

COMPETITIVE TRANSPORTATION RATES AND SERVICES

Quality service is one half of the equation for transportation efficiency. The other half is competitive pricing. Canadian transportation companies offer both - and in all modes.

Strong competition has kept trucking rates low. Competition is particularly stiff in the transborder sector, where the number of carriers has increased dramatically. In many cases, rates have fallen over the past few years.

In the domestic market, Canadian railways also face new competition as a result of the National Transportation Act. For example, the railways can be forced to let other carriers use their infrastructure to gain access to shipper facilities. Furthermore, shippers unhappy with proposed rates can apply for final offer arbitration. Railways have responded by investing in technology to reduce their administrative and operating costs, and eliminating unprofitable branch lines. Both Canadian railways have been quick to negotiate confidential service contracts with their major customers. Average revenue

per tonne-kilometre, an indicator of overall rail rates, has fallen since the mid-eighties.

Under the pressure of fierce global and North American competition, Canadian airlines offer highly competitive passenger and cargo rates.

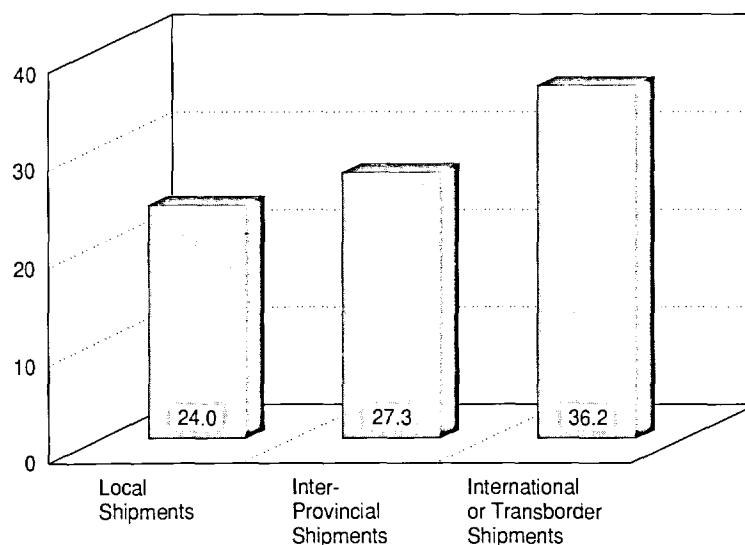
Canadian cities are located near the heart of important North American regional markets. World-class transportation infrastructure and competitive carriers make it quick and cost-effective to ship throughout North America and around the globe.

"Many of our customers count on just-in-time delivery. Overall, we are quite pleased with the performance of our carriers. We have found they react quickly and professionally to our needs."

George Glade
Traffic Manager
Bristol Aerospace Limited

SHIPPERS SAY NUMBER OF CARRIERS COMPETING FOR THEIR BUSINESS HAS INCREASED

% of shippers reporting more carriers competing for their shipments during 1990



Source: National Transportation Agency of Canada Survey, 1992.