

Transportation Information Update*

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AIR TRANSPORTATION

1. Canada and the United States announce air cargo security improvements

On May 31, 2012, Canada and the United States announced that both governments have agreed to the mutual recognition of, and cooperation on, air cargo security in both countries. Under the new mutual recognition initiative, cargo shipped on passenger aircraft will now be screened only once for transportation security reasons, at the point of origin and will not need to be rescreened prior to upload on an aircraft in the other country. This will reduce delays and economic costs caused by both countries screening the same cargo twice.

2. IATA Applauds Historic US-EU Cargo Security Agreement

The International Air Transport Association (IATA) applauded the June 1st 2012 historic agreement between the European Commission (EC) and the US Transportation Security Administration (TSA) to recognize each other's air cargo security programs. The US-EU cargo security agreement means that the US recognizes the equivalency and effectiveness of EU cargo security regimes as applied in all 27 EU countries and Switzerland. This will allow all air carriers flying out of the EU and Switzerland to apply EU security measures as a means of complying with US law. Similarly, the EU recognizes the equivalence of the US air cargo security regime which will allow cargo flying from the US into the EU and Switzerland not to be subjected to additional EU security measures at US airports.

3. Virgin adds Vancouver cargo service

U.K.-carrier Virgin Atlantic has begun operating four flights a week from Vancouver, Canada, to London's Heathrow Airport. The A340-600 passenger flights also add capacity for Virgin's cargo network. The airline currently serves 10 destinations in North America, having resumed weekly flights between Heathrow and Chicago in May and three flights per week from San Francisco prior to that.

4. WestJet launches service to the core of the big apple

On June 4, 2012, WestJet began daily flight to the LaGuardia Airport, New York from Toronto. Beginning July 12, 2012 it will begin adding an eight flight to the existing seven. With Delta's partnership it will find connections to other parts of the US.

5. Harper government works with aviation industry to increase fuel efficiency

The Honourable Steven Fletcher, Minister of State (Transport) and the Honourable Peter Kent, Minister of the Environment, on June 4, 2012 announced the release of *Canada's Action Plan to Reduce Greenhouse Gas Emissions from Aviation*. "This Plan is good for the economy and good for the environment. It brings together the joint efforts of the aviation industry to increase fuel efficiency, reduce environmental impacts and protect the long-term health of Canadians," said Minister Fletcher. "We are working together to reduce aviation emissions and

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1. Canada and the United States announce air cargo security improvements, May 31, 2012, www.tc.gc.ca
2. IATA Applauds Historic US-EU Cargo Security Agreement, June 1, 2012, www.iata.org
3. Virgin adds Vancouver cargo service, May 31, 2012, www.americanshipper.com
4. WestJet launches service to the core of the big apple, June 4, 2012, www.westjet.ca
5. Harper government works with aviation industry to increase fuel efficiency, June 4, 2012, www.tc.gc.ca
6. Air Canada Receives Shareholder Approval of Proposed Amendments to Shareholder Rights Plan, June 4, 2012, www.aircanada.ca
7. Air Canada to forge ahead with low-cost division, June 4, 2012, www.globeandmail.ca
8. WestJet reports record May traffic, June 5, 2012, www.westjet.ca
9. Canada's Airports Welcome Senate Committee Report on Airports, June 5, 2012, www.cacairports.ca
10. Air Canada Reports May Load Factor, June 6, 2012, www.aircanada.ca
11. Aircraft movement statistics: Small airports, 2011, June 7, 2012, www.statcan.gc.ca
12. Aircraft movement statistics: Small airports, 2011, June 7, 2012, www.statcan.gc.ca
13. Airlines face sting in the tail from cheaper oil, June 7, 2012, www.aircanada.ca
14. Air Canada Enhances St. John's, NL Services this Summer, June 8, 2012, www.aircanada.ca
14. WestJet chief Saretsky's smoother flight path, June 9, 2012, www.nationalpost.ca
15. IATA Announces Milestones in Three Initiatives: DDS, Distribution and Industry Awards, June 11, 2012, www.iata.org
16. IATA Urges ICAO Solution on

* The views indicated are those of the authors and not of Industry Canada or the CTRF.

lower fuel costs.” The Action Plan sets out specific measures to improve fuel efficiency and includes commitments from the Government of Canada and other associations.

6. Air Canada Receives Shareholder Approval of Proposed Amendments to Shareholder Rights Plan

Air Canada announced on June 4, 2012 that it has received approval from its shareholders voting in favour of the proposed amendments to Air Canada's shareholder rights plan agreement (the "Rights Plan") at the annual and special meeting of its shareholders. The Rights Plan, as currently amended, would be triggered in the event of an offer to acquire 20% or more of the outstanding Class A variable voting shares and Class B voting shares of Air Canada calculated on a combined basis, instead of 20% or more of the outstanding Class A variable voting shares or Class B voting shares calculated on a per class basis as was the case under the Rights Plan prior to the amendments that came into effect on June 4, 2012. The plan was proposed for the purposes of applicable take-over bid requirements and early warning reporting requirements contained under Canadian securities laws.

7. Air Canada to forge ahead with low-cost division

Mr. Rovinescu, CEO of Air Canada, said he is determined to participate in the low-cost segment of the airline market “in one manner or another, and to this end we are evaluating various low-cost carrier business models,” including basing the new division in Canada and bringing in a foreign partner as a minority investor. He pointed to Japan Airlines, Singapore Airlines, Thai Airways and Japan’s All Nippon Airways (ANA) as examples of carriers making moves in the low-cost sector. ANA has teamed up with Malaysian budget carrier AirAsia while Japan Airlines has been co-operating with Australia’s Qantas. Many foreign airlines are starting their own discount operations or forming partnerships to do so, “to either defend against erosion at the mainline carrier or exploit new market opportunities, which would not otherwise be viable,” Mr. Rovinescu said.

8. WestJet reports record May traffic

On June 5, 2012, WestJet reported record traffic for May 2012. Its load factor and revenue passenger miles (traffic) increased 4.4 points and 7.2% over May 2011 to 79.2 points and 1.398 billion. Its available seat miles or capacity increased 1.3% to 1.765 billion. Greg Saretsky, CEO of WestJet, said “we are pleased with this month’s load factor ...”

9. Canada’s Airports Welcome Senate Committee Report on Airports

The Canadian Airports Council on June 5, 2012 welcomed the report of the Senate Committee on Transport’s aviation study entitled “*The Future of Canadian Air Travel: Toll Booth or Spark Plug*,” saying the report is timely and supports industry efforts to work with government on improving Canada’s aviation competitiveness. The senate report includes several themes that airports broadly support: that it is time that the Government of Canada stop thinking of airports as sources of public revenue and begin to recognise them as economic “spark plugs” for their communities; there is no appropriate “one size fits all” when it comes to how the Government of Canada approaches airport policy and a National Airports System; that airport rent should be phased out and ownership of airports be transferred to the local airport authorities that operate them; cross border shopping of air travel by Canadians flying out of neighbouring U.S. airports instead of Canadian ones is a growing concern from coast to coast; airport transit connections should continue

Economic Measures for Climate

Change, June 11, 2012, www.iata.org

18. IATA Sticks to 2012 Airline Profit

Forecast, June 11, 2012, www.iata.org

19. Porter Airlines sets record May

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www.flyporter.com

20. Porter Airlines adds additional

weekend flight for Thunder Bay, June

11, 2012, www.flyporter.com

21. Air Canada eyes Asia for low-cost

airline, June 12, 2012,

www.globeandmail.ca

22. Transat A.T. in the red as revenue

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www.globeandmail.ca

23. Agency Ruling to Provide

Increased Protection to Persons with a

Cat Allergy Disability when Travelling

with Air Canada, Air Canada Jazz and

WestJet, June 14, 2012, [www.cta-](http://www.cta-otc.gc.ca)

[otc.gc.ca](http://www.cta-otc.gc.ca)

24. Harper government invests in

safety at Waterloo International

Airport, June 17, 2012, www.tc.gc.ca

25. Air Canada and IAMAW Receive

Arbitrator’s Final Offer Selection, June

17, 2012, www.tc.gc.ca

26. Air Canada to Conduct First Flight

with Sustainable Biofuel, June 18,

2012, www.aircanada.ca

27. FedEx posts lower profit, braces

for slowing global economies, June 18,

2012, www.globeandmail.ca

28. Civil aviation operating statistics,

April 2012, June 19, 2012,

www.statcan.gc.ca

29. WestJet introduces re-designed

self-service tools, June 20, 2012,

www.westjet.ca

30. Air Canada Becomes Exclusive

Airline Partner of Just for Laughs

Montreal and Toronto International

Comedy Festivals, June 20, 2012,

www.aircanada.ca

31. Building Successful IT

Partnerships, June 21, 2012,

www.iata.org

32. Changes to Air Cargo Security

Regs Regarding TPSPs, June 20, 2012,

www.cantruck.ca

33. WestJet and China Eastern Airlines

launch code sharing agreement, June

21, 2012, www.westjet.ca

34. Harper government welcomes

Sichuan Airlines’ inaugural passenger

flight, June 22, 2012, www.tc.gc.ca

35. Porter Airlines launches seasonal

summer service to Mont Tremblant,

June 20, 2012, www.flyporter.com

36. Air Canada Self-Service Options

Make for Easy Summer Travel, June

26, 2012, www.aircanada.ca

37. Air fare, third quarter 2011, June

28, 2012, www.statcan.gc.ca

US

1. Airline On-Time Performance

to be streamlined; and airport governance in Canada is working.

10. Air Canada Reports May Load Factor

For the month of May 2012, Air Canada reported a system load factor of 81.6 per cent, versus 82.2 per cent in May 2011, a decrease of 0.6 percentage points. System traffic (4,527 million revenue passenger miles) increased 1.8 per cent on a system-wide capacity (5,546 million available seat miles) increase of 2.5 per cent.

11. Aircraft movement statistics: Small airports, 2011

In 2011, the number of take-offs and landings recorded at 142 Canadian airports without air traffic control towers was 684,593 movements. Peterborough, Ontario (33,717 movements) and Goose Bay, Newfoundland and Labrador (31,856 movements) were the most active sites in 2011.

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13. Airlines face sting in the tail from cheaper oil

An eight per cent drop in oil prices in 2012 has delivered a quick fix to an industry severely damaged by record fuel costs – but the main reasons for the drop, Europe’s debt crisis and a slowdown in China’s economy, cast a shadow over its recovery. Tony Tyler, director general of the International Air Transport Association (IATA) said “The reduction in fuel prices is a great thing for the airline industry but they are coming down because of concerns over world economic activity.”

14. Air Canada Enhances St. John's, NL Services this Summer

Air Canada on June 8, 2012, announced it is further enhancing its services in Newfoundland and Labrador by offering customers travelling to and from St. John's a five per cent increase in available seats over the summer of 2011.

15. WestJet chief Saretsky’s smoother flight path

Since Gregg Saretsky became chief executive of WestJet airlines in 2011 he has accomplished several things. He has built a back-up for the company’s computer and communication systems. He has made an aggressive push to court business travellers, and made a renewed push into U.S. business destinations like New York and Chicago. He is pushing ahead with its fleet diversification. He has even implemented a small dividend for shareholders. He hopes to implement changes to the company’s mobile and website check-in system as well as adding new kiosks at the airports that standardize its processes. As a result, customers will also be able to change their reservations as well as add things like car rentals and hotel rooms to their online bookings. WestJet is also developing a new wireless in-flight entertainment system, and he hopes to have WiFi on planes once the technology is in place in Canada in the next 12 to 18 months. Not surprisingly, WestJet stock has risen while that of its competitor has fallen.

16. IATA Announces Milestones in Three Initiatives: DDS, Distribution and Industry Awards

The International Air Transport Association (IATA) announced developments of three key initiatives: The Direct Data Service (DDS) was launched on June 11, 2012 as an evolution of the PaxIS product into a more powerful business intelligence offering; the foundation standard for a new distribution capability (NDC) will be proposed during the week of 15 October at the World Passenger Symposium in Abu Dhabi; and the IATA Innovation and Partnership Awards (IPA) will replace the long-standing Eagle Awards with a broader approach to recognizing industry excellence.

17. IATA Urges ICAO Solution on Economic Measures for Climate Change

The International Air Transport Association (IATA) reiterated its call for a comprehensive global solution on aviation emissions to be negotiated through the International Civil Aviation Organization (ICAO). The global air transport industry is committed to three sequential goals to manage its 2% share of global manmade carbon emissions. These are: to improve fuel efficiency 1.5% annually to 2020; to cap net emissions from 2020 with carbon-neutral growth; and to cut net emissions in half by 2050 compared with 2005 levels. To achieve these ambitious goals, the industry is pursuing a four-pillar strategy based on more technology investments, efficient infrastructure, better operations, and globally agreed positive market measures, ideally a single, global mechanism to offset some emissions.

18. IATA Sticks to 2012 Airline Profit Forecast

The International Air Transport Association maintained its \$3 billion global airline profit forecast for 2012 as oil prices fall, passenger traffic grows faster than expected and the cargo market bottoms out. North

Improves in April; Mishandled Baggage at All-Time Low, June 14, 2012, www.dot.gov
2. March 2012 [US] Airline System Traffic Up 1.4 Percent from March 2011, June 21, 2012, www.dot.gov
3. [Mexican Airlines] Volaris Fined for Failing to Disclose Baggage Fees, June 22, 2012, www.dot.gov

American and Latin American airlines' prospects have improved since the previous forecast in March but this has been offset by downgrades for Middle Eastern, Asia-Pacific and European carriers.

19. Porter Airlines sets record May load factor

Porter Airlines established a new high for May 2012 with a load factor of 60.5 per cent, one point higher than the same month a year ago. Another monthly record was also set for passenger numbers, which improved to above 212,000, nearly 30,000 more year-over-year. May 2012 results showed 129.7 million Available Seat Miles (ASMs), up 12.5 per cent from 115.3 million last year, and 78.5 million Revenue Passenger Miles (RPMs), up 14.4 per cent from 68.6 million last year.

20. Porter Airlines adds additional weekend flight for Thunder Bay

Porter Airlines is adding a third Saturday roundtrip flight between Billy Bishop Toronto City Airport and Thunder Bay, beginning on June 30, 2012.

21. Air Canada eyes Asia for low-cost airline

Air Canada is shifting its strategy for launching a discount operation, focusing on locating a new low-cost international carrier in Vancouver in a bid to tap into the potential of Asian destinations.

22. Transat A.T. in the red as revenue declines

Transat A.T. Inc. continues to operate in the red. The Montreal-based travel company posted a \$13.2-million net loss for its latest quarter [second quarter of 2012], the equivalent of 35 cents per diluted share. A majority of the 1,800 flight attendants at its Air Transit unit have voted to support a temporary wage freeze. Declining prices have been attributed for the loss. Its financial results were: revenues of \$1.2 billion, compared with \$1.1 billion in 2011; net loss of \$13.2 million, compared with net income of \$8.7 million in 2011; and adjusted after-tax loss of \$24.5 million, compared with \$0.6 million in 2011.

23. Agency Ruling to Provide Increased Protection to Persons with a Cat Allergy Disability when Travelling with Air Canada, Air Canada Jazz and WestJet

In its final ruling on the cats allergy matter, the Agency decision of June 14, 2012 said that "When at least 48 hours advance notification is provided by persons with a cat allergy disability, Air Canada, Air Canada Jazz and West Jet must provide a five row minimum seating separation at all times between a person with a cat allergy disability and cats carried as pets in the cabin, with best efforts to do so with less than 48 hours notification."

24. Harper government invests in safety at Waterloo International Airport

Harold Albrecht, Member of Parliament for Kitchener-Conestoga, on behalf of the Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, on June 17, 2012 announced funding that will allow the Region of Waterloo International Airport to make an important safety improvement. Stephen Woodworth, Member of Parliament for Kitchener Centre, was also pleased to attend the announcement. Similar announcements were made for Manitoba and Ontario airports.

25. Air Canada and IAMAW Receive Arbitrator's Final Offer Selection

On June 17, 2012, Air Canada and the International Association of Machinists and Aerospace Workers (IAMAW) have received the decision of the arbitrator. The arbitrator's selection of Air Canada's final offer concludes a new collective agreement. The new collective agreement maintains the current defined benefit pension plan for current employees, introduces a new IAMAW multi-employer pension plan for new employees hired after June 17, 2012, contributes to the reduction of the pension deficit and, as required by the legislation, establishes a protocol for the sustainability of the pension plan taking into account any short term funding pressures on the company.

26. Air Canada to Conduct First Flight with Sustainable Biofuel

Air Canada will operate its first flight with biofuel on June 18, 2012 to highlight the airline's commitment to the environment. Flight AC991 from Toronto to Mexico City is expected to generate at least 40 per cent fewer emissions by using jet fuel derived from recycled cooking oil and through other fuel-saving measures, making it the most environmentally-friendly flight ever flown by Air Canada.

27. FedEx posts lower profit, braces for slowing global economies

The world's second-largest package delivery company is reporting lower results for the fiscal fourth quarter ended in May 2012 due to a charge for retiring some planes. FedEx earned \$550-million (U.S.) or \$1.73 per share in the last quarter, compared with \$558-million, or \$1.75 per share, a year earlier. Revenue rose to \$11-billion from \$10.55-billion.

28. Civil aviation operating statistics, April 2012

Statistics Canada reports that operating statistics data on civil aviation are now available on its website for April 2012 in CANSIM.

29. WestJet introduces re-designed self-service tools

WestJet introduced re-designed self-service tools to enable them to do more as their check-in experience. Using the airline's web (in most circumstances) they will be able to: pay excess baggage fees; move to earlier flights; re-enter the check-in process; and re-print boarding pass and baggage tags.

30. Air Canada Becomes Exclusive Airline Partner of Just for Laughs Montreal and Toronto International Comedy Festivals

Air Canada on June 20, 2012 announced that it has signed a multi-year marketing agreement with the Just for Laughs Montreal International Comedy Festival and the Toronto Just for Laughs JFL42 festival. In addition to becoming the festivals' exclusive airline carrier for 2012 and 2013, Air Canada is now a major sponsor and the presenting partner of the International Series in Montreal, and the co-presenter in Toronto.

31. Building Successful IT Partnerships

On June 21, 2012, the International Air Transport Association (IATA) encouraged strong information technology (IT) partnerships to continue to facilitate change that strengthens the air transport industry. Tyler singled out distribution, decision support and operational efficiency as focal areas for IT partnerships. Tyler noted that IT continues to facilitate improvements in operational efficiency.

32. Changes to Air Cargo Security Regs Regarding TPSPs

Transport Canada will be holding public consultations on the agency's plan to introduce new regulations governing air cargo security, including bringing trucking companies under the regulatory umbrella.

33. WestJet and China Eastern Airlines launch code sharing agreement

WestJet Airlines and China Eastern Airlines, one of China's largest airlines, have entered into a code sharing agreement beginning July 1, 2012. It allows the Chinese airlines to market flights operating in North America by placing WestJet's airline code on its tickets.

34. Harper government welcomes Sichuan Airlines' inaugural passenger flight

Government and industry officials on June 22, 2012 celebrated Sichuan Airlines' inaugural passenger flight from Chengdu, China to Vancouver International Airport. Minister Fast said "Our government welcomes this new passenger service of Sichuan Airlines to Canada, and we applaud their interest in flying regularly to Vancouver which will make travel more convenient for tourism travellers and business. The launch of this service is yet another testament to the deepening Canada-China partnership – a growing relationship that is benefiting people in both countries."

35. Porter Airlines launches seasonal summer service to Mont Tremblant

Porter Airlines has begun its third summer of service to Mont Tremblant from Billy Bishop Toronto City Airport, with more seasonal flights from June 25 to September 1, 2012.

36. Air Canada Self-Service Options Make for Easy Summer Travel

Air Canada is gearing up to ensure customers a smooth travel experience this 2012 summer by offering time-saving tips. To keep up to date and for the latest operational information customers are invited to visit its website. It contain information such as: flight travel and flight updates, flight notification, web check-in, etc.

37. Air fare, third quarter 2011

Average domestic and international air fare (all types) edged down 0.7% from \$257.20 during the third quarter of 2010 to \$255.30 in the same quarter of 2011. This marked the first decrease after six consecutive year-over-year quarterly advances. The average domestic air fare (all types) paid by passengers was \$184.90 in the third quarter, down 1.6% from \$187.90 reported during the third quarter of 2010. During the same period, average international air fare declined 1.6% to \$358.90 from \$364.70.

WATER TRANSPORTATION

1. Montreal Container Volume Grew 3.6 Percent in 2011

The volume of containers handled by the Port of Montreal increased 3.6 percent last year to 1.36 million 20-foot equivalent units. The port's total tonnage of cargo handled hit a new record of 28.5 million metric tons, up 10.1 percent from 2010 and well above the record 27.9 million metric tons set in 2008.

2. Atlantic Gateway investments to benefit PEI economy, tourism and trade

The Honourable Gail Shea, Minister of National Revenue, celebrated the 15th anniversary of the Confederation Bridge by announcing on May 31, 2012 the completion of three components of the Intelligent Transportation Systems (ITS) project at the bridge: a digital radio communication system, 511 travel information service, and lighting upgrades. The remaining project components of the ITS project on the Confederation Bridge include: toll plaza improvements, including transponder lane enhancements and electronic lane upgrades, improving the tolling service and speed of crossing for motorists and trucks on the bridge; dynamic messaging and signage improvements and the installation of an incident detection system; as well as the installation of computer assisted tiltmeters (bridge load monitoring technology) for the bridge monitoring system.

3. Prince Rupert Port Authority – Monthly Traffic Container Report

Total container traffic at the Port of Prince Rupert increased 56.2% for May 2012 compared to May 2011 from 46,043 to 29,480.5 TEUs (twenty foot equivalent units). Accumulated year to date (January to May) traffic indicates an increase of 87.1% TEUs. Imports and exports for the month of May 2012 increased 41.8% and 82.6%, respectively.

4. Harper government transfers the port of Georgetown to benefit the local economy

The Honourable Gail Shea, Regional Minister for Prince Edward Island and Minister of National Revenue, on behalf of the Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities on June 8, 2012, announced the transfer of the Port of Georgetown to Georgetown Port Inc. (GPI). The transfer agreement includes a contribution of \$3.8 million from the Government of Canada to cover operational costs and maintain the Port's infrastructure.

5. FMC's Dye calls for U.S.-Canada regulatory harmonization

The U.S. ocean transportation regulatory system should be harmonized with that of Canada "to the extent practicable," said Rebecca Dye, a commissioner with the U.S. Federal Maritime Commission, in a speech last week to the Canadian American Business Council. She noted the FMC has undertaken an investigation of U.S. containerized cargo moving via Canadian and Mexican ports at the request of 10 members of Congress.

6. St. Lawrence Seaway cargo shipments up 5% in May

Cargo shipments of commodities through the St. Lawrence Seaway, such as iron ore, coal, aluminum and construction materials, totalled 4.5 million tonnes in May 2012, an increase of 5% over the same month last year. The St. Lawrence Seaway Management Corporation (SLSMC) also reported that year-to-date shipments through the system from March 22 to May 31 totalled 8.9 million tonnes, up 3.7% over the same period in 2011.

7. Port Metro Vancouver – Accumulated Container Statistics

Total container traffic (TEUs – twenty foot equivalent units) increased

WATER TRANSPORTATION Canada

1. Montreal Container Volume Grew 3.6 Percent in 2011, May 31, 2012, www.joc.com
2. Atlantic Gateway investments to benefit PEI economy, tourism and trade, May 31, 2012, www.tc.gc.ca
3. Prince Rupert Port Authority – Monthly Traffic Container Report, May 31, 2012, www.rupertport.com
4. Harper government transfers the port of Georgetown to benefit the local economy, June 8, 2012, www.tc.gc.ca
5. FMC's Dye calls for U.S.-Canada regulatory harmonization, June 12, 2012, www.joc.com
6. St. Lawrence Seaway cargo shipments up 5% in May, June 14, 2012, www.ctl.ca
7. Port Metro Vancouver – Accumulated Container Statistics, June 15, 2012, www.portvancouver.com
8. Port Metro Vancouver – Container Statistics May 2012, June 15, 2012, www.portvancouver.com
9. Shipowners Urge Chile to Keep Antitrust Immunity, June 16, 2012, www.joc.com
10. Sea changes needed to boost Seaway traffic, says report, June 26, 2012, www.ctl.ca
11. Panama Canal defers toll hikes, June 28, 2012, www.americanshipper.com

US

1. Infringement proceedings in the field of rail and maritime transport, May 31, 2012, www.europa.eu

7.4% over the period January to May 2012 compared to the same period a year ago. Imports increased 12.2% and exports increased 2.1% over this period compared to the same period a year ago. Total TEUs for this period was 1,084,240.

8. Port Metro Vancouver – Container Statistics May 2012

Total container traffic (TEUs) for May 2012 was 227,644. The total traffic for May declined slightly compared to April.

9. Shipowners Urge Chile to Keep Antitrust Immunity

The International Chamber of Shipping urged Chile to continue to allow ocean carriers to cooperate in rate-setting conferences and consortia. The shipowner group which represents more than 80 percent of the world's merchant shipping tonnage, filed comments in response to Chile's proposal to revise its antitrust laws. Antitrust immunity 'yields net benefits to shippers, exporters and consumers in Chile, as well as to the economy of Chile as a whole'.

10. Sea changes needed to boost Seaway traffic, says report

This report examines changes to boost St. Lawrence Seaway traffic. On a typical voyage from the Gulf of St Lawrence into Thunder Bay, you're probably looking at about 70 % of costs that are government related. The patterns that we see today are the result of complex interactions between the regulatory and the non regulatory. "We'd have to conclude that the non regulatory are the more important of the two in terms of explaining how things have evolved. We think the Harbour Maintenance fee should be the next thing to fall, or at least be altered. The Jones Act presents many problems for Canada, but it's hard to make changes yourself if your partner to the south has a different way of looking at it." The call for a uniform pilotage agency is another solution being proposed. One of the authors said "Overall we think some big exogenous changes may be necessary to attract more traffic to the Seaway, and get cargoes back to the levels of the 1960s and 1970s."

11. Panama Canal defers toll hikes

The Panama Canal Authority (ACP) has revised plans for raising tolls following an outcry by shipping companies over the increases. The ACP board of directors said it will defer increases from July 1 to October 2012, with a second increase in October 2013.

RAIL TRANSPORTATION

1. CP strike ends, begins to resume service

Canadian Pacific Railway said it was re-starting operations on June 1, 2012 morning, ending a 10 day strike. Legislation ordering 4,800 workers back to work was passed on that day by Canada's Senate and CP told customers in a notice that "the embargo application for shipments routing to and from CP Canadian locations has been rescinded" and that intermodal terminals are resuming normal hours. CP said it had developed a start-up plan.

2. Eliminate low rates for grain

Rate regulation increases the risk for capital investment in the railways. Therefore, is the revenue cap smart regulation. The revenue cap applies only to grain and within that commodity only to some grains, only to some railways, only to some ports and only to movements west of Thunder Bay. To conform to a 2004 World Trade Organization ruling, U.S. grain moves through Canada under the revenue cap. With elevators, ports, trucking and marine providers moving the same grain without a cap on revenue, the common sense behind the regulation is lost. The preferential treatment of grain may have advanced a nascent grain industry, that era is long gone. By eliminating the special treatment of grain, the federal government can eliminate barriers to investment, boost railway productivity and enhance the movement of goods in Canada. Even the Conference Board criticized the special legislation governing grain. It found regulation favouring one commodity to be unique among similar industries and to contradict business discipline that emphasizes price signals and market forces.

RAIL TRANSPORTATION

Canada

1. CP strike ends, begins to resume service, June 1, 2012, www.americanshipper.com
2. Eliminate low rates for grain, June 1, 2012, www.nationalpost.ca
3. Canadian Pacific announces Paul Haggis elected Board Chairman, June 4, 2012, www.cpr.ca
4. Toronto-York Spadina Subway Extension first twin tunnels section completed, June 11, 2012, www.tc.gc.ca
5. CP gains contract with U.S. Silica, June 21, 2012, www.globeandmail.ca
6. Minister Lebel issues a statement on the final report of the Facilitator of the Rail Freight Service Review, June 22, 2012, www.tc.gc.ca
7. CN says Rail Freight Service Review Process prompted improved service, greater customer collaboration, June 22, 2012, www.cn.ca
8. Four Railroads Face Class Action Price Fixing Lawsuit, June 21, 2012, www.joc.com
9. Shippers and railways fail to overcome their differences, June 24, 2012, www.ctl.ca
10. Class action certified against top 4

3. Canadian Pacific announces Paul Haggis elected Board Chairman

Canadian Pacific Railway on June 4, 2012 announced Paul G. Haggis was elected Chairman of the Company's Board of Directors.

4. Toronto-York Spadina Subway Extension first twin tunnels section completed

The Honourable Julian Fantino, Associate Minister of National Defence and Member of Parliament for Vaughan; along with His Worship Rob Ford, Mayor of Toronto; York Region Chairman and CEO Bill Fisch; and Toronto Transit Commission Chair Karen Stintz, on June 11, 2012 participated in an event to mark the completion of the first 1.6 kilometres of twin tunnels for the Toronto-York Spadina Subway Extension

5. CP gains contract with U.S. Silica

Canadian Pacific Railway Ltd. says it has a multiyear agreement with U.S. Silica to transport frac sand. Silica is the second largest producer in the US of silica.

US railroads, June 26, 2012,

www.americanshipper.com

11. Railway carloadings, April 2012 (preliminary data), June 27, 2012, www.statcan.gc.ca

12. Deputy Liberal leader says rail service legislation more pressing than ever, June 27, 2012, www.ctl.ca

13. Southern Pacific Resource Corp. completes arrangements to transport and market bitumen via CN to the U.S. Gulf Coast, June 27, 2012, www.cn.ca

US

1. US Intermodal Rail Traffic Up 4.1 Percent (Week ending June 2, 2012), June 8, 2012, www.joc.com

2. US Intermodal Volume Up 15.2 Percent From Prior Week, June 14, 2012, www.joc.com

6. Minister Lebel issues a statement on the final report of the Facilitator of the Rail Freight Service Review

The Honourable Denis Lebel, Minister of Transport, upon the release of the final report of the Facilitator of the Rail Freight Service Review said "Mr. Dinning's report provides clear direction for both shippers and rail companies moving forward. He proposes five commercially-oriented recommendations which build upon recent service improvements. I urge the parties involved to use these additional tools in their commercial negotiations." The five recommendations are: 1. Transport Canada should make the service agreement template (see Table 2 in report) available to rail freight stakeholders as a guide to all parties (including small shippers), as they negotiate a service agreement. 2. Transport Canada should make the commercial dispute resolution process publicly available for stakeholders to use. 3. Railways should be encouraged to revise their current dispute resolution processes to address rail service issues, to make them consistent with the process described in Table 3 (in the report). 4. Industry should be encouraged to review and update the service agreement template and commercial dispute resolution process as business conditions warrant. These updated tools should be available from industry or government sources. 5. Transport Canada should monitor the use of the service agreement template and commercial dispute resolution process. Transport Canada should encourage all parties to improve the process as required.

7. CN says Rail Freight Service Review Process prompted improved service, greater customer collaboration

Claude Mongeau, President and CEO of CN on June 22, 2012 commended the federal government's Rail Freight Services Review (RFSR), saying the process provided the impetus for CN and the rail industry to re-engage with customers to improve service from one end of the supply chain to the other. He said that "Shippers' demands for greater government intervention in rail service are clearly misguided. This regulatory stance represents a missed opportunity to take supply chain collaboration to the next level. CN strongly urges the federal government to favor commercial solutions to rail services issues. Canadian railways are widely known internationally for their efficiency and reliability – which is a key asset for a trading nation like Canada. The nation should not put such an asset at risk through additional burdensome and unnecessary rail regulation." CN warns that shippers' demands during RFSR facilitation process for intrusive regulation would stifle service innovation, damage Canada's rail system.

8. Four Railroads Face Class Action Price Fixing Lawsuit

A lawsuit brought on by eight shippers accusing the top four U.S. railroads of colluding to set "fuel surcharges" gained class action status on June 21, 2012. The lawsuit accuses BNSF Railway, Union Pacific Railroad, Norfolk Southern Railway and CSX Transportation of conspiring to fix, raise, maintain or stabilize prices from mid-2003 until 2008.

9. Shippers and railways fail to overcome their differences

In his final report, Dinning said the 15 industry members, did make some progress towards establishing rail service parameters and dealing more effectively with disputes, but in the end could not overcome their different point of view. "Shippers expected the Facilitation process to impose solutions that would provide

shippers with more leverage in shipper-carrier relationships.” The railways pointed to the positive elements of the review. Dinning made five recommendations, including a service agreement template that should be used as a guide and a commercial dispute resolution process. The unresolved template issues were around the accessibility to all the elements (and associated details) for all shippers, regardless of their traffic characteristics. These included: mandatory elements for all service agreements; automatic inclusion of crossborder traffic in all agreements; and performance standards and financial penalties regardless of the characteristics of the shippers’ traffic. The federal government is now also looking to draft legislation to give shippers the right to service agreements with the railways and a process to establish such agreements should commercial negotiations fail.

10. Class action certified against top 4 US railroads

A federal court in the third week of June 2012 granted class certification to a group of direct purchasers of rail freight who are seeking damages for what they say was a price-fixing conspiracy by the four largest U.S. railroads—Union Pacific, BNSF, CSX and Norfolk Southern.

11. Railway carloadings, April 2012 (preliminary data)

Canadian rail freight traffic rose 2.0% from April 2011 to 27.2 million tonnes in April 2012. The gain was solely the result of increases in international cargo loadings, as domestic freight shipments declined. Intermodal freight loadings grew 8.1% to 2.5 million tonnes for this month. The increase occurred solely on the strength of containerized cargo shipments, as trailers loaded onto flat cars declined.

12. Deputy Liberal leader says rail service legislation more pressing than ever

Deputy Liberal leader Ralph Goodale has called the Dinning report on how to improve rail service to Canadian shippers a “disappointment” that makes it “even more urgent for the federal government to move quickly on legislation to guarantee shippers the right to enforceable “Level of Service” agreements (LSAs).” Shippers are in a ‘captive’ situation without commercial alternatives and without legal recourse when the railways fail to perform. And that must be fixed,” Goodale said. The fundamental problem is a balance of market power which is stacked in favour of the railways.

13. Southern Pacific Resource Corp. completes arrangements to transport and market bitumen via CN to the U.S. Gulf Coast

Southern Pacific Resource Corp. announced on June 27, 2012 completion of a long-term arrangement to transport its bitumen to the U.S. Gulf Coast via the rail network of CN.

HIGHWAY TRANSPORTATION

1. Couriers and Messengers Services Price Index, April 2012

The Couriers and Messengers Services Price Index increased 0.6% in April 2012 compared with the previous month. The courier portion rose 0.7% and the local messenger component advanced 0.6%. The index increased 4.8% in April 2012 compared with the same month in 2011.

2. CTA Highlights Importance of Training, Supply Chain Accountability in Appearance before Standing Committee on Agriculture and Agri-Food

In its comments to the Standing Committee on Agriculture and Agri-Food, the Canadian Trucking Alliance (CTA) on May 31, 2012 highlighted the vital role livestock transporters play in Canada’s food supply chain and the importance that all supply chain partners practice due diligence to ensure livestock transporters are properly trained.

3. CTA Responds to Environment Canada’s Request for Comments Regarding GHG Regulation

In the spring of 2012, Environment Canada introduced a draft regulation, Heavy-duty Vehicle and Engine Greenhouse Gas Emission Regulations, that responds to a 2011 regulation introduced in the United States by the Environmental Protection Agency (EPA). In its official comments to the draft proposal, CTA supported Environment Canada’s decision to duplicate the EPA’s regulation but also emphasized the possibilities of building upon the US

HIGHWAY TRANSPORTATION Canada

1. Couriers and Messengers Services Price Index, April 2012, May 31, 2012, www.statcan.gc.ca
2. CTA Highlights Importance of Training, Supply Chain Accountability in Appearance before Standing Committee on Agriculture and Agri-Food, May 31, 2012, www.ontruck.org
3. CTA Responds to Environment Canada’s Request for Comments Regarding GHG Regulation, June 1, 2012, www.ontruck.org
4. Contrans acquires Peter Hodge Transport, June 4, 2012, www.ctl.ca Ontario, June 8, 2012,
5. UPS expands Atlantic Canada presence with addition of N.B. facility, June 6, 2012, www.ctl.ca
6. Speed Limiter Debate Rolling Again in www.todaystrucking.com
7. Canada and India sign Memorandum of Understanding to enhance cooperation in road transportation, June 11, 2012, www.tc.gc.ca
8. Manitoulin Global Forwarding acquires Can-Tran Intl., June 11, 2012, www.ctl.ca
9. Trimble Acquires Calgary’s GEOTrac, Extends PeopleNet’s Reach, June 12, 2012, www.todaystrucking.com
10. Detroit-Windsor Bridge Deal Expected

regulation. CTA is questioning Environment Canada's decision to not explore alternative technological compliance options that do not appear in the US rule. CTA also provided Environment Canada comments on such issues as vehicle labelling, alternative fuels and winter tire rating. CTA is supportive of the overall objective of the regulation to reduce GHG emissions from heavy-duty vehicles and would like to see incentives to introduce vehicles that do so.

4. Contrans acquires Peter Hodge Transport

Contrans has announced it has acquired bulk trucking firm Peter Hodge Transport. The deal is expected to generate annual revenues of about \$20 million. Peter Hodge runs 92 highway tractors and 140 trailers and provides bulk hauling using open-top dump trailers and liquid tankers.

5. UPS expands Atlantic Canada presence with addition of N.B. facility

UPS celebrated the opening of its Dieppe facility with a formal ribbon cutting ceremony on June 6, 2012. UPS began pickup and delivery services for its customers in Greater Moncton on April 23, 2012. The expansion represents a multi-million dollar investment and approximately 250 new UPS jobs in Atlantic Canada, 100 of which are within Greater Moncton.

6. Speed Limiter Debate Rolling Again in Ontario

A ruling on June 6, 2012 by Justice of the Peace Brett Kelly looks to have re-ignited the speed limiter debate in Ontario. According to Kelly, the province's law that requires large trucks limited to 105km/hr goes against the Charter that guarantees life, liberty and the security of the person.

7. Canada and India sign Memorandum of Understanding to enhance cooperation in road transportation

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, and Minister of the Economic Development Agency of Canada for the Regions of Quebec, along with the Honourable C.P. Joshi, Minister for Roads and Highways, India, on June 11, 2012 signed a Memorandum of Understanding (MOU) to enhance cooperation in road transportation and create new opportunities for Canadian businesses.

8. Manitoulin Global Forwarding acquires Can-Tran Intl.

Manitoulin Global Forwarding has acquired Can-Tran Intl., an international freight-forwarding enterprise, based in Leduc, Alta. It is the second business based in Western Canada to be acquired by Manitoulin since March 2012.

9. Trimble Acquires Calgary's GEOTrac, Extends PeopleNet's Reach

Trimble has acquired privately-held GeoTrac Systems Inc. of Calgary, Alberta, a provider of wireless fleet management and worker safety solutions for the oil and gas industry. The addition of GeoTrac is expected to extend Trimble company PeopleNet's transportation solutions to address the North American oil and gas industry.

10. Detroit-Windsor Bridge Deal Expected Friday [June 15, 2012]

According to various media reports, Canada and Michigan may be ready to announce an agreement to build a second bridge between Detroit and Windsor. That announcement on the proposed bridge — named New International Trade Crossing (NITC) — could come as early as June 15, 2012, reported the Detroit Free Press. The present owner of the Ambassador Bridge continues to oppose the plan as it would lead to competition for traffic moving across the Ontario border.

11. \$1B Windsor-Detroit bridge deal struck

Canadian Prime Minister Stephen Harper and Michigan Gov. Rick Snyder jointly made the announcement to build a new Canadian-financed bridge linking Detroit and Windsor, Ont., which separates the two cities by less than a kilometre. The Prime Minister called it a big announcement. "This new bridge will reduce

Friday, June 13, 2012, www.todaystrucking.com

11. \$1B Windsor-Detroit bridge deal struck, June 15, 2012, CBC News Detroit, www.cbc.ca

12. Low Level Road Project Approved for Construction, June 19, 2012, www.portvancouver.com

13. Large Urban transit, April 2012 (preliminary data), June 22, 2012, www.statcan.gc.ca

14. Quarterly Trucking Survey, from first to the fourth quarter 2011, June 22, 2012, www.statca.gc.ca

15. FedEx Freight Posts \$162 Million Annual Profit, June 22, 2012, www.joc.com

16. UPS releases details of TNT offer, June 21, 2012, www.americanshipper.com

17. Expanded border wait time system improves cross-border travel, June 26, 2012, www.tc.gc.ca

18. April 2012 Surface Trade with Canada and Mexico Rose 8.2 Percent from April 2011, June 26, 2012, www.dot.gov

19. Ground transportation costs drop for Canadian shippers in April, June 27, 2012, www.ctl.ca

20. Carriers' Fear of a 'Thousand Cuts' Keeping Capacity Tight, June 27, 2012, www.cantruck.ca

21. Couriers and Messengers Services Price Index, May 2012, www.statcan.gc.ca

US

1. [US] Shipping Conditions Index Expected to Deteriorate, June 13, 2012, www.todaystrucking.com

2. [US] Freight Shipments Rose 0.2% in April from March, June 13, 2012, www.bts.gov

3. US for-hire truck tonnage falls 0.7% in May [2012], June 19, 2012, www.ctl.ca

congestion at this critical Canada-U.S. border crossing, support the creation of new export-related jobs and investment opportunities along the Quebec City-Windsor corridor, increase the competitiveness of the North American manufacturing sector, and provide thousands of construction jobs in Ontario and Michigan.” It will be completed by 2018. The announcement was hailed by several Canadian national organizations.

12. Low Level Road Project Approved for Construction

North Shore travellers can look forward to \$100 million in transportation improvements to the Low Level Road by spring 2014, as Port Metro Vancouver confirmed on June 19, 2012 that the Project will proceed to construction, following approval from the City of North Vancouver Council.

13. Large Urban transit, April 2012 (preliminary data)

Total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit properties rose 6.3% from April 2011 to \$252.0 million in April 2012. These 10 companies represent about 80% of total urban transit activity across the country. Over the same period, ridership levels rose 2.9% to 134.1 million passenger trips.

14. Quarterly Trucking Survey, from first to the fourth quarter 2011

Revisions have been released for the first, second, third and fourth quarters of 2011 to the quarterly trucking data.

15. FedEx Freight Posts \$162 Million Annual Profit

FedEx Freight reported a \$162 million operating profit for fiscal 2012 on \$5.3 billion in revenue, its first annual profit since 2008, when it earned \$329 million.

16. PS releases details of TNT offer

UPS on June 21, 2012 formally made public its offer sheet for Netherlands-based package delivery company TNT Express, as required under Dutch law. The world's largest express delivery company tentatively reached agreement in mid-March to acquire TNT for \$6.7 billion. The document spells out that UPS will pay 9.50 euro per share in cash to TNT shareholders and that the UPS and TNT boards fully support the deal.

17. Expanded border wait time system improves cross-border travel

The Advanced Traveller Information System (ATIS) measures and displays border wait times to allow motorists to make informed travel decisions. On June 26, 2012, a new border delay message sign on Highway 1 (westbound, between the Whatcom Road Interchange and Highway 11) was announced by government officials. It will make it easier for motorists and commercial vehicle operators travelling to the U.S. to plan their route and save time. The new sign is part of the previous \$2.6 million Highway 11/13 ATIS expansion, with the Government of Canada and the Province of British Columbia each contributing \$1.3 million.

18. April 2012 Surface Trade with Canada and Mexico Rose 8.2 Percent from April 2011

According to the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation, trade using surface transportation between the United States and its North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, was 8.2 percent higher in April 2012 than in April 2011, totaling \$79.8 billion. U.S.-Canada trade reached \$47.2 billion, a 5.6 percent increase. Michigan led all states in surface trade with Canada at \$5.9 billion. The top commodity category transported between the U.S. and Canada by all surface modes of transportation in April 2012 was non-railway vehicles, valued at \$9.3 billion.

19. Ground transportation costs drop for Canadian shippers in April

The cost of ground transportation for Canadian shippers decreased 2.3% in April 2012 compared with March results, according to results published on June 27, 2012 by the Canadian General Freight Index.

20. Carriers' Fear of a 'Thousand Cuts' Keeping Capacity Tight

Carriers continue to be reluctant to add capacity, according to the Transport Capital Partners' (TCP) Business Expectations survey. Seventy-one percent of carriers expect to add little or no capacity, a slight increase from last quarter's 65 percent, the survey found.

21. Couriers and Messengers Services Price Index, May 2012

The Couriers and Messengers Services Price Index increased 0.6% in May 2012 compared with April 2012. The courier portion rose 0.7% and the local messenger component advanced 0.1%. The index increased 4.0% in May 2012 compared with the same month in 2011.

GENERAL TRANSPORTATION

Canada

1. The Canadian Transportation Agency Launches a New Resource Tool for the Carriage of Mobility Aids

The Canadian Transportation Agency on June 1, 2012 launched its new Carriage of Mobility Aids Resource Tool for air, rail and interprovincial ferry carriers to assist travellers, travel agents and transportation service providers in the planning of and preparation for travel involving mobility aids.

2. Exports to U.S. on Downward Trend

In April 2012, Canada reported a trade deficit of \$367 million, whereas only a month before it had reported a surplus of \$152 million, according to StatsCan. The \$519 million difference is accounted to the 1.2 percent decline in the Canadian international merchandise exports. Imports remained virtually unchanged, edging up to 0.1 percent.

3. Judge backs Ottawa's bid to break up wheat-board monopoly

The Federal Court of Appeal has upheld the government's move to effectively dismantle the Canadian Wheat Board, dealing a blow to farmers who had opposed the law. A group of former wheat-board directors, elected by farmers, argued that by law the federal government had to consult grain growers before making fundamental changes to how the agency operates. The government disagreed, saying it won a mandate in the last election to change legislation. Agriculture Minister Gerry Ritz said he was pleased with the decision.

4. Travel between Canada and other countries, April 2012

Travel to Canada from abroad rose 0.8% to over 2.1 million trips in April 2012. This was entirely the result of more trips from the United States as travel to Canada from overseas countries declined. Canadian travel abroad declined 0.5% to 5.4 million trips in April 2012, the result of fewer trips to the United States.

5. Canada welcomed into TPP fold

A day after Mexico was welcomed into negotiations over a sweeping pan-Pacific trade pact, Canada was also invited on June 19, 2012, with two of the United States' top five trading partners now involved. Canada's entry to the Trans-Pacific Partnership discussions was lauded by many of the same organizations that praised the inclusion of Mexico on June 18, 2012.

6. National tourism indicators, first quarter 2012

Tourism spending in Canada rose 0.9% in the first quarter of 2012, as outlays by international visitors in Canada (2%) and by Canadians at home (0.6%) increased. This was the 11th consecutive quarterly increase in tourism spending in Canada.

Canada

1. The Canadian Transportation Agency Launches a New Resource Tool for the Carriage of Mobility Aids, June 1, 2012, www.cta-otc.gc.ca
2. Exports to U.S. on Downward Trend, June 13, 2012, www.todaystrucking.com
3. Judge backs Ottawa's bid to break up wheat-board monopoly, June 18, 2012, www.globeandmail.ca
4. Travel between Canada and other countries, April 2012, June 19, 2012, www.statcan.gc.ca
5. Canada welcomed into TPP fold, June 20, 2012, www.americanshipper.com
6. National tourism indicators, first quarter 2012, June 28, 2012, www.statcan.gc.ca

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Publications

1. Canada's Action Plan to Reduce Greenhouse Gas Emissions from Aviation, June 2012, www.tc.gc.ca
2. We Deliver the goods, Port Metro Vancouver 2011 Annual Report, June 5, 2012, www.portvancouver.com
3. "The Future of Canadian Air Travel: Toll Booth or Spark Plug", June 2012, www.parl.gc.ca
4. Weekly Newsletter on Mobility and Transport in Europe, June 15, 2012, www.europa.eu
5. Weekly Newsletter on Transport and Mobility in Europe, June 22, 2012, www.europa.eu