



NEWS RELEASE

For Immediate Release –

A FREIGHT RATE INCREASE OF 4.9% IS RECOMMENDED

Fort Erie, ON, March 8, 2007 – The Tariff Advisory Committee (TAC) of the Freight Carriers Association (FCA) meets periodically to monitor economic conditions as well as the latest statistics on the profitability of general freight carriers. TAC reviews major issues affecting the industry's profitability and its ability to maintain and improve service. The Committee recently reviewed the current market conditions and the results of cost studies conducted by FCA, which revealed major cost increases. After a thorough review of the information, the Committee recommends that carriers raise their freight rates 4.9% effective April 2, 2007 and that rates from or to the province of Alberta be increased an additional 3 percent.

If the trucking industry is to be successful in attracting capital and maintaining capacity, rates need to be increased. The driver shortage, labour cost increases and regulatory changes are just a few of the factors currently increasing costs for the trucking industry.

Labour – Trucking is a labour intensive industry that is continually increasing wages in order to retain and attract dedicated, professional employees. Using information developed by Statistics Canada, FCA estimates that labour costs for trucking companies have increased by 4.2% on an annual basis.

Non-labour (excluding fuel) – the FCA motor carrier non-labour index, which reflect the price movement of goods and services motor carriers purchase shows an annual increase of over 2%.

Hours of Service (HOS) – The impact of the new regulations effective January 1, 2007, are similar to that experienced within the U.S. The cost impact of the new HOS is estimated at 1% to 5%, dependent upon a carrier's operations.

Revenue Improvement – Even with a pass-through of increased costs, the Canadian trucking industry's financial position does not meet the industry standard for operating margins. Based on Statistics Canada's 3rd Quarter 2006 results for Top General Freight carriers, the industry requires a revenue improvement of approximately one percent.

Alberta Cost Increases – Costs have skyrocketed within Alberta due to demand for labour in the oil sands. The magnitude of these cost increases make it impossible for the industry to simply absorb them. Statistics Canada estimates hourly labour costs for General Freight Trucking within Alberta up over 19% in November 2006 v. November 2005.

An additional 3% rate increase is therefore recommended on traffic from and/or to Alberta.

Accessorial Services – The costs associated with providing services such as appointment deliveries, waiting time, protective service, border crossing, return of pallets and handling of dangerous goods cannot be absorbed by the trucking industry. The trucking industry must charge for these and all the extra services it provides in order to make a reasonable profit that will attract investors and help assure adequate capacity to the shipping public. The cost of these services are not included in the rates and must continue to be assessed separately.

Cost Increases Excluded – Cost increases noted herein exclude the impact of the fuel price changes. Experience has shown that the most efficient method of handling fuel price changes is through the use of a fuel surcharge program. The shipping public has recognized the need for the current fuel surcharge. For this reason the impact of changes in the cost of fuel has been excluded from this rate increase recommendation.

Also excluded is the impact of the 2007 model engines as most of the industry has not yet purchased a significant amount of the new engines.

The FCA represents freight carriers operating throughout Canada in matters related to economics, pricing, finances, costing, as well as motor carrier statistics. FCA, and its predecessor have served the trucking industry for over 75 years. The TAC is composed of executives elected by membership to monitor the industry's financial condition and performance and to make recommendations to the industry.

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