

Transportation Information Update*

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AIR TRANSPORTATION

1. New direct flights between Ottawa and Fort Lauderdale

Air Canada announced on March 28, 2014 that every Monday and Saturday from July 5 to September 1st 2014, Air Canada will offer direct non-stop flights between Ottawa and Fort Lauderdale, Florida.

2. Air Freight Markets Continue Recovery

The International Air Transport Association (IATA) released data for global air freight markets for February 2014 showing a 2.9% increase in demand compared to February 2013. The first two months of 2014 have seen an overall 3.6% improvement in demand over the previous year. This continues the strengthening in cargo markets which began in the second half of 2013.

3. WestJet reports March load factor of 84%

WestJet on April 3, 2014 announced a load factor of 84.0 per cent for March 2014. The load factor was down 2.1 points compared to the same month a year ago. Revenue passenger miles (RPMs), or traffic, increased 3.9 per cent year-over-year, and capacity, measured in available seat miles (ASMs), grew 6.6 per cent over the same period.

4. Air Canada Reports March Traffic Results and Provides Updates for the First Quarter and Full Year 2014

For the month of March 2014, Air Canada reported a system wide traffic growth of 1.4 per cent on a capacity increase of 3.6 per cent. Air Canada's system load factor was 81.7 per cent, versus 83.5 per cent in March 2013, a decrease of 1.8 percentage points.

5. Porter Airlines and SATA Airlines announce partnership

Porter Airlines and SATA Airlines have signed an interline agreement facilitating a new travel experience between Canada and Portugal.

6. Solid Demand for Air Travel Continues

The International Air Transport Association (IATA) announced global passenger traffic results for February 2014 showing demand growth of 5.4% compared to February 2013. Although this represented a slowdown compared to the January traffic increase of 8.2%, cumulative traffic growth for the first two months of 2014 was 6.9%, which compares favourably with the 5.2% overall growth achieved in 2013. February 2014 capacity rose 5.2% and load factor climbed 0.2 percentage points to 78.1%. All regions except Africa experienced positive traffic growth.

7. Singapore Targets 11 Forwarders in Air Cargo Price-Fixing Probe

On April 1 2014, DHL Global Forwarding was named by Singapore's competition watchdog as one of 11 forwarders involved in price-fixing of Japan to Singapore shipments between 2002 to 2007. The Watchdog said the economic effects of its activities were "minimal."

8.. US Air joins American's joint European venture

US Airways has officially joined the trans-Atlantic joint venture

AIR TRANSPORTATION

Canada

1. New direct flights between Ottawa and Fort Lauderdale, March 28, 2014, www.aircanada.ca
2. Air Freight Markets Continue Recovery, April 2, 2014, www.iata.org
3. WestJet reports March load factor of 84%, April 3, 2014, www.westjet.ca
4. Air Canada Reports March Traffic Results and Provides Updates for the First Quarter and Full Year 2014, April 3, 2014, www.aircanada.ca
5. Porter Airlines and SATA Airlines announce partnership, April 3, 2014, www.flyporter.com
6. Solid Demand for Air Travel Continues, April 3, 2014, www.iata.org
7. Singapore Targets 11 Forwarders in Air Cargo Price-Fixing Probe, April 3, 2014, www.joc.com
8. US Air joins American's joint European venture, April 3, 2014, www.americanshipper.com
9. Air Canada forecasts stronger-than-expected Q1 earnings, April 3, 2014, www.nationalpost.ca
10. Civil aviation operating and financial statistics, 2012, April 4, 2014, www.stacan.gc.ca
11. Aircraft movement statistics: Major airports, January 2014, April 7, 2014, www.statcan.gc.ca
12. Air Canada Announces Proposed Financing Transaction, April 7, 2014, www.aircanada.ca
13. Air Canada is the First Canadian Airline to Offer Customers Wi-Fi Connectivity on board Aircraft across North America, April 9, 2014, www.aircanada.ca
14. Air Canada Announces Pricing of Upsized Offering of Unsecured Notes, April 10, 2014, www.aircanada.ca
15. Stronger Laws for Unruly Passengers, April 10, 2014, www.iata.org
16. WestJet Encore heads to Kamloops, April 11, 2014, www.westjet.ca
17. We're on our way Penticton, April 11, 2014, www.westjet.ca
18. WestJet, WestJet Vacations brands of the year- again, April 16, 2014, www.westjet.ca
19. Air Canada Successfully Completes US\$400 Million Unsecured Financing, April 15, 2014, www.aircanada.ca

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

among American Airlines, British Airways, Iberia and Finnair, marking yet another significant step toward the full integration of American and US Air. American, British Airways and Iberia established the joint venture, which allows the carriers to cooperate on trans-Atlantic services and also lets them coordinate schedules and pricing, in October 2010.

9. Air Canada forecasts stronger-than-expected Q1 earnings

Air Canada said on April 3, 2014 that it now expects its first quarter 2014 results to be roughly in line with last year after its revenue performance was stronger than expected and it implemented cost cutting measures during the quarter to offset harsh winter weather and a weak loonie.

10. Civil aviation operating and financial statistics, 2012

Operating and financial data on civil aviation are now available for 2012 on Statistics Canada website (www.statcan.gc.ca)

11. Aircraft movement statistics: Major airports, January 2014

Aircraft take-offs and landings at Canadian airports with NAVCANADA air traffic control towers and flight service stations decreased 4.0% in January 2014 from the same month a year earlier. These 92 airports reported 345,089 movements in January 2014 compared with 359,485 movements at 93 airports in January 2013.

12. Air Canada Announces Proposed Financing Transaction

Air Canada on April 7, 2014 announced a private offering of US\$300 million aggregate principal amount of senior unsecured notes (the "Notes"). Air Canada intends to use the net proceeds from the offering for general corporate purposes. The Notes will be senior unsecured obligations of Air Canada and will be guaranteed on a senior unsecured basis by one of Air Canada's subsidiaries.

13. Air Canada is the First Canadian Airline to Offer Customers Wi-Fi Connectivity on board Aircraft across North America

Air Canada, the first Canadian carrier to offer customers in-flight Wi-Fi connectivity, plans to begin rolling out connectivity across its North American fleet in May 2014 under an agreement with Gogo®. The agreement will also provide for future type-testing of Gogo satellite solutions for Wi-Fi on international flights.

14. Air Canada Announces Pricing of Upsized Offering of Unsecured Notes

Air Canada announced on April 10, 2014 that it has priced its previously announced private offering of senior unsecured notes. The offering was upsized from the previously announced US\$300 million aggregate principal amount as Air Canada entered into a purchase agreement with a syndicate of initial purchasers relating to US\$400 million of 7.75% senior unsecured notes due 2021.

15. Stronger Laws for Unruly Passengers

The International Air Transport Association (IATA) is calling on governments to ratify important changes to the Tokyo Convention 1963 which were agreed at a diplomatic conference in the first week of Montreal. The Tokyo Convention provides the legal framework for dealing with passengers whose unruly or disruptive behaviour leads to physical assault or poses a threat to the safety of a flight. The changes, along with the measures already being taken by airlines, will provide an effective deterrent for unacceptable behaviour on board aircraft.

16. WestJet Encore heads to Kamloops

On April 11, 2014 Westjet announced the launch of daily, non-stop WestJet Encore service between Edmonton and Kamloops, starting February 15, 2015.

17. We're on our way Penticton

WestJet announced Penticton, B.C., as its newest destination on April 11, 2014. Non-stop service between Penticton and Calgary takes off October 26, 2014.

18. WestJet, WestJet Vacations brands of the year—again

WestJet on April 16, 2014 announced that WestJet Airlines and WestJet Vacations received the highest equity scores among airline and vacation package supplier brands included in the 2013 Harris Poll Canada EquiTrend® Study. This is the third consecutive year WestJet has received top marks and the second for WestJet Vacations in its category, introduced in 2012.

20. Aircraft movement statistics: Small airports, December 2013, April 16, 2014, www.statcan.gc.ca

21. Canadian North, First Air merger plan under scrutiny over fears tie-up would hike fares and cut flights, April 16, 2014, www.nationalpost.ca

22. New interline baggage rules for international flights to and from Canada : a transparent, harmonized regime for passengers and industry, April 16, 2014, www.cta-otc.ca

23. WestJet launches more non-stop service from YYC, April 27, 2014, www.westjet.ca

24. Porter introduces new summer route between Stephenville and Halifax, April 23, 2014, www.flyporter.com

US

1. February Airline On-Time Performance Down From Previous Year, Up from January, April 10, 2014, www.dot.gov

2. 4th-Quarter 2013 Domestic Air Fare Up 0.3% from 4th Quarter 2012 (Adjusted for Inflation), April 22, 2014, www.dot.gov

3. Domestic airlines see mixed cargo results, April 23, 2014, www.americanshipper.com

19. Air Canada Successfully Completes US\$400 Million Unsecured Financing

Air Canada announced on April 15, 2014 that it has completed its previously announced private offering of US\$400 million of 7.75% senior unsecured notes due 2021. Air Canada received net proceeds of approximately C\$432 million from the sale of the Notes and will use these proceeds for general corporate purposes.

20. Aircraft movement statistics: Small airports, December 2013

In December 2013, 131 airports without air traffic control towers reported 35,758 movements (take-offs and landings). Moosonee, Ontario (2,737 movements) and Goose Bay, Newfoundland and Labrador (2,211 movements) were the most active sites.

21. Canadian North, First Air merger plan under scrutiny over fears tie-up would hike fares and cut flights

The potential merger between Canadian North and First Air will be examined carefully due to its impact on competition and airfares in the remote northern communities the carriers serve. Passengers in northern Canada already face exorbitant prices for airfares relative to their neighbors in the south, primarily due to a lack of competition. Besides the two carriers there are very few smaller operators providing service to communities.

22. New interline baggage rules for international flights to and from Canada: a transparent, harmonized regime for passengers and industry

In a decision issued on April 16, 2014 ([Decision No. 144-A-2014](#)), the Agency determined that, for international itineraries involving multiple air carriers to and from Canada, purchased on a single ticket issued on or after October 1, 2014, carriers should: 1) apply a single set of baggage rules to the entire itinerary; and 2) disclose the applicable rules on the itinerary receipt or e-ticket.

23. WestJet launches more non-stop service from YYC

WestJet on April 27, 2014 launched new daily non-stop service from Calgary International Airport to New York (JFK) and Prince George, B.C., with inaugural flights departing at 10:35 a.m. and 10 p.m. MDT respectively.

24. Porter introduces new summer route between Stephenville and Halifax

Porter Airlines is introducing seasonal service between Stephenville, NL, and Halifax. From June 28, 2014 to August 31, 2014 Porter will operate one weekly round-trip flight.

WATER TRANSPORTATION

1. Seaway opens 56th Navigation Season

The St. Lawrence Seaway Management Corporation (SLSMC) marked the opening of the Seaway's 56th navigation season on March 30, 2014, with the transit of Algoma Central Corporation's newly built ship, the Algoma Equinox.

2. Evergreen joins CKYH alliance

Evergreen Line will join with members of the CKYH alliance -- COSCO, "K" Line, Yang Ming and Hanjin -- in operating container services to the United States East Coast. It's the latest mega-alliance among container carriers planning to start service to the United States. A vote last month by the Federal Maritime Commission will allow the planned P3 Network of Maersk, MSC and CMA CGM to operate in the U.S. if other regulators around the world also give their blessing.

3. FMC allows G6 Alliance to expand scope

The Federal Maritime Commission said on April 2, 2014 that it has concluded its review of the proposed amendment to the G6 Alliance Agreement and will allow the vessel-sharing agreement to expand into trade between the Far East and the U.S. West Coast, and between North Europe and all U.S. coasts. The Commission's unanimous decision, based on a determination that the agreement "is not likely at this time, by a reduction in competition, to produce an unreasonable increase in transportation."

4. Port of Metro Vancouver - Accumulated Container Traffic - Year to Date

The Port of Metro Vancouver reported its year to date container traffic for February 2014. For the first two months of 2014, the total number of TEUs moved were 445,569 down 0.5% compared to the same period a year ago. Imports declined by 0.7% and exports declined by 0.3%

5. Government of Canada acts to raise trucker rates at Port Metro Vancouver

The Honourable Lisa Raitt, Minister of Transport, on April 4, 2014 announced that the Government of Canada has brought in new regulations to increase the rates paid to truckers at Port Metro Vancouver, delivering on its commitment to support the resumption of full operations at the port.

6. FMC Gives The Go-Ahead To G6 Alliance

In the first week of April, 2014 the U.S. Federal Maritime Commission unanimously voted to allow the G6 Alliance to expand into the Asia-U.S. West Coast and trans-Atlantic routes.

7. Prince Rupert Port Authority - Monthly Traffic Report: March 2014 and Y-T-D

The Port of Prince Rupert reported its traffic results for March 2014. Total traffic in terms of TEUs increased 22.66% for March 2014. Its Y-T-D traffic shows a decline of 4.89%. For the month of March 2014 inbound traffic (imports) increased by 44.93% and outbound traffic (exports) increased by 2.9% in terms of TEUs. Y-T-D statistics show that imports increased by 5.10% and exports declined by 16.87%.

8. Government of Canada continues progress on new bridge for the St. Lawrence and awards contract for 3D terrain modelling and land surveying services

On April 9, 2014, the Government of Canada awarded a contract for 3D terrain modelling and land surveying services for the new bridge for the St. Lawrence. The contract, in the amount of \$290,311.88 (taxes included), has been awarded to Consortium Perron, Hudon, Bélanger

WATER TRANSPORTATION Canada

1. Seaway opens 56th Navigation Season, March 30, 2014, www.ctl.ca
2. Evergreen joins CKYH alliance, Ap. 1, 2014, www.americanshipper.com
3. FMC allows G6 Alliance to expand scope, April 3, 2014, www.americanshipper.com
4. Port of Metro Vancouver - Accumulated Container Traffic - Year to Date, April 1, 2014, www.portmetrovancover.com
5. Government of Canada acts to raise trucker rates at Port Metro Vancouver, April 4, 2014, www.tc.gc.ca
6. FMC Gives The Go-Ahead To G6 Alliance, April 7, 2014, www.portofmontreal.ca
7. Prince Rupert Port Authority - Monthly Traffic Report: March 2014 and Y-T-D, April 8, 2014, www.rupertport.ca
8. Government of Canada continues progress on new bridge for the St. Lawrence and awards contract for 3D terrain modelling and land surveying services, April 9, 2014, www.tc.gc.ca
9. Atlantic Truckers 'Held Hostage' by Rate Increase for Poor Ferry Service, April 2, 2014, www.cantruck.ca
10. Declining Market Share Prompts LA-LB Merger Proposal, April 9, 2014, www.joc.com
11. Canadian grain handlers say they will expand facilities, April 14, 2014, www.portofmontreal.ca
12. Government of Canada invests in Northern Ontario border crossing at the Sault Ste. Marie International Bridge, April 14, 2014, www.tc.gc.ca
13. Another Canadian Official Slams Proposed US Cargo Tax, April 23, 2014, www.joc.com
14. Port of Metro Vancouver - Accumulated Container Traffic - Year to Date - March 2014, www.portmetrovancover.com
15. 2014 Cruise Season Shows Continued Strength, April 28, 2014, www.portmetrovancover.com

and Consultants SM. It includes the following activities: aerial photography, surveys and data collection.

9. Atlantic Truckers 'Held Hostage' by Rate Increase for Poor Ferry Service

Atlantic Canada's truckers will pay more for ferry service to Newfoundland and Labrador as of April 1, 2014 despite having endured months of sub-standard service, the Atlantic Provinces Trucking Association says. Marine Atlantic Inc. -- which has cancelled more than 23 sailings since January 2014 -- hiked its rates by 3% for the 2014/15 season. The Crown Corporation's fees have increased 11% since 2012.

10. Declining Market Share Prompts LA-LB Merger Proposal

The Los Angeles 2020 Commission on April 9, 2014 urged the rival ports of Los Angeles and Long Beach to merge in light of declining market share.

11. Canadian grain handlers say they will expand facilities

Three Canadian grain handlers said they will expand facilities to handle the country's crops, after a record-smashing harvest overwhelmed the transportation system. Viterra, owned by Glencore Xstrata, said it will spend CAD100 million (US 92 m.) to boost grain shipping through Port Metro Vancouver, while CWB, formerly known as the Canadian Wheat Board, said it is building a second Western Canadian grain elevator.

12. Government of Canada invests in Northern Ontario border crossing at the Sault Ste. Marie International Bridge

The Honourable Lisa Raitt, Minister of Transport, on April 14, 2014 toured the Sault Ste. Marie International Bridge border crossing where she announced additional funding for the redevelopment of the Canadian plaza.

13. Another Canadian Official Slams Proposed US Cargo Tax

The Canadian ambassador to the U.S. on April 22, 2014 said the United States should use all of its harbor maintenance taxes for U.S. port work and shouldn't impose a fee on U.S.-bound containers coming through Mexican and Canadian ports.

14. Port of Metro Vancouver - Accumulated Container Traffic – Year to Date – March 2014

The Port of Metro Vancouver reported its year to date container traffic for March 2014. For the first three months of 2014, the total number of TEUs moved were 638,261 down 0.7% compared to the same period a year ago. Imports increased by 6.4% (to 373,990 TEUs) and exports declined by 9.3% (to 264,271 TEUs).

15. 2014 Cruise Season Shows Continued Strength

Port Metro Vancouver's 2014 Alaska cruise season began on April 28, 2015 and looks to be on par with a strong season last year as they expect to welcome about 812,000 passengers on 243 calls by 29 cruise ships. In 2013 Port Metro Vancouver welcomed 812,398 passengers on 235 calls by 29 cruise ships, a 22 per cent increase in passengers over 2012.

RAIL TRANSPORTATION

1. Railways should serve all customers not just one industry

Canada requires a customer-responsive rail network. The federal government has a key role to play in establishing and ensuring a well-functioning rail system that serves all of its customers' needs. The effects of meeting one industry's needs by allocating rail capacity at the expense of other industries raises concerns. Rail services do not operate under normal market conditions as do most of manufacturing industries. Railway companies wield significant market power over their customers, many of whom are captive to either CN or CP.

2. Canada, US Rail Proposals Could Lower Prices But Hurt Service
Some U.S. and Canadian railcar shippers could get some pricing relief if efforts in Washington, D.C., and Ottawa to change switching rules take effect.

3. Rail policy in Canada is on the wrong track

This article raises questions about the proposed interswitching regulations in the recent bill introduced by the government. If circumstances, such as market abuse, have somehow arisen since the last review to make extended inter-switching necessary, the move should have been preceded by extensive consultation rather than this week's rushed legislation. Past reviews of railways, however, have consistently found that Canada enjoys the lowest freight rates in the world and that the railways do not discriminate between shippers. Extended inter-switching will certainly cause numerous problems with railway revenue under the existing revenue cap regime. Although the new inter-switching revenue will be included in CN or CP's railway revenue, it is in effect a switching operation and the revenue will have no offset to the cap's ingredients of miles and tonnes.

4. CP's President & COO Keith Creel addresses Agriculture Standing Committee Hearing in Ottawa on Bill C-30

On April 1, 2014, Canadian Pacific's President and Chief Operating Officer Keith Creel provided his comments on Bill C-30 to the Standing Committee on Agriculture. Mr. Creel encouraged the Committee to consider the serious capacity constraints within the current grain supply chain and highlighted that interswitching would worsen the situation for the movement of Canadian grain to markets. "The reality is the current grain supply chain, of which rail is only one component, cannot move these extraordinary volumes over this short period of time," said Creel. "We need solutions that will increase throughput of grain from farm to ship."

5. STB to Hold Hearing Addressing Shippers' Rail Service Complaints

Following many shippers' complaints of poor rail service, the U.S. Surface Transportation Board said on April 1, 2014 that it will hear on April 10, 2014 from Class I carriers and their customers on what can be done to improve service.

6. Canadian shippers say they are seeking ways to work with railways to address transportation challenges

A group representing the shippers of more than 60 per cent of the goods moved on Canada's rail system is urging the railways to work with them on a customer-based approach to improve service.

7. Transport Minister Lisa Raitt on why Ottawa wants Canada's grain to head south

The Minister responded to several questions on the recent rail amendments. One of them was:

Q What measures were taken to ensure expanding the regulated interswitching radius [which allow shippers to transport goods from one railway to another railway at a fixed rate] from 30 km to 160 km would not create an undue burden on Canadian railways or open them up to poaching by U.S. railways?

A Our officials obviously took a look at the issues with respect to interswitching, and it's a historical piece of policy. It was originally intended to ensure that the railway companies didn't overbuild in urban areas. What they

RAIL TRANSPORTATION Canada

1. Railways should serve all customers not just one industry, March 28, 2014, www.nationalpost.ca
2. Canada, US Rail Proposals Could Lower Prices But Hurt Service, March 31, 2014, www.joc.com
3. Rail policy in Canada is on the wrong track, March 28, 2014, www.nationalpost.ca
4. CP's President & COO Keith Creel addresses Agriculture Standing Committee Hearing in Ottawa on Bill C-30, April 1, 2014, www.cpr.ca
5. STB to Hold Hearing Addressing Shippers' Rail Service Complaints, April 1, 2014, www.joc.com
6. Canadian shippers say they are seeking ways to work with railways to address transportation challenges, April 1, 2014, www.ctl.ca
7. Transport Minister Lisa Raitt on why Ottawa wants Canada's grain to head south, April 4, 2014, www.nationalpost.ca
8. Commercial incentives and supply chain collaboration are key to helping move more grain: CN pres Mongeau, April 9, 2014, www.ctl.ca
9. Transport Canada takes action at six Ottawa railway crossings, April 10, 2014, www.tc.gc.ca
10. Government of Canada extends federal subsidy for the Algoma Central Railway passenger rail service, April 14, 2014, www.tc.gc.ca
11. Transport Canada takes action in response to TSB's initial Lac-Mégantic recommendations, April 23, 2014, www.tc.gc.ca
12. US Intermodal Growth Pegged to Rail Recovery, April 24, 2014, www.joc.com
13. Harper government launches Rail Safety Week with new funding for railway crossing improvements, April 27, 2014, www.tc.gc.ca
14. Higher Fuel Costs and Lower Dollar Result in Above Average Increase in the Volume-Related Composite Price Index for Crop Year 2014-2015, April 28, 2014, www.cta-otc.gc.ca

said was if you haul to an interswitch point, it's a regulated rate and you can take some other rail for the long-haul. That's the basic premise of it. But things really have changed. Nobody is building rail around urban places to the extent they were when the country was first getting up and going in terms of rail transportation. But we do have this situation where 94% of grain elevators, for example, in the Prairies only have access to one line because the other rail lines are well outside of the 30 km interswitch point.

Moving grain through all corridors is important. So increasing the interswitching limits from 30 km to 160 km allows other companies, including those in the U.S., to move grain through the North-South corridor. Further, this is a time-limited thing. This isn't a thing that is going to be there forever. We put a maximum 24 months on all of these provisions and we're going to see how it works.

8. Commercial incentives and supply chain collaboration are key to helping move more grain: CN pres Mongeau

Claude Mongeau, president and chief executive officer of CN said on April 9, 2014 that Canada's grain handling and transportation system can only succeed in efficiently moving more grain to market if commercial incentives align the supply chain and if all supply chain participants are held accountable for their performance.

9. Transport Canada takes action at six Ottawa railway crossings

The Honourable Lisa Raitt, Minister of Transport, on April 10, 2014 issued a Section 31 Notice and Order to VIA Rail to immediately address safety issues at six railway crossings in the Barrhaven community of Ottawa. Under the authority of the *Railway Safety Act*, the Minister is taking key measures to protect the safety of pedestrians and motorists that use these railway grade crossings. As a result of these measures VIA Rail must: have flagmen on site around the clock at the six affected crossings to provide manual crossing protection for all freight and passenger trains; and develop a long-term plan to manage safety at these railway crossings.

10. Government of Canada extends federal subsidy for the Algoma Central Railway passenger rail service

The Honourable Lisa Raitt, Minister of Transport, announced on April 14, 2014 that the Government of Canada will extend its \$2.2-million federal subsidy to CN for the operation of the Algoma Central Railway (ACR) passenger rail service between Sault Ste. Marie and Hearst, Ontario until March 31, 2015. The one-year extension of federal support for the operation of the ACR passenger rail service will give affected stakeholders as well as local municipal leaders more time to make arrangements for the development of a sustainable long-term solution for the ACR passenger rail service.

11. Transport Canada takes action in response to TSB's initial Lac-Mégantic recommendations

The Honourable Lisa Raitt, Minister of Transport, on April 23, 2014 announced decisive actions to address the Transportation Safety Board of Canada's initial recommendations regarding the ongoing investigation into the Lac-Mégantic train derailment. Effective immediately, Transport Canada will: 1) Issue a Protective Direction removing the least crash-resistant DOT-111 tank cars from dangerous goods service; 2) Require DOT-111 tank cars used to transport crude oil and ethanol that do not meet the standard published in January 2014 in *Canada Gazette*, Part I, or any other future standard, to be phased out or refitted within three years; 3) Issue a Protective Direction requiring Emergency Response Assistance Plans for crude oil, gasoline, diesel, aviation fuel, and ethanol; 4) Create a task force that brings stakeholders such as municipalities, first responders, railways and shippers together to strengthen emergency response capacity across the country; and 5) Require railway companies to reduce the speed of trains carrying dangerous goods and implement other key operating practices.

12. US Intermodal Growth Pegged to Rail Recovery

U.S. intermodal should see another year of robust demand, provided that rail service recovers following service disruptions in the first quarter, according to an executive from Hub Group.

13. Harper government launches Rail Safety Week with new funding for railway crossing improvements

The Harper government on April 27, 2014 launched Rail Safety Week with new funding to improve railway crossings. This year, Transport Canada will provide more than \$9.2 million for improvements at over 600 railway crossings across the country through its Grade Crossing Improvement Program (GCIP).

14. Higher Fuel Costs and Lower Dollar Result in Above Average Increase in the Volume-Related Composite Price Index for Crop Year 2014-2015

The Canadian Transportation Agency has announced a 4.2 percent increase in the Volume-Related Composite Price Index (VRCPI), which is used in determining the maximum revenue entitlement for the Canadian National Railway Company (CN) and the Canadian Pacific Railway Company (CP) for the movement of western grain. Decision No. 150-R-2014 sets the index at 1.3219 for the 2014-2015 crop year beginning August 1, 2014.

HIGHWAY TRANSPORTATION

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

The For-hire Motor Carrier Freight Services Price Index increased 0.9% in the fourth quarter of 2013 from the third quarter of 2013. The general freight trucking component rose 1.2% while the specialized freight trucking component advanced 0.7%. Year over year, the index rose 1.6% in the fourth quarter compared with the same quarter of 2012.

2. Ontario Government Proceeding with Biodiesel Mandate

The Ontario Government on March 31, 2014 published a notice in the Environmental Registry stating that it had decided to proceed with regulations imposing a provincial biodiesel mandate which will come into force starting April 1, 2014. In its initial December 2013 proposal, the Ontario Ministry of the Environment (MOE) called for an annual average of 2% biofuel content in all diesel fuel sold in the province for the period of April 2014 to December 31 2015; followed by an annual average of biofuel content of 4% biodiesel starting after 2016. The regulation published on April 1, 2014 delays full implementation by one year and includes a 3% intermediary phase before the 4% mandate takes effect in 2017. Northern Ontario will not be included in the mandate until 2017.

3. Frontier Supply Chain Solutions Inc. (Frontier) has launched a new evening delivery service in Canada.

The new service, called After 5PM Delivery, will allow Frontier customers the ability to schedule the shipment of packages between the hours of 5:00pm and 9:00pm across Canada.

4. Moving Ontario Forward With Large New Investment

On April 14, 2014, Premier Kathleen Wynne announced the Ontario government's plan to build a seamless and integrated transportation network across the province -- *Moving Ontario Forward* -- to create jobs, boost productivity and help every part of Ontario grow and prosper. The robust plan would put in place dedicated and substantial funding for public transit and transportation infrastructure. It would make nearly \$29 billion available over the next 10 years for investment.

5. Large Urban Transit, February 2014

In February 2014, total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit systems rose 2.9% from the same month in 2013 to \$272.9 million. Over the same period, ridership levels fell 0.2% to 135.9 million passenger trips.

6. Two of Five Modes Carried More U.S.-NAFTA Trade in February 2014 than in February 2013

Two of five transportation modes – truck and pipeline – carried more U.S.-NAFTA trade in February 2014 than in February 2013, according to the TransBorder freight data released on April 23, 2014 by the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS). Trade using truck grew the most of any mode, 2.6 percent, as the value of overall U.S. trade with its North American Free Trade Agreement (NAFTA) partners Canada and Mexico rose 1.3 percent from year to year.

HIGHWAY TRANSPORTATION Canada

1. For-hire Motor Carrier Freight Services Price Index, fourth quarter 2013, March 31, 2014, www.statcan.gc.ca
2. Ontario Government Proceeding with Biodiesel Mandate, April 1, 2014, www.ontruck.org
3. Frontier Supply Chain Solutions Inc. (Frontier) has launched a new evening delivery service in Canada., April 14, 2014, www.cfl.ca
4. Moving Ontario Forward With Large New Investment, April 14, 2014, www.mto.gov.on.ca
5. Large Urban Transit, February 2014, April 23, 2014, www.statcan.gc.ca
6. Two of Five Modes Carried More U.S.-NAFTA Trade in February 2014 than in February 2013, April 23, 2014, www.dot.gov

US

1. [US] Freight Shipments Rose 1.2% in February [2014] from January [2014], April 9, 2014, www.dot.gov

GENERAL TRANSPORTATION

Canada

1. Canada's Transport Minister in Chicago to discuss the importance of strong transportation networks to international trade and economic prosperity

The Honourable Lisa Raitt, Minister of Transport, was in Chicago on April 25, 2014 where she marked the 20th anniversary of the North American Free Trade Agreement (NAFTA), and addressed the Council of Great Lakes Governors regarding the importance of building the new Detroit River International Crossing (New International Trade Crossing) in order to spur ongoing economic growth in Canada and the United States. She highlighted investments in Canada's Asia-Pacific Gateway, as well as measures to improve rail safety, noting that these actions contribute to the safe and secure movement of goods across all of North America, helping to increase trade, grow the economy and create jobs.

2. Transportation and logistics M & A activity Off to subdued start in 2014: PwC

Merger and acquisition (M&A) activity in the transportation and logistics industry began 2014 on a soft note, with the total volume of deals matching the lowest level seen since the fourth quarter of 2011. Total first quarter deal activity and value were down from the spike in the fourth quarter of 2013, but average deal sizes were generally in line with the past several years, according to PwC US.

Canada

1. Canada's Transport Minister in Chicago to discuss the importance of strong transportation networks to international trade and economic prosperity, April 25, 2014, www.tc.gc.ca

2. Transportation and logistics M & A activity Off to subdued start in 2014: PwC, April 28, 2014, www.ctl.ca