

Transportation Information Update*

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AIR TRANSPORTATION

1. Study: Airlines Will be Challenged to Meet Forecast Demand Growth

The International Air Transport Association (IATA) called for new thinking on the relationships between partners in the air transport value chain in order to attract the \$4-5 trillion that will be needed over the next 20 years to meet the growing demand for aviation-enabled connectivity. The study showed that high profits and inefficient costs in the value chain are only part of the explanation for persistently poor airline profitability. More effective partnerships are required among stakeholders in the air transport industry. An agenda for governments is also outlined in the study. “Smart regulation is needed from governments around the world in order to maximize the economic benefits of connectivity—jobs and growth. Unfortunately, high taxation and poorly designed regulation in many jurisdictions make it difficult for airlines to develop connectivity. On top of the cost issues, airlines also face a hyper fragmented industry structure owing to government policies that discourage cross-border consolidation.

2. Strong Passenger Growth Trend Continues

The International Air Transport Association (IATA) announced global passenger traffic results for May 2013 showing that air travel continued to expand at a healthy rate. Growth was led by emerging markets. Compared to the year-ago period, overall demand rose 5.6%, while capacity climbed 5.2% pushing the load factor up 0.3 percentage points to 78.1%.

3. Air Freight Continues to Flatline in May

The International Air Transport Association (IATA) released figures for global air cargo markets showing that growth has continued to be flat in May 2013, broadly following the trend of the last 18 months. Global freight tonne kilometers increased just 0.8% in May 2013 compared to a year ago. Capacity, however, increased by 2.1% causing load factors to fall to 44.9% - their lowest level since the post crisis recovery. As about 40% of global air cargo utilizes capacity in the belly of passenger aircraft, managing capacity at a time when growth in air travel is outpacing that of cargo is particularly challenging.

4. Notice to Industry: Initiative to level the playing field among air carriers and increase rights and remedies for passengers delayed because of overbooking and cancellation of flights

Air carriers are required by law to have and apply a tariff and their terms and conditions of carriage in the tariff must be clear, just and reasonable. The Agency has the authority to suspend, disallow or substitute a term or condition of carriage it deems unclear, unjust or unreasonable. The Agency is of the opinion that if all air carriers were to apply the rulings on overbooking and cancellation, it would further enhance consumer protection while ensuring a level playing field among air carriers. Their tariff should reflect two principles:

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

AIR TRANSPORTATION

Canada

1. Study: Airlines Will be Challenged to Meet Forecast Demand Growth, July 1, 2013, www.iata.org
2. Strong Passenger Growth Trend Continues, July 3, 2013, www.iata.org
3. Air Freight Continues to Flatline in May, July 2, 2013, www.iata.org
4. Notice to Industry: Initiative to level the playing field among air carriers and increase rights and remedies for passengers delayed because of overbooking and cancellation of flights, July 3, 2013, www.cta-otc.gc.ca
5. Porter introduces 30-minute baggage delivery guarantee, updates policies, fees, July 3, 2013, www.flyporter.com
6. WestJet reports record June traffic, June 4, 2013, www.westjet.ca
7. WestJet collects Stevie award, June 4, 2013, www.westjet.ca
8. Air Canada Reports June Load Factor, July 4, 2013, www.aircanada.ca
9. Aircraft Movement Statistics: Small Airports – Annual Report, 2012, July 5, 2013, www.statcan.gc.ca
10. Airlines urge easier global merger rules, July 4, 2013, www.joc.com
11. Aircraft movement statistics: Major airports, May 2013, July 7, 2013, www.statcan.gc.ca
12. Air Canada to launch service to Red Deer, AB connecting Central Alberta to international network, July 10, 2013, www.aircanada.ca
13. Porter Airlines’ summer flights heat up Halifax and Montreal, July 15, 2013, www.flyporter.com
14. Cabinet Shuffle / Remaniement ministerial, July 15, 2013, www.atac.ca
15. Products and Services Release: The Airline Industry Story for 2012, July 16, 2013, www.iata.org
16. Porter Airlines electronic ticketing available in all GDSs, July 16, 2013, www.flyporter.com
17. Icelandair and Porter Airlines sign interline agreement, July 17, 2013, www.flyporter.com
18. WestJet’s new premium class creating confusion among workers, customers, July 17, 2013, www.nationalpost.ca

rebooking the passenger on alternate transportation; and providing the passenger with a full refund.

5. Porter introduces 30-minute baggage delivery guarantee, updates policies, fees

Porter Airlines is introducing a checked baggage delivery guarantee. All checked bags will reach the baggage claim within 30 minutes of aircraft arriving at the gate of any airport, or a \$25 voucher valid for future Porter travel within six months will be provided. It has updated its policy with regard to US checked baggage fees; domestic checked baggage fees; and checked baggage limit.

6. WestJet reports record June traffic

WestJet on July 4, 2013 announced June 2013 traffic results with a load factor of 76.8 per cent. Revenue passenger miles (RPMs), or traffic, increased 8.3 per cent year over year, and capacity, measured in available seat miles (ASMs), was 11.3 per cent higher over the same period. In the first half of 2013, the airline achieved a load factor of 81.9 per cent and flew nearly 9.0 million guests, a year-over-year increase of 5.7 per cent or approximately 489,000 additional guests. "We continue to be pleased with our strong year-over-year traffic growth, notwithstanding reservation cancellations and weakness in advance bookings in Southern Alberta since the June 21st flood," said WestJet President and CEO Gregg Saretsky.

7. WestJet collects Stevie award

WestJet was presented with a Stevie Award in the Company of the Year-Transportation category for the seventh annual Stevie Awards for Sales & Customer Service in Chicago on June 17, 2013.

8. Air Canada Reports June Load Factor

For the month of June 2013, Air Canada reported a system load factor of 85.0 per cent, versus 85.6 per cent in June 2012. System traffic increased 2.1 per cent on a system-wide capacity increase of 2.8 per cent. Air Canada reports traffic results on a system-wide basis, including regional airlines from which Air Canada purchases capacity. "I am pleased to report a strong load factor of 85 per cent for the month of June. This is in line with last year's record for the same period, underscoring the effectiveness of our capacity management strategy," said Calin Rovinescu, President and Chief Executive Officer.

9. Aircraft Movement Statistics: Small Airports – Annual Report, 2012

In 2012, the number of take-offs and landings recorded at 141 Canadian airports without air traffic control towers was 670,839 movements. Peterborough, Ontario (35,436) followed by Goose Bay, Newfoundland and Labrador (35,197) were the most active sites in 2012.

10. Airlines urge easier merger rules

Airlines will struggle to finance the next generation of aircraft unless governments remove obstacles to global mergers, the International Air Transport Association warned. Consolidation is a key driver of the increased profitability required to raise the estimated \$4 trillion to \$5 trillion investment to renew aircraft fleets, the industry body said. The airline industry's annual return on invested capital averaged 4.1 percent between 2004 and 2011, according to an IATA report based on research by consultants McKinsey.

11. Aircraft movement statistics: Major airports, May 2013

Aircraft take-offs and landings at the 93 Canadian airports with NAV CANADA air traffic control towers and flight service stations decreased 8.5% in May 2013 from May 2012. These airports reported 492,467 movements in May 2013.

12. Air Canada to launch service to Red Deer, AB connecting Central Alberta to international network

19. Civil Aviation Operating Statistics, May 2013, July 18, 2013, www.statcan.gc.ca

20. Air Canada's Cargo Traffic Slid in May [2013], July 18, 2013, www.joc.com

21. Aircraft movement statistics: Small airports, April 2013, July 20, 2013, www.statcan.gc.ca

22. WestJet announces service to Terrace, B.C., July 22, 2013, www.westjet.ca

23. Quarterly civil aviation statistics, third quarter 2012, July 24, 2013, www.statcan.gc.ca

24. Albertans to fly non-stop to Aloha State, July 25, 2013, www.westjet.ca

25. Aircraft Movement Statistics: Major Airports, June 2013, July 30, 2013, www.tc.gc.ca

26. WestJet reports record second quarter net earnings, July 30, 2013, www.westjet.ca

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1. Airlines Report Five Tarmac Delays Over Three Hours on Domestic Flights, No Tarmac Delay Longer Than Four Hours on International Flights in May, July 11, 2013, www.dot.gov

2. April 2013 U.S. Airline System Passengers Down 0.9% from April 2012, April 23, 2013, www.dot.gov

3. 1st-Quarter 2013 Domestic Air Fare Almost Unchanged from 1st Quarter 2012 (Adjusted for Inflation), July 24, 2013, www.dot.gov

4. Remarks of Tony Tyler to the Royal Aeronautical Society Beaumont Lecture Series, July 25, 2013, www.iata.org

5. May 2013 Passenger Airline Employment Down 2.1 Percent from May 2012, July 25, 2013, www.dot.gov

Air Canada announced on July 10, 2013 that it will commence scheduled service to Red Deer, Alberta on September 3, 2013 with three daily flights from Red Deer Airport to Calgary. Flights will be operated by Air Georgian under the Air Canada Express brand, using 18-seat Beechcraft 1900D aircraft.

13. Porter Airlines' summer flights heat up Halifax and Montreal

On July 15, 2013, Porter Airlines announced that it is adding a fourth daily flight between Montreal and Halifax this summer, up one from last year. A new weekend flight is also available, bringing the total number of weekly roundtrips to 26.

14. Cabinet Shuffle / Remaniement ministériel

Lisa Raitt has been appointed as the Minister of Transport on July 15, 2013. The Air Transport Association of Canada (ATAC) congratulates her and also welcomes the reorganization which now allows the Transport portfolio to be given the full attention of a minister.

15. Products and Services Release: The Airline Industry Story for 2012

The International Air Transport Association (IATA) released the 57th Edition of the World Air Transport Statistics (WATS), a yearbook of the global airline industry and IATA members' performance.

16. Porter Airlines electronic ticketing available in all GDSs

Porter Airlines' electronic ticketing is now available to North American GDS travel agencies via Sabre, Apollo, Worldspan and Amadeus. Porter will continue to process reservations on both an instant purchase and E-ticket basis. Travel agencies now have a choice of maintaining instant purchase or converting to E-Ticketing.

17. Icelandair and Porter Airlines sign interline agreement

Porter Airlines announced on July 17, 2013 that Icelandair and Porter Airlines have signed an interline agreement that will benefit passengers connecting between North America and more than 20 Icelandair destinations throughout Europe.

18. WestJet's new premium class creating confusion among workers, customers

WestJet is having growing pains with its new airline product. The new class of seating, or its so-called Plus product, gives passengers added legroom in the first three rows of the plane and offers other amenities, like a second checked bag and priority boarding, for a fee. But its soft launch in recent months has also created some tension between WestJet's front-line workers and its customers.

19. Civil Aviation Operating Statistics, May 2013

Operational data on civil aviation are now available for May, 2013 on Statistics Canada website.

20. Air Canada's Cargo Traffic Slid in May [2013]

Air Canada reported cargo traffic of 123.6 million metric ton-kilometers in May 2013, down 1.1 percent compared with the same month last year, according to Statistics Canada. Cargo volume for Canada's largest airline was 19.2 million kilograms in May, falling 2.5 percent. With regard to cargo, Air Canada's load factor was 83.2 percent. WestJet's monthly cargo traffic slumped 4.9 percent year-over-year to 0.9 million metric ton-kilometers. However, cargo volume for the second largest Canadian airline was 0.4 million kilograms, jumping 25.9 percent. The load factor was 78.5 percent.

21. Aircraft movement statistics: Small airports, April 2013

The number of take-offs and landings for 126 airports without air traffic control towers reached 51,823 movements in April 2013. Moosonee, Ontario (4,638 movements) and Goose Bay, Newfoundland and Labrador (2,527 movements) were the most active sites.

22. WestJet announces service to Terrace, B.C.

WestJet on July 22, 2013 announced new twice-daily, non-stop service between Vancouver and Terrace, B.C., effective November 25, 2013.

23. Quarterly civil aviation statistics, third quarter 2012

Operational and financial data on civil aviation are now available for the third quarter.

24. Albertans to fly non-stop to Aloha State

WestJet announced on July 25, 2013 that it has once again leased two Boeing 757-200 aircraft from Thomas Cook Airlines to deliver non-stop, daytime service between Calgary and Honolulu, Calgary and Maui, and between Edmonton and Maui.

25. Aircraft Movement Statistics: Major Airports, June 2013

Aircraft take-offs and landings at the 93 Canadian airports with NAV CANADA air traffic control towers and flight service stations decreased 2.1% in June 2013 from June 2012. These airports reported 496,331 movements in June 2013

26. WestJet reports record second quarter net earnings

WestJet on July 30, 2013 announced its 33rd consecutive quarter of profitability, with record second quarter net earnings of \$44.7 million, or \$0.34 per diluted share. This compares with the net earnings of \$42.5 million, a 5.3% increase from the same quarter a year ago or \$0.31 per diluted share reported in the second quarter of 2012. These results include \$8.4 million of one-time pre-tax transition costs associated with WestJet's business transformation initiative. Based on the trailing twelve months, the airline achieved a return on invested capital of 14.4 per cent, up from the 14.3 per cent reported in the previous quarter. For the first six months of 2013 net earnings were up 22.6%.

WATER TRANSPORTATION

1. Shipowners Association, Great Ships Initiative, partner on ballast water testing

The Canadian Shipowners Association (CSA) and the Great Ships Initiative (GSI) have partnered to perform efficacy tests of ballast water filtration systems in the unique, cold, fresh waters of the Great Lakes and St. Lawrence Waterway (GLSLW).

2. Prince Rupert Port Authority – Monthly Traffic Statistics

On July 5, 2013, the Port of Prince Rupert released its statistics for June 2013. Total number of containers in terms of TEUs were 43,904 in June 2013 compared to 52,454 TEUs for the same month a year ago, a decrease of 16%. Imports declined by 17% and exports declined by 15%. For the first six months of 2013, the total number of containers were 263,845 compared to 272,176, for the same period a year ago, reflecting a decline of 3%. Imports declined by 6% and exports remained roughly the same.

3. Compliance Report: Northumberland and Bay Ferries Limited

As part of its regular monitoring, the Agency assessed the compliance level of Northumberland and Bay Ferries Limited (NFL), which provides ferry services between Prince Edward Island (P.E.I.) and Nova Scotia (N.S.). The results of the monitoring exercise show that NFL is compliant with the accessibility standards that were assessed.

4. Port of Metro Vancouver – Accumulated container traffic – June 2013

On July 13, 2013, the Port of Metro Vancouver released its container traffic for the first six months of June 2013. Total TEUs for this period were 1,339,861 a 3% increase compared to the same period in 2012 (1,300,728). Imports increased by 1.1% and exports by 5.4%. Total imports were 719,896 TEUs and total exports were 619,965 TEUs.

5. St Lawrence Seaway sails higher on grain

U.S. grain shipments from the U.S. and Canadian heartland through the St. Lawrence Seaway have made a “decisive comeback, posting a nearly 50 percent jump” in June 2013 from the same period last year, reported the St. Lawrence Seaway Development Corp. on Tuesday. “U.S. grain continues to rebound strongly from last season’s disappointing performance with a 46 percent rise in tonnage, while several shipments within the liquid bulk category posted healthy jumps.

6. Port of Montreal – Accumulated Container Traffic, January to June 2013

On July 17, 2013, the Port of Montreal released its container statistics for the first six months of 2013. Total number of TEUs for this period was 672,947 a decline of 0.5% compared to the same period a year ago. Inbound TEUs were 331,628 and outbound TEUs were 341,319 as a result imports declined by 2.2% and exports increased by 1.1%.

7. Port of Prince Rupert launches emissions reduction incentive plan for shippers

The Prince Rupert Port Authority (PRPA) launched an environmental stewardship program in July 2013 to reward shippers for their commitment to sustainable practices. PRPA's Environmental Incentive Program

WATER TRANSPORTATION

Canada

1. Shipowners Association, Great Ships Initiative, partner on ballast water testing, July 3, 2013, www.ctl.ca
2. Prince Rupert Port Authority – Monthly Traffic Statistics, July 5, 2013, www.rupertport.com
3. Compliance Report: Northumberland and Bay Ferries Limited, July 4, 2013, www.cta-otc.gc.ca
4. Port of Metro Vancouver – Accumulated container traffic – June 2013, July 13, 2013, www.portvancouver.com
5. St Lawrence Seaway sails higher on grain, July 17, 2013, www.americanshipper.com
6. Port of Montreal – Accumulated Container Traffic, January to June 2013, July 17, 2013, www.portmontreal.ca
7. Port of Prince Rupert launches emissions reduction incentive plan for shippers, July 18, 2013, www.ctl.ca
8. Government of Canada continues progress on new bridge for the St. Lawrence, awards contract for geotechnical studies and laboratory services, July 22, 2013, www.tc.gc.ca
9. Port of Halifax – Accumulated Container Traffic – July 2013, July 29, 2013, www.portofhalifax.ca
10. Port of Halifax – Accumulated cruise data – July 2013, July 29, 2013, www.portofhalifax.ca
11. NYK Line Among Eight Car Shippers Sued Over Price Fixing, July 28, 2013, www.portofmontreal.ca
12. Port of Metro Vancouver – Accumulated Cruise Passenger Traffic – June 2013, July 30, 2013, www.portmetrovancover.com

US

1. New container technology to cut handling charges, July 11, 2013, www.portofmontreal.ca

for Vessels (EIPV) offers discounted harbour dues to commercial vessels that implement emission reduction measures or other environmental practices

8. Government of Canada continues progress on new bridge for the St. Lawrence, awards contract for geotechnical studies and laboratory services

The Government of Canada on July 22, 2013 announced that it has retained LVM inc. to carry out geotechnical studies and provide laboratory services in relation to the construction of the new bridge for the St. Lawrence. This work will advance project development and planning and will also serve as important input to the final design of the new bridge.

9. Port of Halifax – Accumulated Container Traffic – July 2013

On July 29, 2013, the Port of Halifax reported its accumulated container traffic for the second quarter of 2013 and for the first six months of 2013. Total TEUs for the 2013 second quarter were 111, 712, a 9.7% increase from the same quarter in 2012. Total TEUs for the first six months of 2013 were 224, 382, a 14.4% increase from the same period in 2012. For the second quarter, total imports (TEUs) were 5.4% higher and total exports were 13.8% higher. Year-to-date statistics (January to June 2013) indicate that imports were 16.7% higher and exports were 18.1% higher.

10. Port of Halifax – Accumulated cruise data – July 2013

The Port of Halifax reported its cruise data on July 29, 2013. Total number of passengers from January to June 2013 were 35, 330 compared to 28, 599 for the same period a year ago, a 23.6% increase. The number of cruise ships calling at the port also increased by 37.5%, from 16 to 22 for the first six months of 2013 compared to the first six months of 2012.

11. NYK Line Among Eight Car Shippers Sued Over Price Fixing

Nippon Yusen K.K., Japans biggest shipping line, and eight other maritime-car transporters were accused in a lawsuit by a Florida-based shipping company of fixing prices on carrier services. Manaco International Forwarder Inc. contends officials of Nippon Yusen and other car transporters, such as Kawasaki Kisen Kaisha Ltd. and Mitsui O.S.K. Lines Ltd., violated U.S. antitrust laws by conspiring to fix, stabilize or maintain prices of their services, according to a lawsuit filed in federal court in Manhattan.

12. Port of Metro Vancouver – Accumulated Cruise Passenger Traffic – June 2013

The Port of Metro Vancouver reported its accumulated cruise passenger traffic for the first six months of 2013. The number of total revenue passengers was 317,909 compared to 262,623 for this period a year ago, a 21.1% increase. The number of vessels calling at the port for the first six months of 2013 was 49 compared to 40 for this period a year ago, a 22.5% increase.

RAIL TRANSPORTATION

1. CN to serve new 550,000-ton per year frac sand transloading terminal in northwestern Alberta

CN announced on July 3, 2013 that it will start serving a new state-of-the-art frac sand terminal north of Grande Prairie, Alta., starting in November 2013. The new 20-acre facility being built by Di-Corp of Edmonton will have an annual throughput capacity of 550,000 tons of frac sand and have three tracks capable of holding 44 rail cars for unloading.

2. Minister Lebel issues statement on rail incident in Lac-Mégantic, Quebec

The Minister of Transport on July 7, 2013 released the following statement concerning the rail incident at Lac-Mégantic, Quebec. "The Transportation Safety Board of Canada is conducting a full investigation to determine the cause of the incident. A Minister's Observer has been appointed and will keep me informed of the investigation's progress. Should any deficiencies be identified, we will not hesitate to take appropriate action. "Our government remains dedicated to keeping Canada's transportation system safe and secure.

3. CN to haul frac sand to Alberta transload facility

The Canadian National Railway in November 2013 will start service to a new transloading facility in Grand Prairie, Alberta, being built by Di-Corp to supply specialty sand for the oil and gas industry.

4. Canadian Pacific inks transportation deal with K+S Potash Canada

K+S Potash Canada and Canadian Pacific have signed an exclusive long-term volume-based contract on the transportation of potash products from K+S' Legacy Site. The contract is for potash to be moved from the Legacy Site, near Moose Jaw and Regina in Saskatchewan, to a Western Canadian port of export for overseas destinations and via CP's network to domestic Canadian and US markets. The contract was signed in K+S Potash Canada's headquarters in Saskatoon.

5. Expecting federal safety crackdown, CP tightens rules on unattended trains

Canada's second-largest rail firm, CP, is tightening its policies on leaving trains unattended, saying it believes Transport Canada is about to issue new safety rules after a catastrophic derailment on another company's line killed about 50 people in Lac-Mégantic, Que., earlier in July 20, 2013. Changes are expected to be introduced.

6. Canadian Pacific Railway Limited declares dividend

The Board of Directors of Canadian Pacific Railway Limited on July 19, 2013 declared a quarterly dividend of thirty-five cents (\$0.35) Canadian per share on the outstanding Common Shares. The dividend is payable on October 28, 2013.

7. STB revises railroad rate dispute procedures

The U.S. Surface Transportation Board (STB) has revised its procedures for gauging the reasonableness of railroad rates, removing limits on relief payments on midsized rail disputes and upping the limit on smaller rail rate disputes to \$4 million. The ruling also makes some changes to the overall process of challenging a rate and sets the U.S. prime rate "as the interest rate on reparations that railroads must pay to shippers for charging unreasonable rates," according to the STB.

8. CN reports Q2-2013 net income of C\$717 million, or C\$1.69 per diluted share

On July 22, 2013, CN reported its financial and operating results for the second quarter and six-month period ended June 30, 2013. For the second-quarter 2013 net income was C\$717 million, or C\$1.69 per diluted share, compared with net income of C\$631 million, or C\$1.44 per diluted share, for second-quarter 2012. Excluding the net gain, Q2-2013 adjusted diluted earnings per share (EPS) increased 11 per cent to C\$1.66 from Q2-2012 adjusted diluted EPS of C\$1.50. Revenues for the latest quarter increased five per cent to C\$2,666 million, driven by a five per cent increase in revenue ton-miles and a two per cent increase

RAIL TRANSPORTATION Canada

1. CN to serve new 550,000-ton per year frac sand transloading terminal in northwestern Alberta, July 3, 2013, www.cn.ca
2. Minister Lebel issues statement on rail incident in Lac-Mégantic, Quebec, July 7, 2013, www.tc.gc.ca
3. CN to haul frac sand to Alberta transload facility, July 8, 2013, www.americanshipper.com
4. Canadian Pacific inks transportation deal with K+S Potash Canada, July 11, 2013, www.ctl.ca
5. Expecting federal safety crackdown, CP tightens rules on unattended trains, July 17, 2013, www.globeandmail.ca
6. Canadian Pacific Railway Limited declares dividend, July 19, 2013, www.cpr.ca
7. STB revises railroad rate dispute procedures, July 19, 2013, www.americanshipper.com
8. CN reports Q2-2013 net income of C\$717 million, or C\$1.69 per diluted share, July 22, 2013, www.cn.ca
9. CN declares third-quarter 2013 dividend, July 22, 2013, www.cn.ca
10. Oil shipments bolster CN gains, July 22, 2013, www.globeandmail.ca
11. Transport Canada announces emergency directive to increase rail safety, July 23, 2013, www.tc.gc.ca
12. CN will adjust safety practices to comply with Transport Canada directive
13. STB Revises Relief Caps for Shippers in Smaller Rail Rate Cases, July 23, 2013, www.joc.com
14. Canadian Pacific reports record second-quarter results, July 24, 2013, www.cpr.ca
15. CP's Harrison says safety not compromised by cost-cutting, July 24, 2013, www.globeandmail.ca

in carloadings. Operating income increased six per cent to C\$1,042 million. Operating ratio improved by 0.4 of a point to 60.9 per cent. Free cash flow totalled C\$437 million for the first half of 2013, compared with free cash flow of C\$703 million in the comparable period of 2012. Claude Mongeau, president and chief executive officer, said: —We executed strongly during the second quarter, with service and operating metrics on a steady improvement trend. This performance underscores our agenda of Operational and Service Excellence, which is key to achieve solid revenue growth at low incremental cost.

9. CN declares third-quarter 2013 dividend

CN announced on July 22, 2013 that its Board of Directors has approved a third-quarter 2013 dividend on the Company's common shares outstanding. A quarterly dividend of forty-three cents (C\$0.43) per common share will be paid on Sept. 30, 2013, to shareholders of record at the close of business on Sept. 9, 2013.

10. Oil shipments bolster CN gains

CN reported a 14-per-cent jump in earnings, as oil-by-rail revenue surged 150 per cent amid relatively weak growth in some other areas. CN showed a profit of \$717-million, or \$1.69 a share, in the second quarter of 2013, surpassing analysts' expectations. The profit was a sharp increase from the year-earlier period, when CN posted profit of \$631-million, or \$1.44.

11. Transport Canada announces emergency directive to increase rail safety

On July 23, 2013, Transport Canada announced an [emergency directive](#) pursuant to section 33 of the *Railway Safety Act* to increase rail safety, effective immediately. It requires all rail operators to: Ensure that no locomotive attached to one or more loaded tank cars transporting dangerous goods is operated with fewer than two qualified persons on a main track or sidings; Ensure that no locomotive attached to one or more loaded tank cars transporting dangerous goods is left unattended on a main track; Ensure, within five days of the issuance of the directive, that all unattended controlling locomotives on a main track and sidings are protected from unauthorized entry into the cab; Ensure the directional controls, commonly known as reversers, are removed from any unattended locomotives, preventing them from moving forward or backward, on a main track or sidings; Ensure that their company's special instructions on hand brakes are applied to any locomotive attached to one or more cars that is left unattended for more than one hour on a main track or sidings; and Ensure that, in addition to complying with their company's special instructions on hand brakes referred to in the item immediately above, the automatic brake is set in full service position and the independent brake is fully applied for any locomotive attached to one or more cars that are left unattended for one hour or less on a main track or sidings.

12. CN will adjust safety practices to comply with Transport Canada directive

CN said on July 23, 2013, that it would adjust its safety practices to comply with Transport Canada's Section 33 Directive issued under the *Railway Safety Act*. It agrees with the directive.

13. STB Revises Relief Caps for Shippers in Smaller Rail Rate Cases

The U.S. Surface Transportation Board has revised its rules regarding railroad rate reasonableness for small and medium-sized shippers' rate disputes, as part of Rate Regulation Reforms,

14. Canadian Pacific reports record second-quarter results

On July 24, 2013, Canadian Pacific Railway Limited announced record Q2 2013 results that continues to highlight the significant progress in its transformational journey. In sum: total revenues were \$1.5 billion, an increase of 10 per cent and a quarterly record; operating expenses were \$1.1 billion, a decrease of 4 per cent; operating income was \$420 million, an increase of 76 per cent; and operating ratio was 71.9 per cent, a 1,060 basis-point improvement and an all-time quarterly record. Reported net income in the second-quarter was \$252 million, or \$1.43 per diluted share, versus \$103 million, or \$0.60 per share, in the second-quarter 2012. This represents a 138 per cent year-over-year improvement in earnings per share.

15. CP's Harrison says safety not compromised by cost-cutting

Canadian Pacific Railway Ltd. management has come out swinging against concerns that the company is sacrificing safety in its breakneck effort to improve efficiency and financial performance by slashing jobs even as it transports increasing amounts of industrial goods such as oil by rail. Chief operating officer Keith Creel said CP is actually bolstering its safety and inspection policies. "Contrary to what some have suggested, or like to assume, the root causes of our track derailments were not the result of, or even remotely connected to, cutting back assets, be they manpower or the capital we have invested to keep our infrastructure safe at CP. The facts are we have not reduced the workforces that maintain and inspect our track. We have not reduced our inspection standards. We made them more rigid and we actually increased our capital investment."

HIGHWAY TRANSPORTATION

1. For-hire Motor Carrier Freight Services Price Index, first quarter 2013

The For-hire Motor Carrier Freight Services Price Index increased 0.9% in the first quarter from the fourth quarter 2012. The general freight trucking component went up 1.4% and the specialized freight trucking component increased 0.4%.

2. Couriers and Messengers Services Price Index, May 2013

The Couriers and Messengers Services Price Index decreased 0.5% in May 2013 compared with April 2013. The courier portion fell 0.7% while the local messenger component declined 0.2%. The index increased 1.8% in May compared with the same month in 2012.

3. Canada, US calling for review of empty trailer repositioning rules

For several years, the CTA and the American Trucking Associations have been seeking the ability for foreign drivers to reposition foreign empty trailers in both countries. Currently, the only way this is permissible is if the trailer is the same one that enters or leaves the other country. According to the two associations, the rules are a throwback to a time before modern logistics practices, larger trailer pools and the rise of distribution centres. The Government of Canada has said it is prepared to make the change to permit US drivers to reposition empty US trailers in Canada if reciprocal treatment is allowed. The US may be more willing now. Further, it is pointed that this is not to be confused with cabotage.

4. Average Driver Age Higher Than Previously Thought

New data from the National Household Survey (NHS) has found that the average age of a truck driver is 46, higher than the previous age of 44, and significantly higher than the national average of 41.5.

5. ATA Says Competition for Drivers Remains High

The turnover rate at large and small truckload carriers rose as a result of the improving economy and continued competition for well-trained, professional drivers, according to the American Trucking Associations' Trucking Activity Report. "Our data shows that competition for drivers across the industry remains high," said Bob Costello, ATA's chief economist, in a written statement. "It is our fear that this competition for drivers may be exacerbated by losses in productivity caused by recent regulatory changes such as the new hours of service rules."

6. Transport Canada collaborates with Federal Motor Carrier Safety Administration and others to launch interactive driver fatigue management tool

On July 18, 2013, the Honourable Lisa Raitt, Minister of Transport, and Anne S. Ferro, Administrator of the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA), announced the launch of the North American Fatigue Management Program (NAFMP), a website that provides training and education on commercial bus and truck driver fatigue management.

7. Large Urban Transit, May 2013

Total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit systems rose 5.2% from the same month a year earlier to \$264.3 million in May 2013. Over the same period, ridership levels increased 1.0% to 135.0 million passenger trips.

8. Couriers and Messengers Services Price Index, June 2013

The Couriers and Messengers Services Price Index decreased 0.3% in June 2013 compared with May 2013. The courier portion fell 0.5% while the local messenger component advanced 0.4%. The index increased 1.6% in June compared with the same month in 2012.

HIGHWAY TRANSPORTATION Canada

1. For-hire Motor Carrier Freight Services Price Index, first quarter 2013, June 28, 2013, www.statcan.gc.ca

2. Couriers and Messengers Services Price Index, May 2013, June 28, 2013, www.statcan.gc.ca

3. Canada, US calling for review of empty trailer repositioning rules, June 28, 2013, www.ctl.ca

4. Average Driver Age Higher Than Previously Thought, July 9, 2013, www.todaystrucking.com

5. ATA Says Competition for Drivers Remains High, July 12, 2013, www.joc.com

6. Transport Canada collaborates with Federal Motor Carrier Safety Administration and others to launch interactive driver fatigue management tool, July 18, 2013, www.tc.gc.ca

7. Large Urban Transit, May 2013, July 24, 2013, www.statcan.gc.ca

8. Couriers and Messengers Services Price Index, June 2013, July 25, 2013, www.statcan.gc.ca

US

1. Freight Shipments Rose 1.2% in May from April, July 10, 2013, www.dot.gov

GENERAL TRANSPORTATION

Canada

1. Tourism Satellite Account: Human Resource Module, 2012

The number of jobs in tourism industries rose 1.5% to 1.7 million in 2012. These jobs, which include both employee jobs and jobs from self-employment, represented 9.4% of the 17.9 million jobs in Canada. The growth in the number of jobs in tourism outpaced the 1.0% increase in jobs in the total economy during the year. Air transportation (+7.7%) and food and beverage services (+2.3%) led in terms of job growth in 2012. More modest gains were recorded in transportation industries other than air (+1.3%) and accommodation (+0.5%).

2. Canadian manufacturers positive about global economic outlook

Almost half of Canadian manufacturers are more optimistic than their international counterparts about the global economy in the next two years but also believe the sector has some obstacles to overcome to remain competitive, according to a KPMG survey.

3. Travel between Canada and other countries, May 2013

Travel to Canada rose 2.4% in May 2013 to 2.1 million trips, led by an increase in trips from the United States. Just over 1.7 million visitors came to Canada from the United States in the month, up 2.9% from April, 2013. Canadians took 5.4 million trips abroad in May 2013, up 0.4% from April 2013. Travel to the places other than the US declined 0.3% to 796,000.

Canada

1. Tourism Satellite Account: Human Resource Module, 2012, July 5, 2013, www.statcan.gc.ca
2. Canadian manufacturers positive about global economic outlook, July 10, 2013, www.ctl.ca
3. Travel between Canada and other countries, May 2013, July 18, 2013, www.statcan.gc.ca

US

Publications

1. Spending on Transport Infrastructure: 1995-2011, July 2013, ITF, www.cemt.org