada Strategic Infrastructure Fund. The announcement was made by officials from Transport Canada, Government of New Brunswick and Brun-Way.

4. Governments of Canada and British Columbia to fund intelligent transportation systems

Government officials from Transport Canada and British Columbia announced the signing of a contribution agreement between the Government of Canada and the Province of British Columbia for deployment of Intelligent Transportation Systems (ITS) in the province. Under the agreement, the federal government will contribute \$713,000 for the deployment of ITS and the Province of B.C. will contribute \$1.013 million to implement four projects.

5. Trucking Association wants border infrastructure investment, fair taxation in budget

President of the Ontario Trucking Association commented at the Minister's pre-budget round table consultation in Markham indicating that he wants the Ontario Government to make transportation infrastructure (particularly border infrastructure and fair taxation for trucking companies) integral parts of this year's provincial budget.

6. Windsor-Detroit International Crossing Canadian Environmental Assessment Phase begins

The Governments of Canada and Ontario launched the Canadian Environmental Assessment (EA) phase of the Detroit River international Crossing project to reduce congestion and improve traffic flow at the Windsor-Detroit border. The EA phase will include the completion of environmental and technical work to allow the governments to decide on the location of a new or expanded crossing in an environmental responsible manner.

7. For-hire motor carriers of freight, all carriers

There were an estimated 3,115 for-hire trucking companies based in Canada with annual revenues of \$1 million or more in the third quarter of 2004, up from 2,799 carriers in the third quarter of 2003. Operating revenues totalled \$6.59 billion and operating expenses reached \$6.10 billion, both up 26.7% from the third quarter of 2003.

Current Developments in Brief

Highway Transportation CANADA

1. Highway Improvement project funding for Newfoundland and Labrador, January 31, 2005 (www.tc.gc.ca).
2. Governments of Canada and Alberta announce contribution agreements for Intelligent Transportation Systems, February 3, 2005 (www.tc.gc.ca).
3. Brun-Way Group to complete twinning of Trans-Canada Highway, February 7, 2005 (www.tc.gc.ca).
4. Governments of Canada and British Columbia to fund intelligent transportation systems, February 10, 2005 (www.tc.gc.ca).
5. Trucking Association wants border infrastructure investment, fair taxation in budget, February 10, 2005 (www.ctl.ca).
6. Windsor-Detroit International Crossing Canadian Environmental Assessment Phase begins, February 15, 2005 (www.tc.gc.ca).
7. For-hire motor carriers of freight, all carriers, *The Daily*, February 17, 2005 (www.statcan.ca).
8. Governments of Canada and Manitoba to fund Intelligent Transportation Systems, February 17, 2005 (www.tc.gc.ca).
9. Passenger bus and urban transit, *The Daily*, February 22, 2005 (www.tc.gc.ca).
10. New spending from Ottawa should boost efficiency at border points: CTA, February 23, 2005 (www.ctl.ca).

U.S./EU

1. Another merger for Yellow? February 24, 2005 (www.joc.com).

8. Governments of Canada and Manitoba to fund Intelligent Transportation Systems [ITS]

Officials of Transport Canada and the Government of Manitoba announced the signing of two contribution agreements totalling \$1.7 million for the development and deployment of ITS that will benefit the provinces commercial transportation industry. This research will make commercial vehicle permit systems more efficient. Both governments indicated that they are committed to find innovative ways to improve our transportation system and to implement new technologies.

9. Passenger bus and urban transit

Total ridership on 10 large urban transit systems which account for 80% of all urban transit in Canada was up 2.5% in 2004 compared to 2003. The passenger trips by 1.3 billion passengers generated \$1.95 billion in revenues up 5.8% in 2004 compared to 2003.

10. New spending from Ottawa should boost efficiency at border points: CTA [Canadian Trucking Alliance]

The commitment of \$443 million over five years to better deliver and secure efficient border service has been praised by the CTA. The primary use of additional funds will be to hire more staff at key ports of entry. Other positive features were the renewal of the \$600 million Border Infrastructure Fund and the accelerated capital cost allowance rates to encourage environmentally friendly investments.

ENVIRONMENT

1. Business botches Kyoto strategy

In 2002, Canada produced 731 megatonnes of greenhouse emissions about 170 more than the Kyoto target. By 2012, Canada's target will be off target by 225 megatonnes. The article indicates that Canadian industry strategy on Kyoto suffers from two pragmatic flaws: the first is an attempt by specific industries to negotiate special status agreements with Ottawa to limit the industry-specific targets; and the second is to allow each sector to adopt 'voluntary' programs to reduce green-house emissions. According to statistics, Canadian manufacturers (which produce 50 megatonnes) did reduce greenhouse gas emissions by shifting from fossil fuels to electricity. But to produce the additional electricity consumed, the electricity companies increased their consumption of fossil fuels. As a result, there was no reduction of emissions. Business claim that they have done their share, therefore someone else should pay for not meeting the target.

2. Ottawa accused of Kyoto 'dithering'

A newspaper articles indicates that the government has failed to produce a plan to deal with the Kyoto Protocol under which Canada pledged to cut green-house gas emissions by 6% below the 1990 level. Under the targets agreed to, Canada's output of carbon has increased 30 percent above the 1990 levels. The Canadian Taxpayers Federation indicates that meeting the Protocol will cost each household \$3,000 a year. "Late last week, the Canadian Chamber of Commerce wrote to Paul Martin, Prime Minister, to say Canada's ability to compete against the United States and the emerging powers of China and India will be in peril if the government insists on honouring the Kyoto targets."

3. An Albertan's plan to ease Kyoto pain

The head of Petroleum Technology Alliance Canada says that the hardship of reducing green-house gas emissions can become an 'economic opportunity'. He says it could save oil companies more than \$1-billion a year. The steps outlined to achieve this are: 1) Reducing the amount of energy in the upstream market (exploration and production) by 15% would save \$780 million; 2) Reducing fugitive emissions in transport and processing by 75% would save \$141 million; 3) Reducing natural gas flaring and venting by 25% would save \$68 million; and 4) Reducing losses from storage by 25% would save \$21 million. Five years or more are needed to meet this target.

4. Opposition slams Liberals over lack of Kyoto plan

The three opposition parties were critical of the governments failure to produce a plan to implement the Kyoto Protocol. The Prime Minister said that plans and funding will be announced in next week's budget. Natural Resources Minister said he expects the government to reach an agreement with the auto makers without need for federal regulation. Some environmentalist were also hopeful that the planned UN environmental conference in Montreal will force the government to make some commitment to live up to their obligations.

5. Price tag for Kyoto rises fast

The federal government is expected to provide \$5 billion to \$6 billion for environmental measures in next week's budget. Much of it likely to be for fulfilling Kyoto's plan. Some of the spending will have dual purposes a tax break or infrastructure measure and also for cutting emissions. The Prime Minister wants to shift climate-change-abatement spending to tax incentives and measures that encourage the deployment of more energy-efficient technology, curb energy

Current Developments in Brief

Environment

CANADA

1. Business botches Kyoto strategy, *National Post*, February 10, 2005, p. FP 15.
2. Ottawa accused of Kyoto 'dithering', *National Post*, Tuesday, February 15, 2005, pp. FP1/8.
3. An Albertan's plan to ease Kyoto pain, *Globe and Mail*, February, 15, 2005, p. B3.
4. Opposition slams Liberals over lack of Kyoto plan, *Globe and Mail*, February, 17, 2005, p. A6.
5. Price tag for Kyoto rises fast, *National Post*, February, 18, 2005, p. 1.
6. Ottawa to spend billions on Kyoto, *Globe and Mail*, February 24, 2005, p. F9.

use and decrease reliance on fossil fuels. Thereby suggesting that the spending is not only good for the environment but will make the country a leader in energy efficient and renewable technologies. It will also be more appealing to Canadians.

6. Ottawa to spend billions on Kyoto

Ottawa unveiled a \$5 billion, five year package for the environment and the Kyoto accord. It includes expanding its home energy retrofit subsidy program and signals penalizing or rewarding Canadians. The government indicated that it is serious in meeting its Kyoto Accord Obligations. It will introduce a 'mandatory emissions reduction program'. It is considering measures to encourage: consumers to buy environmentally friendly cars; employer-funded transit passes; and consumer rebate on fuel-efficient vehicles. An important feature of the package is the \$1 billion 'Clean Fund' to encourage entrepreneurs to cut green-house gas emissions.

GENERAL TRANSPORTATION

1. Canada Customs seeks input on FAST

The Canada Border Services Agency is inviting carriers, importers and intermediaries to participate in a series of consultative sessions on the FAST program. Consultative sessions will be held in Vancouver, Calgary, Toronto, Montreal, Fredericton and Halifax.

2. B.C. aims to strengthen ties with Asia

B.C. announced the Asia-Pacific Gateway Strategy aimed at increasing ties between B.C. and Asia. The strategic initiatives include: forming an Asia-Pacific Trade Council to advise government on how to target resources; establishing a network of key B.C. Trade and Cultural Centres in international markets to promote 'made in B.C.' products; keeping check on the province's competitiveness by a B.C. Competition Council; and expanding transportation links to the Pacific through the Ports of Prince Rupert and Vancouver.

3. Canada Border Services Agency issues update on cargo and conveyance electronic reporting for air, marine

Canada Border Services Agency has issued an update on cargo and conveyance electronic reporting for air mode and for marine shipments loaded in the United States.

4. Travel between Canada and other countries

In December 2004, Canadian travel abroad rose to its second highest level for December. 86% of these trips were to the US and 14% were to other countries.

5. Characteristics of international travellers

A record of 1.3 million Canadian residents took overnight trips to overseas countries in the third quarter of 2004 up 9.1% compared to same period in 2003, the seventh quarterly increase. Europe was still the destination of choice for most Canadian tourists. Visits to Asia jumped by half in the third quarter compared to a year ago.

6. Transport Canada Expenditure Review Contributions - 2005

According to the 2005 Federal Budget, Transport Canada will achieve savings and efficiencies through three sources: 1. Corporate efficiencies; 2. Elimination of Air Travel Complaints Commissioner; and 3. Corporate efficiencies at Federal Bridges Corporation. The savings from each of the three are: \$48 million; \$10.1 million; and \$10.4 million.

7. Canada boots security budget

The 2005 budget proposal would add \$222 million (or US \$181.3 million) over five years to improve marine security. The new money will be spent on new mid-shore patrol vessels for the Great Lakes and St. Lawrence Seaway for additional inspections of ships and cargoes, for the creation of Emergency Response Teams for the Great Lakes and Seaway and for an increased police presence in ports. The new funds are an addition to the US\$514.5 million spent on improving marine security since 9/11.

Current Developments in Brief

General Transportation CANADA

1. Canada Customs seeks input on FAST, February 3, 2005 (www.ctl.ca).
2. B.C. aims to strengthen ties with Asia, February 10, 2005 (www.ctl.ca).
3. Canada Border Services Agency issues update on cargo and conveyance electronic reporting for air, marine, February 11, 2005 (www.ctl.ca).
4. Travel between Canada and other countries, *The Daily*, February 17, 2005 (www.statcan.ca).
5. Characteristics of international travellers, *The Daily*, February 23, 2005, (www.statcan.ca).
6. Transport Canada Expenditure Review Contributions - 2005, February 24, 2005 (www.tc.gc.ca).
7. Canada boots security budget, February 25, 2005 (www.joc.com).

U.S./EU

1. Failure to innovate could cost companies their competitive edge, says EIU report, Feb. 8, 2005, (www.ctl.ca).