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## STUDY BRIEF

The North American transportation system is a complex network of ports, routes and modes competing for the movement of goods and people among and between North American and overseas supply and demand centres. Traffic volume and flows are influenced by a multitude of interrelated economic, political, structural, technological, institutional, security and environmental factors at the global, North American and Canadian domestic levels. Forecasting these traffic flows is vital for facilitate strategic policy development, budget and business investment decisions, infrastructure and capacity decisions, and for planning resource and security requirements.

The Chartered Institute of Logistics and Transport in North America (CILTNA) believes that there is a significant information gap in publicly available forecasting reports and studies for the movement of freight by the marine, rail and trucking modes of transport using the North American transportation system. These modes carry the vast majority of freight traffic although it is recognized that the air mode plays a critical role in the movement of higher value and service sensitive cargo over longer distances. The results presented in this report are based on the research efforts of experienced CILTNA members augmented by the commentary and expert opinion of transportation professionals provided at the 6<sup>th</sup> annual CILTNA Transportation and Outlook Conference held on June 11<sup>th</sup>, 2007 in Ottawa, Canada.

The objective of this study is to forecast Canadian surface freight traffic flows transported by commercial modes of transport up to the year 2025. More specifically, the study develops freight flows (including containerized cargo) forecasts for the 2005-2025<sup>1</sup> period by mode (marine, rail and for-hire trucking), seaboard outlet (Pacific, Arctic, Great Lakes-St. Lawrence Seaway and Atlantic); and markets. This study also assesses the factors that could impact upon the forecast results and the components of the Canadian shared North American transportation system.

The World economy is expected to grow by 3.5% and 3.0% annually during the 2008-2010 and 2011-2025 forecast periods respectively. In contrast, World trade should slow gradually to 3.1% and 1.9% during the same forecast periods. Over the past decade, world trade growth has exceeded underlying world GDP growth. This trend is expected to reverse itself over the forecast period. The future growth in world trade<sup>2</sup> will also reflect the mix of commodities. The high volume, heavy bulk commodities will continue to dominate the weight of trade. Meanwhile, several higher-valued manufactured products should continue to shrink or become lighter as packaging becomes more environmentally friendly.

The study indicates that **total Canadian freight traffic<sup>3</sup> by all modes<sup>4</sup>** is expected to increase by an average annual percent change (AAPC) of 1.5% during the forecast period to reach 1,334 Mt in 2025. Meanwhile, marine, rail and for hire-trucking traffic should grow by the AAPC of 1.4%, 0.8% and 2.2% respectively reaching 513 Mt, 329 Mt and 492 Mt respectively. .

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<sup>1</sup> 2005 & 2006 data are estimates.

<sup>2</sup> In tonnes

<sup>3</sup> Some of the traffic is multi-modal, resulting in double counting.

<sup>4</sup> Marine, Rail & For-Hire trucking.



## STUDY TEAM

*Collectively the study team has over 150 years of experience in the transportation sector.*

**Hazem Ghonima** B.Sc., M.A., FCILT, has extensive knowledge and experience in managing and implementing major modal freight transportation flows and traffic analysis and forecasting projects. He is an expert in conducting economics analysis, regional and industrial complex analysis, market research, impact and sensitivity analysis and modal freight forecasts. Moreover, Hazem has wide experience in developing and handling state-of-the-art commodity flow information, analysis and forecasting systems. He was the project manager for this study and was responsible for developing the modal freight flow forecasts.

**Donald McKnight** B.Sc. M.B.A. CMC. FCILT, has broad experience in the transportation industry having worked almost exclusively in the industry for the past thirty-six years. Prior to forming DAMF Consultants seven years ago, he spent twenty-three years in KPMG's National Transportation Practice and six years with Canadian Pacific Railway. He has worked with all modes of transport that has led to significant work in logistics and intermodal transportation. Donald McKnight assisted by David Hackston, was responsible mostly for the preparation of the chapter related to Factors Affecting Freight Transportation.

**J Joseph Schulman** M.A. Ph.D. MCILT, has a sound working knowledge and understanding of global economics, qualifications that are considered essential by Transport Canada for the success and credibility of the proposed study. This has been gained from extensive experience in the monitoring, analysis and forecasting of global, national and industry economic conditions. He was responsible for the research and development of the macroeconomic perspectives described in Chapter 2 of this Study.

**David Hackston** B.Comm. B.A. FCILT, has been as Partner in the Research and Traffic Group for the past 20 years and has broad experience and knowledge of the Canadian surface and marine freight transport infrastructure and systems and other operational and policy considerations. Prior experience includes 13 years with the Canadian Transport Commission where he was responsible for advising on rail rate cases, and western grain, and for managing major transport subsidy programs. During nine years with the Canadian Pacific Railway he worked in market analysis, forecasting and marketing.

**Edmond Cuyllits** B.A. M.A. RPP FCILT, has extensive experience in transportation planning and management. Projects have included highway development, transit and railway passenger service planning, development of national and regional transportation strategies. Ed assisted in the writing and editing of the report.

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