

# Transportation Information Update

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**THE NEW MINISTER OF TRANSPORT.** The Honourable Jean-C. Lapierre, M.P. is the new Minister of Transport. He was first elected to the House of Commons from 1979 to 1990 and was re-elected in 2004. He served as Parliamentary Secretary to a number of Ministers and was Minister of State for Youth and for Fitness and Amateur Sport. Jean Lapierre studied law at the University of Ottawa and was admitted to the Quebec Bar in 1979. Between 1974 and 1979 and during his absence from politics he held various interesting posts.

## 1. New PEI Highway Project Announced, Transport Canada

Transport Minister and PEI Transportation and Public Works Minister announced a new road construction project under Strategic Highway Infrastructure Program (SHIP). The \$2.3 million project involves upgrading and widening the Trans Canada Highway along the Charlottetown perimeter Highway. SHIP demonstrates the government's commitment to improving Canada's highways.

## 2. Transport Minister signs contribution agreements with New Brunswick for Intelligent Transportation Systems

Transport Minister and New Brunswick Minister of Transportation announced the signing of two contribution agreements between the Government of Canada and the Province of New Brunswick. Under the first contribution (\$429,100), federal funding has been allocated for the installation of road weather information systems along the national highway systems in N.B. Under the second contribution (\$613,900), the Province of NB has established a partnership with the University of NB's Centre for Rural ITS Research and Development.

## 3. Increased flow of goods big boost for rail and truck industries

During the second quarter, output of the rail transportation industry was up 5.3%, while output of the truck transportation industry advanced 4.2%. Prospects for carriers look good provided the GDP of the economy continues to grow at 1.1%.

## 4. Export growth makes for solid second quarter

Exports of goods and service advanced 5% in the second quarter, the strongest gain in over seven years. A surge in exports helped GDP grow at 1.1%. The economy picked up in May and June 2004.

## 5. Rise in costs offsets impressive gain in revenues for Canadian for-hire carriers

Operating revenues of Canada's estimated 3,620 largest for-hire carriers increased 14% in the first quarter of 2004 compared to the same quarter of the previous year. Similar increases in expenses prevented improvements to profits. Operating revenues totalled \$6.16 billion (i.e., firms with revenues of \$1 million or more) Operating revenues totalled \$5.84 billion.

## 6. RMI launches RailConnect index on short line traffic trends

RMI, the rail industry's first independent source of short line traffic statistics, has introduced its RailConnect Index. Short line railroads

### Current Developments in Brief

1. New PEI Highway Project Announced, Transport Canada, September 1, 2004 ([www.tc.gc.ca](http://www.tc.gc.ca))
2. Transport Minister signs contribution agreements with New Brunswick for Intelligent Transportation Systems, September 1, 2004 ([www.tc.gc.ca](http://www.tc.gc.ca))
3. Increased flow of goods big boost for rail and truck industries, September 1, 2004 ([www.ctl.ca](http://www.ctl.ca))
4. Export growth makes for solid second quarter, September 1, 2004 ([www.ctl.ca](http://www.ctl.ca))
5. Rise in costs offsets impressive gain in revenues for Canadian for-hire carriers, September 1, 2004 ([www.ctl.ca](http://www.ctl.ca))
6. RMI launches RailConnect index on short line traffic trends, September 1, 2004 ([www.ctl.ca](http://www.ctl.ca))
7. 'Smart' Highway technology initiatives to drive transportation IT market, September 2, 2004 ([www.ctl.ca](http://www.ctl.ca))
8. Air Cargo drives economic development, says TIACA, September 2, 2004 ([www.ctl.ca](http://www.ctl.ca))
9. Transport Minister Signs Contribution Agreements with Nova Scotia for Intelligent Transportation Systems, September 3, 2004 ([www.tc.gc.ca](http://www.tc.gc.ca))
10. Airport Movement Statistics, Small Ports May 2004, September 2, 2004 ([www.statscan.ca](http://www.statscan.ca))
11. Largest Motor carriers improve bottom line, September 3, 2004 ([www.ctl.ca](http://www.ctl.ca))
12. Canadian Transportation Agency Satisfied That Air Canada Will Meet Canadian Ownership and Control Requirements, September 3, 2004 ([www.cta-otc.gc.ca](http://www.cta-otc.gc.ca))
13. WestJet Airlines Ltd., National Post Business September 2004, pp. 24-32.
14. Air Canada, WestJet report more passengers taking flight, Globe and Mail, Wed. Sept. 8, 2004.
15. Jetsgo believes it was target of spying, Financial Post, Sept 8, 2004, p. B1.
16. New technology makes school buses safer, Transport Canada, September 8, 2004, ([www.tc.gc.ca](http://www.tc.gc.ca)).
17. Who should build B.C.'s ferries?, National Post, Thursday, September 9, 2004, p. A.15.
18. CTA files motion in US Federal Court; seeks stay of hours of service ruling, September 13, 2004, ([www.ctl.ca](http://www.ctl.ca))
19. New routes seen as \$500m boon to economy, Financial Post, Tuesday, September 14, 2004, p. FP 5.
20. Transport Minister praises government-industry security efforts, September 15, 2004 ([www.ctl.ca](http://www.ctl.ca))
21. Shipping boom for Canadian manufacturers, September 16, 2004 ([www.joc.com](http://www.joc.com))
22. Tunnel project vital as border-crossing remedy, says Teamsters president, September 15, 2004 ([www.ctl.ca](http://www.ctl.ca))
23. Cargo unit will be spun off when Air Canada exits bankruptcy, September 13, 2004 ([www.joc.com](http://www.joc.com))
24. Half a loaf, September 13, 2004 ([www.joc.com](http://www.joc.com))
25. APL adds Montreal to trans-Atlantic services, September 17, 2004 ([www.joc.com](http://www.joc.com))
26. Global shipping back to boom times, September 17, 2004 ([www.ctl.ca](http://www.ctl.ca))

\* The information provided is from the Authors and not from the Competition Bureau or Industry Canada.

represents 29% of all route mileage and account for 9% of all freight revenue in the American railroad industry.

### **7. 'Smart' Highway technology initiatives to drive transportation IT market**

INPUT, a US provider of government market intelligence, has released a report indicating that spending on transportation ITS systems (for the movement of traffic on US highways) is expected to increase from \$1.8 billion in 2005 to \$2.4 billion in 2009.

### **8. Air Cargo drives economic development, says TIACA**

The International Air Cargo Association (TIACA) will release a study in mid September entitled 'Air Cargo Engine for Economic Development'. The study contends that there is a well established link between air cargo growth and growth in gross domestic product. It points to the increasing volume of high value cargo moving by air. As a result, 40% of the value of today's world trade moves by air.

### **9. Transport Minister Signs Contribution Agreements with Nova Scotia for Intelligent Transportation Systems**

Transport Minister and Nova Scotia Transportation and Public Works Minister signed two contribution agreements for Intelligent Transportation Systems (ITS) in the province. Under the first agreement \$345,500 of federal funding has been allocated for the acquisition and installation of Road Weather Information Systems along the National Highway System in NS. Under the second agreement, \$864,000 has been allocated to Road Weather Information System and weigh-in-motion technology.

### **10. Airport Movement Statistics, Small AirPorts May 2004**

In May 2004, total air traffic activity totalled 111,955 movements at the 56 airports with NAV CANADA Flight Service Stations. This represents a decrease of 2.6% for the month of May and a year to date increase of 2.9%.

### **11. Largest Motor carriers improve bottom line**

The revenue of Canada's top 82 for-hire motor carriers increased by 5.2% in the second quarter in 2004. Their average expenses increased by 3.4%. This had a favourable impact on their profits and operating ratio quite unlike the smaller for-hire motor carrier competitors where the increase in revenues were matched by increases in expenses.

### **12. Canadian Transportation Agency (CTA) Satisfied That Air Canada Will Meet Canadian Ownership and Control Requirements**

The CTA on September 3, 2004 rendered a decision in which it concludes that Air Canada's proposed new corporate structure (i.e., with the new entity ACE Aviation Holdings) will meet the Canadian ownership and control requirements.

### **13. WestJet Airlines Ltd.**

This article reviews Canada's second-largest airline and pioneer carrier. It reviews the problem of too many empty seats and a lawsuit that is

damaging its reputation. It also provides independents analyst view on how WestJet can attract more passengers and reclaim its favoured status. One analyst predicts that WestJet should expand into the trans-border as defined in the *Canada Transportation Act* market.

### **14. Air Canada, WestJet report more passengers taking flight**

Air Canada and WestJet Airlines had a busy August as passengers returned to the skies. Load factors for Air Canada reached a record of 83.2% in August compared to 80.6% for the same period a year earlier. For the first eight months

27. Transport Canada Announces Consultations on Marine Security Regulations, September 17, 2004 ([www.tc.gc.ca](http://www.tc.gc.ca))
28. WestJet spreads wings further with launch of flights to U.S., The Globe and Mail, September 20, 2004
29. BTS Releases Second quarter 2004 Airline Financial Data, US Dept of Transport September 20, 2004 ([www.dot.gov](http://www.dot.gov))
30. Governments of Canada and Ontario Work to Make Border Crossings More Efficient, Transport Canada, September 21, 2004, ([www.tc.gc.ca](http://www.tc.gc.ca))
31. Competition Bureau Issues Revised Merger Enforcement Guidelines, September 23, 2004 ([www.ic.gc.ca](http://www.ic.gc.ca))
32. Competition Bureau Clarifies Enforcement Approach in the Airline Industry, September 23, 2004 ([www.ic.gc.ca](http://www.ic.gc.ca))
33. Monthly railway carloadings, September 24, 2004 ([www.statcan.ca](http://www.statcan.ca))
34. Fix the airports, Financial Post, September 24, 2004, p. FP 11.
35. Strike stops Vancouver grain shipments, September 24, 2004 ([www.joc.com](http://www.joc.com))
36. Consultations on the Treatment of Efficiencies under the Competition Act, September 24, 2004 ([www.strategis.ic.gc.ca](http://www.strategis.ic.gc.ca))
37. Air Canada plans regional push, Globe and Mail, September 25, 2004, pp. B1-B4.
38. Oil prices dash hopes for profitability, Globe and Mail, September 25, 2004, pp. B1-B4.
39. North American Transportation Statistics, The Daily, September 27, 2004 ([www.statcan.ca](http://www.statcan.ca))
40. New International Air Cargo Transshipment Program for Winnipeg International Airport, September 27, 2004 ([www.tc.gc.ca](http://www.tc.gc.ca))
41. Air Travel Shakeup Urged, Financial Post, September 28, 2004, pp.FP1/FP9

### ***Other Current Developments in Brief***

1. DOT To Award New U.S.-China Air Cargo Rights, (DOT named Polar Air Cargo as a new entrant in the U.S.-China market. Distributing 39 new weekly all-cargo flights among four carrier) (September 6, 2004, [www.ctl.ca](http://www.ctl.ca))
2. Congestion worsens at LA-Long Beach, (Congestion in LA-LB reached record levels after Labor Day) (September 8, 2004, [www.joc.com](http://www.joc.com))
3. US railroads look for gridlock solution (Record volumes in September may overwhelm US railway infrastructure) (September 6, 2004, [www.ctl.ca](http://www.ctl.ca))
4. US Transportation Secretary Mineta Outlines Plans to fight Traffic Congestion as Texas Transportation Institute Releases Annual Mobility Report (September 7, 2004, [www.gov.dot](http://www.gov.dot))
5. BTS Releases June Transportation Services Index (TSI) (Revised Index Falls for Second Consecutive Month, Revised statistics for the month of June shows a small decrease rather than a small increases as reported) (September, 2004, [www.dot.gov](http://www.dot.gov))
6. Shippers OK repeal of Europe anti-trust for liners, (The Tripartite Shippers Group (NA, Europe and Asia) gave their support to repeal Regulation 4056/86. At the same time they welcomed a proposal to end rate-fixing but would permit carriers to meet on issued related to capacity) (September 15, 2004, [www.joc.com](http://www.joc.com))

of 2004, the load factor was 77.8% compared to 74.7% a year earlier. WestJet's load factor fell to 79.8% in August from 82.9% in the previous month. WestJet is scheduled to expand its trans-border service into the U.S. this Fall (i.e., LA, San Francisco, Phoenix, NY, Ft. Lauderdale, Orlando and Tampa).

#### **15. Jetsgo believes it was target of spying**

In the espionage litigation case between Air Canada and WestJet, Air Canada found confidential data on Jetsgo. Jetsgo believes that it was the target of spying and has asked Air Canada for the data. Air Canada indicated that it will do so with the consent of WestJet or pursuant to an order of the court in view of the ongoing litigation.

#### **16. New technology makes school buses safer**

A new product or system that makes it safer for children using school buses is being marketed. The product enables children to be detected under and around school buses and informs drivers of this potential danger. The product was created by Eaton Corporation using ITS adapted from VORAD pedestrian detection system - used for commercial trucks.

#### **17. Who should build B.C.'s ferries?**

BC Ferries is undertaking its vessel construction program. As a result, it is engaged in a comprehensive tendering process. Reviewers of the

process have indicated that it was credible and created competition among bidders. However, some observers noted that BC Ferries excluded Canadian shipyards especially B.C. shipyards. According to the President of BC Ferries, this is not true as the Canadian bidders could not meet the building requirements. He indicated that BC Ferries is committed to keeping its fares as low as possible. However, some building companies and unions believe that all new vessels should be built within the Province regardless of costs. The President indicated that they have an obligation to their customers to get the best value (i.e., ensuring that the competitive bidding process is credible and fair). He acknowledged that BC shipyards do an excellent job and that BC Ferries spends over a \$100 million in repairs at BC shipyards. Revitalizing the shipbuilding industry in BC in the past has been a costly experience to tax payers.

The above view of the President was not shared by Bill Vander Zalm (former Social Credit premier of BC) who stressed the importance of keeping jobs in the province. He indicated that there is no free market in the ship-building industry. In all the countries with ship-building industries there are only one or two major industries and they get large government subsidies. Why should British Columbians send money to those countries to build our ships?

#### **18. CTA files motion in US Federal Court; seeks stay of hours of service ruling**

A US Court has vacated the current federal hours of service rules. In response to this, the Canadian Trucking Alliance has filed a motion in the US Court of Appeals in support of the Federal Motor Carrier Administrations's efforts to keep the existing hours of service rules in place till the current legal proceedings are concluded. Otherwise it could result in a hodgepodge of hours of service rules. Making timing adjustments and re-programming the entire system will cost millions of dollars.

#### **19. New routes seen as \$500m boon to economy**

Air Canada's emphasis on international routes besides reversing the airline's fortune could add up to half a billion dollars to the Canadian economy. This is because Toronto and Vancouver are expected to become major international stopover hubs for passengers en route to and from Europe and Asia. The passenger increase could create jobs and increase investment adding an estimated \$500 million to the Canadian economy. According to a recent study, the US has lost about \$31 billion in international investment over two years due to visa restrictions.

#### **20. Transport Minister praises government-industry security efforts**

The Federal Transport Minister spoke at the 3<sup>rd</sup> Annual US Maritime Security Expo conference in NY. He indicated that he has been impressed by the critical importance of security and that the government cannot do it alone. He made detail mention of Canada's National Security Policy and its six point strategy for the marine sector. He indicated that nearly all marine facilities and affected vessels have begun complying with the IPSC code since July 1, making Canada one of the top leaders in compliance. He also mentioned that the new measures have added costs for which the government introduced the Marine Facility Contribution Program (\$115 million).

#### **21. Shipping boom for Canadian manufacturers**

7. Australia probing liner anti-trust exemption, (The Australian Competition and Consumer Competition says that the special treatment of international liner cargo shipping industry under part X of Australia's Trade Practices Act should be revoked) (September 15, 2004, [www.joc.com](http://www.joc.com))

8. Air-cargo forecast sees 6.2% annual growth, (Boeing sees air world cargo tripping from the current levels in the next two decades growing at an annual rate of 6.2%) (September 15, 2004, [www.joc.com](http://www.joc.com))

9. Virgin Express to merge with SN Brussels Airline (Virgin Express and SN Brussels Airline are close to agreeing to a merger bringing together a consolidation of the two leading air carriers at the Brussels Zaventem airport. SN Airholding will control 100% of Virgin Express and 92% of SN Brussels) (Financial Post, September 18, 2004)

10. US Transportation Secretary Visits La Porte City to See How Local Railroad is Connecting Eastern Iowa to Expanding Economy (September 22, 2004, [www.dot.gov](http://www.dot.gov))

11. Port, Rail congestion seen continuing in 2005, (Trades from Asia to the US) (September 23, 2004, [www.joc.com](http://www.joc.com))

12. US DOT Investing \$38.8 million in Upgrades to Chicago's 'L' Rail System (September 27, 2004, [www.gov.dot](http://www.gov.dot))

Statistics Canada reported a record of \$50.2 billion worth of goods shipped in July 2004 which represented an increase of .5 percent from June. This increase was primarily a result of price. Shipments have increased 11.7 percent since December and the July increase has been the smallest since January.

## **22. Tunnel project vital as border-crossing remedy, says Teamsters president**

In an address to the Economic Club, the general president of the International Brotherhood of Teamsters indicated that the Jobs Tunnel project to expand freight capacity between Windsor (Ontario) and Detroit (Michigan) is needed because they are faced with a gridlock crisis at the world's busiest border crossing. The private project will convert the existing rail tunnel into a two-lane truck route and relieve the congestion on the Ambassador Bridge.

## **23. Cargo unit will be spun off when Air Canada exits bankruptcy**

On October 1, 2004, Air Canada Cargo (ACC) will become a stand alone company. This will provide Air Canada Cargo more flexibility to carry out strategies for expansion. ACC will have exclusive use to space in the bellies of Air Canada's passenger planes. ACC's first priority will be to optimize the utilization of belly space. Their second priority will be to expand cargo business through increased use of freighters. This latter priority was already underway in the domestic market when Air Canada began a daily Toronto-Calgary-Vancouver freighter service (Boeing 767s). In the international market all freighter service is likely to come in early November.

## **24. Half a loaf**

Faced with the possibility that the EU block exemption for conference carriers from competition laws will be removed, the European Liner Affairs Association, has proposed a compromise. Carriers will abandon their right to collectively set rates in exchange for permission to share aggregate cargo data and rate indexes and to set common formulas for surcharges. Consideration of the restrictions on carrier's collaboration are likely to begin with the European Commission's White Paper due this fall. The Association hopes to retain some of the Conferences' past privileges so that conferences will be able to avoid rate wars and maintain stability. While carriers wish to prevent a rate-cutting free-for-all if the conference system is abandoned, shippers fear that the agreed to common formula for surcharges will be used as profit centres to increase rates and more than offset routine fluctuations in cost. Surcharges can form as much as half the shipper's bill and could be used as a guise for rate setting. While few dispute the benefits of stability of supply, as the industry cannot withstand long rate wars, some observers even have reservations of that. Similarly, the use of a neutral third party index may be benign if its purpose is to only find out what the total capacity is in the trade and for a carrier to benchmark its own prices and services. But it still could raise concern if it could be used to divvy the market up and reallocate the supply. Finally, there are the old arguments: Is shipping subject to instability?; and, why should shipping be granted privileges while other industries are not?

## **25. APL adds Montreal to trans-Atlantic services**

APL has announced a new trans-Atlantic service between North Europe and Montreal from the end of October. It will offer the new service by purchasing slots on existing sailings and providing service on three 3000 TEU ships. APL currently serves trans-Atlantic customers in Canada and the midwest US via New York.

## **26. Global shipping back to boom times**

Globalization has strengthened the linkage between economic growth and global shipping. With economic growth expected to be in excess of 4%, trade growth is expected to exceed 8%. This rapid growth in international trade means that the demand for ships could rise.

## **27. Transport Canada Announces Consultations on Marine Security Regulations**

Transport Minister announced consultations on proposed amendments to the Marine Transport Security Regulations on September 17. The amendments are being proposed further to the Government of Canada's National Security Policy. These amendments include the introduction of a Marine Facilities Area Access Clearance Program. It will also include background security checks for port workers who require access to certain restricted areas or who occupy designated positions.

## **28. WestJet spreads wings further with launch of flights to U.S.**

WestJet has opened a new chapter in its history today (September 20) by opening transborder service. It has offered cut rate introductory fares on three transborder routes (Toronto-New York; Toronto-Los Angeles; and Calgary-Los Angeles). In October, WestJet is expected to begin other transborder flights. The transborder market is considered to be WestJet's second priority now that it has developed its first priority, the domestic network.

## **29. BTS Releases Second quarter 2004 Airline Financial Data**

The BTS (Bureau of Transport Statistics) released the second quarter results for the seven largest regionals, low-cost and network carriers. The statistics reveal that the seven largest regional carriers had a profit of 9.0%; the seven largest low-cost carriers had a profit of 7.2%; and the seven largest network carriers had a loss of 2.8%. While the profit of

the regional carriers and low cost carriers declined compared to a year earlier for the same period, the loss of the network carriers was reduced for the same period.

### **30. Governments of Canada and Ontario Work to Make Border Crossings More Efficient**

The Governments of Canada and Ontario have jointly selected a team to research and develop strategies for using technology or Intelligent Transportation Systems to improve the flow of traffic and information at all international border crossings between Ontario and the United States. Every day 50 million vehicles cross the Ontario-US borders transporting \$900 million worth of goods. Using technology to make our borders more efficient will benefit us all. It will also be good for the economy and tourism. The cost of the project will be \$1.3 million to be shared equally by both governments.

### **31. Competition Bureau Issues Revised Merger Enforcement Guidelines**

On September 21, 2004, the Competition Bureau issued *Revised Merger Enforcement Guidelines*. This replaces the original Merger Enforcement Guidelines issued in 1991. The key improvements include: explaining the Bureau's current approach to market definition; describing, in greater detail, the Bureau's analysis of competitive effects arising from a merger; and reflecting the current law on efficiencies as provided in section 96 of the *Competition Act*.

### **32. Competition Bureau Clarifies Enforcement Approach in the Airline Industry**

On September 23, 2004, the Competition Bureau clarified its approach to the enforcement of the *Competition Act* to the Airline Industry. It sent a letter to major Canadian airlines. It first outlined changes to the airline industry. In light of these developments and based on the views of various industry stakeholders it then indicated the policy it will be following in enforcing the predatory pricing and abuse of dominance provisions of the Act.

The major points in its policy are: the principles established by the Competition Tribunal (in Phase 1 of the Air Canada Case) regarding application of the avoidable cost test will be relevant for future cases which may arise in similar circumstances; the avoidable cost test is only one part of the abuse of dominance analysis and the other elements of section 79 (dominance, practice of anti-competitive acts and substantial lessening or prevention of competition) will have to be considered; the purpose of avoidable costs set out in the *Airline Regulations* (to distinguish predatory actions from vigorous competition) is to focus on actions taken by a dominant domestic carrier against competitors which is only triggered by a significant response by a dominant carrier to competition or new entry; the actions by a dominant carrier that could attract enforcement action include reducing fares to undercut competitors, adding significant capacity, failing to remove capacity in accordance with its seasonal or other usual practices, or substantially increasing the number of tickets offered at fares which match the lowest fares of a competitor; the Bureau will not take enforcement action against fare matching (i.e., reducing fares to match but not to undercut), unless the fare matching is accompanied by other acts (significant increase in capacity or a significant increase in seats offered at the lowest price); and the Bureau will consider all the elements of abuse of dominance, not just the avoidable cost test, in deciding to take enforcement action, where a dominant carrier responds to entry or competition by doing something more than fare matching.

The Undertakings provided by Air Canada to the Commissioner of Competition in December 1999 were rescinded on August 17<sup>th</sup> pursuant to an Order in Council (on application by Air Canada to the Minister of Transport).

### **33. Monthly railway carloadings**

Statistics Canada reports that for July 2004, railways carried 21.8 million metric tonnes of freight, down 8.7% from June 2004. A labour dispute and inclement weather have been cited from the decline. While the non-intermodal portion fell there was no change for the intermodal portion. Iron ore was one of the commodities that recorded a major decline in loadings.

### **34. Fix the airports**

The article indicates that Canada requires a competitive world-class air transportation system and to achieve that status urgent policy changes are required from the Federal government. There are three areas that need reform: airport rents; airport governance; and airport fee-renting. The article indicates that the government collects rents none of which is reinvested. This it claims "represents an unfair and excessive financial burden on the airports and ultimately users in terms of the fees and charges they pay." In terms of governance and fee-setting, under the National Airport Policy, the local airport authorities were to be managed on the basis of two fundamental propositions: financial sustainability (based on user pay principles); and responsiveness to local and community and market needs. Many of these local airport authorities have adhered to these principles but in the absence of a proper regulatory framework and consultation process, monopoly pricing reduces or eliminates the management incentive for disciplined planning and cost control and efficiencies. As an example of what can go wrong it points to Pearson Airport under the Greater Toronto Airports Authority. To fix Canada's airport system, the article prescribes three policy initiatives: Reduce or rapidly eliminate Crown rent; improve corporate governance; and provide the right to appeal new or revised user fees.

### 35. Strike stops Vancouver grain shipments

A strike by government employees on September 24, 3000 halted grain shipments from the Port of Vancouver. The Public Service Alliance of Canada is conducting rotating strikes and other job actions against the government hoping to bring the government back to the bargaining table.

### 36. Consultations on the Treatment of Efficiencies under the Competition Act

On September 24, 2004, the Competition Bureau launched a national consultation process on the role of efficiencies under the *Competition Act*. To assist the process, the Bureau issued a consultation paper entitled *Treatment of Efficiencies in the Competition Act*. The paper provides: the Bureau's experience with the current treatment of efficiencies under the Act; the experience of other jurisdictions on efficiencies; and the merits of various proposals. These include maintaining the status quo (i.e., an efficiencies defence); maintaining the status quo except when the merger creates a monopoly or near-monopoly; reviewing efficiencies as part of the overall assessment of a merger (rather than an efficiencies defence); allowing an assessment, post-merger of whether the predicted claims of efficiencies were achieved; and allowing for the consideration of efficiencies in specialization agreements, joint ventures and strategic alliances.

### 37. Air Canada plans regional push

Air Canada will start devoting more attention to regional Canadian aviation markets (Edmonton, Regina, Saskatoon, Windsor, London, Abbotsford and Kelowna) according to Robert Milton. For this purpose, the airline is interested in acquiring regional jets which seat 75 to 100 passengers providing it with flexibility in adding services on these routes.

### 38. Oil prices dash hopes for profitability

IATA's Director General, Mr. Giovanni Bisignani, indicated at a Conference in Montreal that oil prices have removed hopes of profitability in the airline industry for 2004. The industry incurred losses of \$13billion in 2001, \$11.3billion in 2002 and \$6.6billion in 2003. He described the increase in oil prices as the fifth horseman of the apocalypse to have visited the industry so far besides 9/11, Iraq War, SARS, and terrorist threats. Nevertheless, IATA is hoping for a breakeven year in 2005.

### 39. North American Transportation Statistics

On September 27, 2004, the North American Transportation Statistics (NATS) database, a unique online source of comprehensive information on transportation activity was launched today. The data base is the result of a tripartite initiative, representing the transportation and statistical agencies of Canada, United States and Mexico. The database will be available online at: [www.inegi.gob.mx/nats](http://www.inegi.gob.mx/nats)

### 40. New International Air Cargo Transshipment Program for Winnipeg International Airport

Transport Minister Jean-C. Lapierre launched an international air cargo transshipment program at Winnipeg International Airport on September 27, 2004. According to the Minister "This new transshipment program should benefit the Winnipeg community and provide additional operating flexibility for Canadian and foreign air carriers. The new program could result in increased traffic at the airport and will also complement other initiatives being developed by Winnipeg International Airport."

### 41. Air Travel Shakeup Urged, Financial Post

IATA's Director General, Mr. Giovanni Bisignani, indicated that while the airlines have re-engineered themselves to bring about efficiencies you cannot have partners to abuse their situations. Referring to bodies such as the airports and Nav Can. He is scheduled to meet Transport Minister on September 28 to make his case. He would like to see greater accountability introduced in the management of airports and a regulatory oversight board for rate increases at airports or other monopoly providers of service, together with a review of the rents paid by airports. He also called for lifting the current 25% foreign ownership limits on airlines.

#### Conferences

1. MARAD Third Annual Short Sea Shipping Conference at the Hilton New York, in New York City, Oct. 13-15, 2004.
2. CITT 46<sup>th</sup> Annual Conference & AGM, Nov. 10-13, Banff, Banff Park Lodge
3. 15<sup>th</sup> Annual Breakbulk Transportation Conference and Exhibition, October 27-29, in New Orleans.