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Transportation News Digest

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1.0 Introduction

In 2009, the downturn that gathered force at the end of 2008 left nearly every transportation sector in a sea of red. Initially, its effect was devastating but towards the end of 2009, it appeared that the economy was going to recover with uncertainty as to exactly when and with what strength. Amidst the depressing news there was still a glimmer of hope with a major effort by the governments around the world to stabilize the global economy and with the signing of the Canada-EU ‘open-skies’ agreement. The major transport companies also indicated that the worst seemed over and there appeared to be a rainbow in the horizon.

2.0 Air Transportation

2.1 The State of the Industry - The Airlines

In 2009, the air transportation industry in Canada and the rest of the world was in a survival mode. The fortunes of the air industry did not improve like the TSX index though its financial performance improved slightly. Air Canada was on the brink of bankruptcy for the second time but the skilful negotiation of its new President and CEO, Calin Rovinescu, enabled it to gain major concessions from its labour unions and secure financing piloting it through turbulent skies. Air Canada recorded a net loss of $24 million compared to a loss of $1.03 billion in 2008. Air Canada succeeded in restraining the decline in its load factor in 2009 to 0.7 points, i.e., to 80.7 points from 81.4 in 2008 but the decline in its available seat miles and revenue passenger miles were more noticeable, 4.4% and 5.2%. Air Canada’s President and CEO stated: “These strong results underscore the effectiveness of our on-going disciplined approach to managing capacity in a difficult economic environment. I am proud of our employees who remained focused on taking care of our customers while maintaining a safe and secure operation during winter storms and the recent implementation of new security measures.”[1] To provide additional protection, Air Canada concluded financing arrangements. Its CEO stated "Over the past year we have overcome tremendous challenges to begin 2010 with satisfactory liquidity, reduced unit costs and measurable customer satisfaction improvements, ...We are now in a stronger position to manage through what is expected to be a slow start to the recovery for the sector...”[2]

In contrast to Air Canada, Canada’s popular airline WestJet recorded a profit of 98.2 million in 2009 compared to a profit of $178.5 million in 2008, though it was a 45% decline from a year earlier. WestJet, reported that traffic for 2009 featured a load factor of 78.7 compared with 80.1 for 2008, a marginal decline of 1.4 points in contrast to its available seat miles which increased by 2.6% and its revenue passenger miles increased by 0.8%. The fourth quarter results for 2009 with regard to load factors, available seat miles and revenue passenger miles all positive compared to the same quarter in 2008, suggesting that the worst of the recession may be over. The WestJet President and CEO said "We have made considerable progress in our call centre service levels since our reservation system cutover in October, and we are on our way to fully restoring our high-quality service."[3] Commenting on the year end results he stated “we were once again one of the top performers in the North American airline industry...Throughout the year, we strengthened our balance sheet, tightened our cost controls and laid the foundation for continued growth. We also focused on key initiatives including the expansion of WestJet Vacations and the implementation of our new reservation system. Thank you to our exceptional WestJetters for their many accomplishments and ongoing commitment to our airline's success."[4]

The evidence suggests that Air Canada and WestJet appear to be recovering from the recession though not as fast as one would have liked. Air Canada succeeded in reducing its loss and WestJet succeeded in remaining profitable but its profits were smaller.

2.2 Economic Downturn

In March 2009, IATA CEO Giovanni Bisignani said "The state of the airline industry today is grim, demand has deteriorated much more rapidly with the economic slowdown than could have been anticipated even a few months ago. As a result, world airlines will lose $4.7-billion (U.S.) this year due to the economic crisis." A few months later, the picture appeared much grimmer than originally thought as the previously forecasted loss was estimated to double to $US 9 billion. By the time the last quarter arrived, IATA forecasted losses from commercial airline operations worldwide in 2009 to reach $11 billion and losses to be $3.8 billion in 2010. On January 27, 2010, IATA's CEO stated, "In terms of demand, 2009 goes into the history books as the worst year the industry has ever seen. We have permanently lost 2.5 years of growth in passenger markets and 3.5 years of growth in the freight business." IATA is of the opinion that there are too many airlines for the number of passengers and if some airlines are to survive others must exit. At home, meanwhile, Air Canada incurred a loss of $301 million in the first half of 2009, raising speculation that it could become bankrupt for the second time. In the third quarter of 2009, it reported net income of $277 million which included gains on foreign exchange of $295 million. WestJet on the other hand reported a profit of $78m in the first three quarters down from its profit of $110.2 million in 2008. Air Transat also reported that its first quarterly loss jumped to $29.3 million but recovered thereafter posting a net income of $51.7million.The risk of failing firms, mergers and concentration often predicted during economic downturns, so far has not affected the airline industry in Canada other than Conquest Vacations which was forced to close due to overcapacity and the credit squeeze.[5]

2.3 Collusive Activities and Antitrust Concerns

At least two competition issues were raised by antitrust authorities across the globe. First, the air cargo collusion investigation continued resulting in more fines and prosecutions. The US DOJ obtained fines of $1.6 billion, the Australian Competition and Consumer Commission obtained fines of $41 million, Canada's Competition Bureau obtained fines of $14.6 million and the Japan Fair Trade Commission ordered 12 international freight forwarders to pay a total of about 9 billion yen. Other countries such as the European Commission and New Zealand Commerce Commission have not concluded their investigations. Second, proposed alliances attracted the attention of the U.S. Department of Transportation (DOT) and the European Commission. The DOT granted final approval for antitrust immunity to Continental Airlines for its participation in the Star Alliance, and approved a new joint venture (Atlantic Plus-Plus) among four of the alliance's members (Air Canada, Deutsche Lufthansa Airlines, United Air Lines, and Continental Airlines) as it would be in the public interest. The European Commission confirmed on October 2, 2009 that in September 2009 it sent a Statement of Objections to British Airways, American Airlines and Iberia, members of the Oneworld airline alliance, in relation to their proposed cooperation on passenger air transport services on transatlantic routes which the Commission considers may be in breach of Article 81 of the EC Treaty and Article 53 of the EEA Agreement. The Commission opened formal proceedings in April 2009**.**[6]

2.4 Air Liberalization

Significant strikes towards air liberalization occurred. The most important was the EU 'open-skies' agreement with Canada was signed on May 6, 2009. This agreement would open aviation markets to each other and begin free trade negotiations. It is the EU's most far-reaching open aviation pact with a trade partner and is meant to spur trans-Atlantic trade and competition. Under the agreement, airlines based in the 27-nation EU bloc will be able to fly directly to Canada, and Canadian carriers would have similar access rights to points in Europe. Restrictions on routes, prices and the number of flights between the two sides will be removed and limits on investment and foreign ownership in airlines would also be phased out, which eventually could lead to European investors setting up airline operations in Canada. The Agreement could generate consumer benefits of at least $72 million or $110 million through lower fares and could create 3,700 jobs in the first year and increase the number of passengers flying between the two regions from eight million to 14 million. The Canadian Airports Council hailed the completion of this historic air service agreement between Canada and the European Union as "welcome news" for travellers, shippers and those who work in the aviation and tourism sectors [7] On December 18, 2009, Canada's Transport Minister John Baird signed Canada's most comprehensive air transport agreement with all 27 European Union (EU) member states. It improves access (to any city within the two areas and without any restrictions on frequency together with 5th freedom rights) providing for increased opportunities for tourism and trade. Canadian Airports Council congratulated the Government and Air Canada welcomed the new Agreement.

Canada's three western-most provinces signed a joint declaration calling for Open Skies. The three provinces (BC, Alberta and Saskatchewan) have committed to: 1. Exchange information, research and analysis; 2. Participate in and jointly support projects and programs of mutual interest; 3. Engage industry and other jurisdictions to accelerate Open Skies agreements for our provinces; and 4. Undertake advocacy and public education to advance the case for the economic benefits of Open Skies agreements. Canada also signed a number of Blue Sky air transport Agreements with Costa Rica, Republic of Korea and New Zealand. The Government of Canada also took action to improve travel options for passengers wishing to fly from Canada to Lebanon and designating more carriers to fly to Mexico. IATA's CEO is calling for governments to embrace "open skies" by approving new routes, permitting "cabotage" where foreign carriers would fly point-to-point within another country and increasing foreign ownership limits. Further, in a global business, he questions whether there should be restrictions on acquisitions within political borders?[8]

On December 9, 2009 the Standing Committee on Finance tabled a report 'Prosperous and Sustainable Future for Canada: Needed Federal Actions' in the House of Commons. It recommends allowing international travellers to buy duty free goods upon arrival in Canada. The Finance Committee also acknowledged several other Canadian Airports Council requests most notably the development of foreign/free trade zones, a permanent solution for small airport funding and the elimination of airport rent, noting that Canada is one of a limited number of countries that charge such rents.

2.5 Bills Introduced - Air Passengers Bill of Rights

A private member's bill (C-310), put forward by MP Jim Maloway on February 10, 2009 and modelled on the European Union's Airline Passengers Bill of Rights, passed second reading (narrowly) in the House of Commons. The proposed bill was to move to the House of Commons transport committee for further review before it passes to third reading and then to Senate for approval. The bill contained provisions for delay, bumping, total fare disclosure, *etc*. The penalties proposed are quite severe and the industry warns they are unrealistic. The Air Transportation Association of Canada objected to the bill indicating that it will not only be financially punitive and economically unjust but will also have a negative impact on safety, small airlines, remote areas and inequitable accountability. To prevent the private member's bill from introducing stiff penalties on Canadian airlines, four Canadian airlines introduced a binding passengers' bill of rights that would take effect in the second week of June 2009. This was to ensure airlines provide meal vouchers for four-hour delays, pay for hotel rooms for overnight disruptions, re-book bumped passengers and let travellers off the plane if stuck on the tarmac longer than 90 minutes. It was proposed to be enforced by the Canadian Transport Agency.[9] In late September the Bill was referred to the House Transport, Infrastructure and Communities Committee after winning a favourable vote by a narrow margin. In late November 2009, the Committee decided not to proceed with the Bill. The Committee report has yet to be discussed by the House of Commons. There is a growing consensus that Bill C-310 fails to present a fair and balanced approach to the protection of air passengers, while at the same time not jeopardizing the financial health of airlines in Canada.[10]

The Canadian Transportation Agency also released two implementation guides to help Canadian air carriers meet two provisions in the *Code of Practice: Aircraft Accessibility for Persons with Disabilities*, which are applicable to fixed wing aircraft with 30 or more passenger seats, On September 1, 2009. These guides address: space for service dogs onboard aircraft (section 2.6), and tactile row markers.[11]

3.0 Water Transportation

3.1 The State of the Industry - The Ports

In 2009, generally all the major ports were faced with a sea of red. Only one segment of water transportation, the cruise industry, and one port, the Port of Prince Rupert, recorded gains. More specifically, the Metro Port of Vancouver recorded a decline in the total number of containers (TEUs) by 14% to 2.152 million in 2009 from 2.492 million in 2008, imports decreased by 14% and exports decreased by 13%. The Port of Montreal recorded a decrease in the total number of TEUs for 2009 by 15.3% to 1,247,690 from 1,473,914 in 2008. For the Port of Halifax, the number of containers (TEUs) also declined by 11% to 344,811 in 2009 but the decline was less than the 21% decline recorded in 2008.[12] This relieved some of the pressure on their infra structure and congestion. Unlike the major ports, the Port of Prince Rupert recorded spectacular gains. The containers (TEUs) moving through it increased 45.9% (i.e., 265,259 from 181,877 in 2008). The following results were recorded by the cruise industry by various ports: Port Metro Vancouver a 5.1% increase in 2009 compared to 2008; Port of Halifax a 0.001% decrease and Port of Montreal a 2.18 decrease. In terms of passengers, the numbers for the 2009/2008 seasons for each of the above ports were: 898,473/854,493; 227,797/228,133 and 38,770/39,636.

3.2 Antitrust Immunity

A year after the European Commission ended the antitrust immunity against shipping conferences; it extended the current block exemption for liner shipping consortia on September 28, 2009, which was to expire in April 2010 till April 2015. The new regulation, No 906/2009, includes a reduction of the market share threshold (to 30% from 35%) above which companies do not qualify for automatic exemption under the Regulation and an extension of the scope of the exemption to all cargo liner shipping services. The threshold was reduced to increase competition in liner shipping services to and from EU ports. The list of exempted commodities has also been revised. The European Shippers' Council welcomed the extension so long as carrier consortia keep to activities that don't reduce competition.[13]

3.3 Bills and Regulations

The government addressed three issues: 1. Pollution and the Environment; 2. Security and Safety; and 3. Pilotage Charges.

1. Pollution and the Environment: The government took action to protect the environment by making amendments to two marine related bills. On June 11, 2009, amendments to the *Arctic Waters Pollution Prevention Act* received Royal Assent. The amendments will extend the application of the *Act* by amending the definition of "arctic waters" from 100 to 200 nautical miles. This will enlarge Canada's sovereignty in these waters enabling it to exercise greater control over these waters and help ensure that ships do not pollute Canadian waters. The Act came into force on August 1, 2009. Three weeks later, the government announced amendments to the *Vessel Operation Restriction Regulations*. The changes improve safety and protect the environment by restricting vessel navigation on select waterways in three areas in Canada. The specific areas impacted are: Lac Nairne, Lac Bleu, and Lac Saint-François-Xavier in Quebec; Kempenfelt Bay, Lake Simcoe, in Ontario; and Columbia Wetlands in south eastern British Columbia. Other action included the modernization of equipment of the Dash 7 with a Maritime Surveillance System. With this equipment, the Government of Canada can track and identify polluters on a 24-hour basis and in situations with reduced visibility, such as darkness or low cloud cover.[14]

2. Safety and Security**:** In late June, September and October 2009, Canada introduced measures to protect Canadians by introducing security and safety regulations. First, amendments to the *Marine Liability Act*, received Royal Assent (on June 23, 2009). The major amendments include: protecting Canadians against the financial consequences of oil spills by tripling the fines for damages; allowing for regulations requiring all commercial passenger vessels in Canada to carry insurance for passenger injury liability; making it possible for Canada to proceed with ratifying two international conventions; clarifying rules on liability of owners and operators in the marine adventure tourism sector; and making other changes.[15] Second, it proposed regulations to help improve marine safety and security that would enable Canada to adopt international shipping requirements that mandates tracking systems aboard certain classes of vessels. This would help ensure safety and security, and the free flow of cargo by sea. Third**,** it announced proposed regulations to improve security for domestic ferry services. Under the proposed regulations, operators would be required to have security plans in place to help detect security threats and take preventive measures against security incidents affecting domestic ferries and facilities. The regulations would affect eight domestic ferry operators, 20 ferry routes and 32 ferry facilities. Fourth, new *Fire and Boat Drills Regulations* to enhance safety and better ensure that passengers and crew of vessels understand what to do during emergencies. Fifth, it announced changes to clarify the *Regulations Amending the Vessel Operation Restriction Regulations.* It includes: making it easier to issue permits for sporting; appointing municipal inspectors; clarifying speed limits for a vessel towing a person on water-skis.; and correcting errors.[16]

3. Pilotage Charges**:** The announcement of regulatory amendments on September 11, 2009 by the Pacific Pilotage Authority will bring relief to some vessels in Canada’s Pacific waters. The present regulations result in higher charges for fully laden cargo vessels than for cruise ships. The amended regulations equalize the charges by allowing a gross tonnage charge and eliminate the current charge for navigating through the Seymour Narrows channel. Nearly a month later, the Great Lakes pilotage tariff was amended following consultation and discussion. The amendment resulted in a 15-per-cent temporary surcharge which will apply to shipping industry vessels transiting the Great Lakes until December 31, 2010.[17]

4.0 Rail Transportation

4.1 The State of the Industry - The Railways

The railways which had previously thrilled investors were not immune to the recession, as both internal and external trade sharply dropped. But as the year ended, they offered investors a glimmer of hope. There were minor changes to the structure of the Canadian railways in Canada in 2009. By the end of 2008, CN had wrapped up its acquisition of Elgin, Joliet and Eastern Railway Co. with its mitigation agreements and sold some of its track in the city of Toronto. CP on the other hand sold Windsor Station in Montreal, Quebec and land in Western Canada..

The railways financial performance in 2009 revealed the pressures of the economic downturn. For CP, net income for 2009 was C$612 million compared to C$607 million in 2008, a 0.008% increase. Its operating ratio was 79.1 in 2009 compared to 78.4 in 2008, an increase of 0.7 points which means a decrease in productivity. For CN, net income for 2009 was C$1.854 billion compared to C$1.895 billion in 2008, a 2% decrease. Its operating ratio was 67.3 in 2009 compared to 65.9 in 2008, an increase of 1.4 points. Mr. Mongeau, CEO of CN said: “Throughout the year, the CN team raised the bar on operational execution, tightly controlled costs, and generated solid free cash flow and increased shareholder value through the monetization of underutilized assets. As we go forward, we will build on the improvements in operating metrics we achieved in 2009, including train velocity, lower freight car dwell times in terminals, and improved locomotive fuel efficiency.”[18] E. Hunter Harrison, president and chief executive officer, said: “The third quarter of 2009 was another challenging one for CN, ... It appears that several of our markets may have hit bottom. Our productivity gains during 2009 position us well for the eventual recovery in traffic.” Fred Green, President and CEO of CP said "We are continuing to refine and optimize our business processes to further drive structural cost improvements. This increases our flexibility and positions us well to respond to changes in volumes as the economy begins to recover."[19] The optimism was reflected in the move by US billionaire, Warren Buffet, who planned to acquire full control of BNSF rail valued at $34-billion (U.S.) one of the four major trunk lines in the US.

4.2 Review of Rail Freight Service

On September 23, 2009, the Honourable Rob Merrifield, Minister of State (Transport), announced the appointment of a three member panel to conduct Phase II of the rail freight service review. The review is examining Canada's rail-based logistics system (including shippers, terminal operators, ports and vessels), focussing on service provided to Canadian shippers and customers. The panel will propose recommendations to address problems and issues.[20]

4.3 GO Transit Developments

Improved access to GO Transit and improvements of service have been two of the major demands of passengers. To address these demands, the Government of Canada and the Government of Ontario announced a joint investment to create jobs, improve access to public transit and reduce congestion by adding parking capacity and erecting parking structures at 12 GO stations as well as upgrading rail lines to improve the reliability of the GO Transit network. Part of these developments involved the merger of GO Transit and Metrolinx to build faster transit, ease congestion, create jobs and build a stronger economy. In addition, GO Transit and CN announced on April 8, 2009 that the Toronto area commuter rail agency will acquire CN's Weston Subdivision for expanded GO service between Union Station and regions northwest of the city. In June, the Go Train announced the start of service from Union Station in Toronto to Niagara Falls VIA Rail Station.[21]

4.4 CP Partnership

The possibility of a second mid Canadian-American rail corridor is a possibility in the future, perhaps a response to competition and demand for service. Canadian Pacific Railway Ltd. is discussing a new partnership with Kansas City Southern Railway Co. aimed at granting the railways access to each other's lines. For CP, this would create a more direct route to the Gulf of Mexico in exchange for greater access to Chicago along its own network. It was made possible by CP’s acquisition of Dakota, Minnesota & Eastern Railroad Corporation. Such agreements are essentially alliances between the railways allowing each to run freight on each others lines, while preserving the shippers' competitive options. They have become a popular alternative to mergers and acquisitions in the heavily regulated rail sector. This will enable CP to match Canadian National Railway Co., deal with Norfolk Southern Corp. to create its so-called "MidAmerica Corridor," in which each railway shares each other's lines between Chicago, St. Louis, Kentucky, and Mississippi.[22]

4.5 Rail Developments in the US

Many rail customers have access to just one railroad with no alternative forms of transportation. These captive shippers have expressed their frustration in their testimony before the House of Small Business Committee endorsing commercial protection to them (H.R. 2125 and S. 953 - Senator H. Kohl’s bill) and calling for elimination of several antitrust exemptions for the railroads (H.R. 1650 and S.772 - Senator H. Kohl’s bill). In addition, a study released by the Consumer Federation of America in May 2009 claims that US railroads overcharge consumers $3 billion a year as a result of monopoly pricing power which enables the railroads to set prices well above costs. The rail industry opposes the antitrust enforcement bill and is urging Congress to develop an overall rail policy rather than legislate measures separately. As a start, the two senators agreed to work in early June over their duelling bills to reform rail competition rules. Then, a new head of the Surface Transportation Board was appointed - who was advised not to take a neutral stand on the captive shipper issue as it has not served this particular group in the past. Thereafter, secretive talks were held with various groups to draft a bill acceptable to all. In the second week of December 9, 2009, the Senate Commerce, Science and Transportation Committee sent industry stakeholders a bipartisan draft of legislation that would re-authorize and expand the Surface Transportation Board to five members from its current three. This bill “will provide real reform and address the problems that exist for shippers held captive to one railroad - problems such as bottlenecks, paper barriers and the STB's outdated processes and procedures.” It is expected to strengthen competition and oversight and further additions are expected to deal with antitrust issues. The bill was to be sent to the full Committee on December 15. Given the controversy on these matters, it is believed that the bill will not reach the President’s desk before the end of 2009.[23]

5.0 Highway Transportation

5.1 The State of the Industry - The For-hire Trucking Carriers

The top four for-hire trucking companies in 2009 were Transforce Income Fund, Mullen Group Inc., Vitran Corporation Inc., and Trans X according to the 100 top Annual Survey of for hire-trucking companies. For the industry, Statistics Canada began a new Quarterly Trucking Survey which replaced the Quarterly Motor Carriers of Freight Survey. In the first quarter of 2009, trucking companies generated operating revenue of $9.2 billion and reported operating expenses of $8.4 billion. In the second quarter, they reported operating revenue of $8.9 billion and reported expenses of $8.0 billion. As a result, these businesses realized an operating profit of $800 million and $914 million in the first and second quarters, respectively. The operating ratios in the two quarters were 0.907 and 0.898, indicating that performance had marginally improved.[24]

The Ontario trucking survey in the last quarter of 2009 indicates that many more truckers feel that the worst of the recession is over. This feeling is supported by the US Surface Transportation statistics of Canada, US and Mexico, which indicates that on a month to month basis the percentage decline has been diminishing in 2009. In February 2010, the results of a survey published by the Ontario Trucking Association (OTA) shows that carriers are cautiously optimistic about the future. Out of the 73 respondents to the survey, 52% of the industry carriers said they were optimistic about the industry's overall prospects over the next three months. It's the first time a majority of carriers have felt optimistic since OTA began its quarterly surveys in the 3rd quarter of 2008. These sentiments appear to be corroborated by the statistics on the value of surface transportation trade between United States, Canada and Mexico which shows that the size of the monthly decline has sharply decreased from 27.2 percent in January 2009 to 2.9 percent in November 2009, reaching a high of 35.4 percent in May 2009.

5.2 Border Costs

The Canadian Trucking Alliance in testimony before the House of Commons Standing Committee on Agriculture and Agri-food said U.S. border crossing costs are affecting the ability of Canadian trucking companies to compete. It noted that the U.S. Animal and Plant Health Inspection Service more than doubled the annual fee each truck must pay to enter the United States (to $205). The Western Hemisphere Traveller Initiative requires Canadian drivers to pay another $87 for a passport or $50 for a Free and Secure Trade Program (FAST) card. In addition, stricter U.S. emission standards are adding thousands of dollars to the cost of purchasing a truck.[25]

The Animal and Plant Health Inspection Service is raising its fees on imported agricultural commodities, effective Oct. 1, 2009 by about 10%. The increase in fees was necessary because cross-border traffic declined over the past year and the agency was not producing enough revenue to sustain the program. The Canadian Trucking Alliance is now taking aim at a proposed 14% increase to the US Animal and Plant Health Inspection Fee. The CTA chief David Bradley said "This increase and the rationale for the increase are both ludicrous."[26]

5.3 Trucking Barriers

Saskatchewan and Alberta reached an understanding in an effort to help truckers operate more efficiently and safely between the two provinces. An MOU was signed that aims to harmonize policies and regulations for commercial vehicle operations, reduce barriers between the two provinces, and address safety regulations. It includes specific items such as special permits, vehicle weights and dimensions, co-operative enforcement activities, national safety code issues and research.[27]

5.4 Regulatory Concerns

1. Tax Harmonization**:** One of the longstanding complaints of the Ontario trucking industry was that it was being discriminated against with regard to tax on inputs compared to other industries or with competitors in other provinces. In addition, the industry was being subject to two taxes: the provincial sales tax and the federal goods and services tax. In March 2009, the government of Ontario introduced changes to harmonize the tax regimes. The Ontario Trucking Association applauded the province's budget move that will harmonize the regimes and hoped it would level the

playing field of Ontario trucking with other provinces.[28]

2. Customs Changes: The Canadian Trucking Alliance (CTA) voiced concern over certain aspects of the proposed custom legislation (Bill S 2) in Canada that could impact the in-bond inland clearance of goods. Currently the onus is on the carrier to provide advanced information to Canada Border Services Agency (CBSA) about the truck, the driver and the goods entering Canada, even though the carrier does not own or package the cargo, and in some cases hasn't even loaded the freight. This places an unfair burden on some parts of the supply chain. CTA wanted the CBSA to allow carriers to continue moving the goods in-bond for later release, so the truck and driver could continue on their way. CTA also advocated other measures to increase the responsibility on other partners in the supply chain. Eventually, CBSA agreed and said it would retain the in-bond option for carriers that participate in low-risk programs such as FAST, PIP, CSA or C-TPAT**.**[29]

5.5 Bills Introduced

In 2009, safety issues were on the top of the governments' agenda. On February 2, 2009, Canada's Transport Minister, John Baird, tabled amendments to the *Transportation of Dangerous Goods Act, 1992*, to enhance safety and security in the transport of dangerous goods. About two weeks later, the Government of Canada announced safety regulations to support the *International Bridges and Tunnels Act, 2007*. On March 11, 2009, an amendment to the *Commercial Vehicle Drivers Hours of Service Regulations* was proposed. This would limit the number of hours a person can drive a commercial motor vehicle in Ottawa, Outaouais and Windsor. The Government of Canada also proposed amendments to the *Motor Vehicle Restraint Systems and Booster Cushions Safety Regulations* to include a new testing procedure requiring child seats to be tested with a three-point lap/shoulder belt. Canada is leading the world with this amendment. The amendments will also ensure that testing reflects modern realities, uses state-of-the-art equipment and leads to a safer environment for children in the event of a collision.[30] In Ontario, its legislature also passed the *Road Safety Act, 2009* to make the province's roads safer for all drivers. The new legislation will better protect young drivers, by increasing penalties for drinking, suspending drivers and giving police better enforcement tools. The British Columbia government also tabled a four-point plan to improve the safety of commercial vehicles in April 2009. Ontario's ban on hand-held devices while driving took effect on October 26, 2009. The new law makes it illegal for drivers to talk, text, type, dial or email using hand-held cell phones and other hand-held communications and entertainment devices. The Ontario Government also introduced new safety requirements for E-bikes. E-bikes can share the road with cars, pedestrians and other traffic throughout Ontario — with new safety requirements.[31]

6.0 Other Transportation Matters

6.1 Productivity and the Economic Outlook

The Conference Board of Canada has released studies on both productivity in the transportation sector and the economy. The first indicates that trucking rates across Canada dropped an average of 1.4 percent per year between 1981 and 2003. The reasons are minimal economic regulation and competition between carriers and other modes of transportation. Besides trucking, rail prices fell by 70 percent in real terms between 1981 and 2006 and airfares sank 25 percent. Productivity in trucking, rail and air rose by 1.8%, 3.6% and 2% annually over this period. "The payback from high productivity growth," the study says, "is lower prices for end users." The second released on October 16, 2009 indicates that “The darkest days now seem to be in the past.” The Canadian economy will grow 2.9% in 2010 and 3.6% in 2011. In 2009, the economy contracted by 2.1% down 0.4% than what was predicted in the summer of 2009.[32]

In sum, 2010 is a year that the transportation sector is looking forward to. From the automotive manufacturing sector to the transportation service sectors, the dark cloud overhead appears to have a silver lining. But as in most recessions there was already some positive news, gas and oil prices fell, congestion was reduced, capacity infrastructure shortages appeared to be alleviated and companies introduced cost cutting measures.

Endnotes

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