

Transportation Information Update*

“This attached Transportation Information Update was prepared by Joseph Monteiro and Gerald Robertson for the Canadian Transportation Research Forum and distributed to CILTNA’s members with permission”

Editor: Joseph Monteiro*

July 2015, No. 131

Associate Editor: Gerald Robertson*

AIR TRANSPORTATION

1. FedEx seeks EU approval for TNT Express acquisition

FedEx has formally asked European Union competition regulators to approve its 4.4 billion euro bid (\$4.9 billion) for TNT Express two years after they rejected a planned 5.2 billion euro takeover by its U.S. rival United Parcel Service.

2. Updated regulations will facilitate flow of goods, align with international practices

The Honourable Lisa Raitt, Minister of Transport, on June 30, 2015 announced changes to make air cargo screening more efficient in Canada. Approved shippers will be allowed to screen cargo at any point in the secure supply chain—from the location where it is packed to where it is loaded on an aircraft. These changes will provide shippers with more flexibility and help reduce bottlenecks, move goods efficiently, and meet the highest security standards. To benefit from these changes, shippers must apply to Transport Canada. The changes to the *Canadian Aviation Security Regulations, 2012*, were published on June 30, 2015 in the *Canada Gazette*, Part II, and will come into effect on October 17, 2016. In addition to bringing Canada in line with international shipping standards, they will help advance Beyond the Border—the Canada-U.S. Action Plan on Perimeter Security and Economic Competitiveness.

3. Strong Traffic Growth Continues in May

The International Air Transport Association (IATA) announced global passenger traffic results for May 2015 showing strong demand growth compared to May 2014 for both domestic and international traffic. Total revenue passenger kilometers (RPKs) rose 6.9%, which was an improvement on the April year-over-year increase of 5.7%. May 2015 capacity (available seat kilometers or ASKs) increased by 6.5%, and load factor rose 0.3 percentage points to 79.3%.

4. Global air cargo growth slows

Global air cargo traffic grew 2.1 percent in May 2015 from a year ago, the lowest monthly increase in 2015, as volume contracted in North and South America and Europe, according to the International Air Transport Association.

5. Sluggish Air Cargo Growth Continues

The International Air Transport Association (IATA) released data for global air freight markets showing that growth continued to slow in May 2015. Compared to May 2014, growth in freight tonne kilometers (FTK) was 2.1%, the slowest rate this year and outpaced by a capacity expansion of 4.3%. On a year-to-date basis, freight volumes are up 4% on the previous year, but much of that growth was realized in the latter part of 2014.

AIR TRANSPORTATION Canada

1. FedEx seeks EU approval for TNT Express acquisition, June 29, 2015, www.joc.com
2. Updated regulations will facilitate flow of goods, align with international practices, June 30, 2015, www.tc.gc.ca
3. Strong Traffic Growth Continues in May, July 2, 2015, www.iata.org
4. Global air cargo growth slows, July 1, 2015, www.joc.com
5. Sluggish Air Cargo Growth Continues, July 1, 2015, www.iata.org
6. Commission calls for stricter enforcement of passenger rights legislation in Europe, July 3, 2015, www.europa.eu
7. Air Canada Reports June Traffic Results, July 7, 2015, www.aircanada.ca
8. Aircraft movement statistics: Small airports, March 2015, July 7, 2015, www.statcan.gc.ca
9. WestJet reports June traffic results and updates second quarter outlook, July 7, 2015, www.westjet.ca
10. [US] Airlines Report Fourteen Tarmac Delays Over Three Hours on Domestic Flights, Two Tarmac Delays Longer Than Four Hours on International Flights in May, July 7, 2015, www.dot.gov
11. Air Canada Adds Brisbane to its Expanding International Network, July 8, 2015, www.aircanada.ca
12. Plaintiffs in air cargo price-fixing suit awarded class-action status, July 13, 2015, www.joc.com
13. Aircraft movement statistics: Major airports – Annual report, 2014, July 14, 2015, www.statcan.gc.ca
14. WestJet will launch new daily Atlantic Services today, July 15, 2015, www.westjet.com
15. Investment at J. A. Douglas McCurdy Sydney Airport, July 15, 2015, www.tc.gc.ca
16. Transport Canada releases info on changes to Air Cargo Security Program, July 15, 2015, www.ctl.ca
17. Antitrust: Commission fines cargo train operators € 49 million for cartel, July 15, 2015, www.europa.eu

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

6. Commission calls for stricter enforcement of passenger rights legislation in Europe

As millions of European citizens will be travelling during the summer period, on July 3, 2015 the Commission is calling for better application and enforcement of passenger rights legislation in the European Union. As a first remedy, on July 3, 2015 the Commission adopted interpretative guidelines clarifying the existing rules in the rail sector.

7. Air Canada Reports June Traffic Results

For the month of June 2015, Air Canada reported a system-wide capacity increase of 10.5 per cent and a system load factor of 85.4 per cent, versus 85.7 per cent in June 2014. On this additional capacity, system wide traffic for June 2015 increased 10.1 per cent. Calin Rovinescu, President and Chief Executive Officer said "I am pleased to report an increase in traffic of 10.1 per cent, and a load factor of 85.4 per cent for the month of June in line with last year's record for the same period." For the first six months of 2015, system-wide capacity (ASM), traffic (RPM) and load factor were: 38,467m, 31,782m and 82.6. This represented a change of 9.3%, 9.7% and 0.3 points.

8. Aircraft movement statistics: Small airports, March 2015

Take-offs and landings at 122 Canadian airports without air traffic control towers reached 44,465 movements in March 2015. Seven airports, each with more than 1,000 movements, accounted for 29% of the month's activity.

9. WestJet reports June traffic results and updates second quarter outlook

WestJet on July 7, 2015 announced June 2015 traffic results with a load factor of 76.9 per cent, a decrease of 0.5 percentage points year over year. Revenue passenger miles (RPMs), or traffic, increased 7.0 per cent year over year with a more aggressive mix of lower fares, and capacity, measured in available seat miles (ASMs) was 7.6 per cent higher over the same period. WestJet achieved an on-time performance rate of 89.4 per cent in June 2015, an improvement of 3.7 percentage points year over year. In the second quarter of 2015, the airline achieved a load factor of 78.1 per cent, a decrease of 1.5 percentage points year over year, and flew a record 5.0 million guests, a year-over-year increase of 3.9 per cent or approximately 184,000 additional guests. WestJet President and CEO Gregg said "We are pleased with our traffic growth in the second quarter and are committed to keeping our costs low in order to provide affordable air travel for our guests." For the first six months of 2015, its load factor, available seat miles and revenue passenger miles were: 79.9, 13.473 billion and 10.765 billion, representing a change of -1.5 points, 6% and 4% compared to the same period in 2014.

10. [US] Airlines Report Fourteen Tarmac Delays Over Three Hours on Domestic Flights, Two Tarmac Delays Longer Than Four

Hours on International Flights in May [2015]

US Airlines reported 14 tarmac delays of more than three hours on domestic flights and two tarmac delays of more than four hours on international flights in May 2015, according to the U.S. Department of Transportation's Air Travel Consumer Report released July 7, 2015. Ten of the reported tarmac delays involved flights departing from Houston on May 25 during severe weather.

11. Air Canada Adds Brisbane to its Expanding International Network

Air Canada on July 8, 2015 announced the addition of new non-stop flights from Vancouver to Brisbane, Australia. Flights to Brisbane will initially operate three times weekly using Boeing 787-8 Dreamliners beginning June 17, 2016, with the intention to increase to daily service, subject to obtaining the necessary

18. Mergers: Commission approves acquisition of Aer Lingus by IAG, subject to conditions, July 15, 2015, www.europa.eu

19. April 2015 U.S. Airline Traffic Data, July 16, 2015, www.bts.gov

20. Acquisition enhances UPS's luxury item shipping business, July 16, 2015, www.joc.com

21. Minister Raitt advances transportation collaboration with South Korea, July 17, 2015, www.tc.gc.ca

22. Sun, sand and so much more, July 20, 2015, www.westjet.ca

23. Air Canada to Boost Delhi Non-stop Flights to Daily Service, July 17, 2015, www.aircanda.ca

24. Canada concludes new air transport agreements with Nigeria, Mali and Oman, July 20, 2015, www.tc.gc.ca

25. Investment at Canadian Rockies International Airport, July 21, 2015, www.tc.gc.ca

26. Porter Airlines extends its Ontario service into North Bay, July 23, 2015, www.flyporter.com

27. Civil aviation operating statistics, May 2015, July 23, 2015, www.statcan.gc.ca

28. May 2015 Passenger Airline Employment Data, July 23, 2015, www.bts.gov

29. Airport Activity, 2014, July 24, 2015, www.statcan.gc.ca

30. Investment at Northern Rockies Regional Airport, July 24, 2015, www.tc.gc.ca

31. Air Canada Cargo now offering service to Rio de Janeiro, July 27, 2015, www.ctl.ca

32. WestJet increases non-stop service from Edmonton, July 27, 2015, www.westjet.ca

33. WestJet reports record second quarter net earnings, July 28, 2015, www.westjet.ca

34. New options for smaller Canadian airports, July 28, 2015, www.tc.gc.ca

35. Quarterly civil aviation statistics, third quarter 2014, July 29, 2015, www.statcan.gc.ca

36. WestJet Connect takes flight, July 28, 2015, www.westjet.ca

37. Aircraft movement statistics: Major airports, May 2015, July 30, 2015, www.statcan.gc.ca

government approvals.

12. Plaintiffs in US air cargo price-fixing suit awarded class-action status

Shippers seeking damages from cargo airlines accused of price-fixing in the US have been granted class-action status, allowing hundreds of thousands of people to seek damages against the airlines.

13. Aircraft movement statistics: Major airports – Annual report, 2014

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations were relatively unchanged (-0.3%) in 2014 from a year earlier. In 2014, 92 airports reported 5.4 million movements compared with 5.5 million at 93 airports in 2013. This was the sixth consecutive annual drop in movements and the lowest level since 1985. Despite the decline in aircraft movements in recent years, passenger movements have increased as carriers have employed aircraft with more seats and achieved higher load factors.

14. WestJet will launch new daily Atlantic Services today

On July 15, 2015, WestJet will launch new daily non-stop flights from Halifax Stanfield International Airport to Deer Lake and Gander, Newfoundland, and Sydney, Nova Scotia, on board WestJet Encore's fleet of Canadian-made Bombardier Q400 NextGen aircraft. The airline will also inaugurate new daily non-stop service between Moncton, New Brunswick, and Ottawa.

15. Investment at J. A. Douglas McCurdy Sydney Airport

The Honourable Lisa Raitt, Minister of Transport, on July 15, 2015 announced that the Government of Canada is investing \$1,846,152 for the purchase of two aircraft rescue and fire fighting vehicles and associated equipment at the J. A. Douglas McCurdy Sydney Airport. These state-of-the-art rescue and firefighting vehicles will greatly enhance emergency response capability, ensuring continued safe airport operations for flight crews, passengers, and employees.

16. Transport Canada releases info on changes to Air Cargo Security Program

Transport Canada has amended the Canadian Aviation Security Regulations, 2012 to expand supply chain security and reduce potential screening bottlenecks at Canadian airports. These regulatory changes, now published in Canada Gazette, Part II, will come into effect on October 17, 2016.

17. Antitrust: Commission fines cargo train operators € 49 million for cartel

The European Commission has imposed fines of € 49 154 000 on Express Interfracht, part of the Austrian railway incumbent Österreichische Bundesbahnen ("ÖBB"), and Schenker, part of the German railway incumbent Deutsche Bahn ("DB"), for operating a cartel in breach of EU antitrust rules in the market for so-called cargo 'blocktrain' services. The three companies fixed prices and allocated customers for their "Balkantrain" and "Soptrain" services in Europe for nearly eight years.

18. Mergers: Commission approves acquisition of Aer Lingus by IAG, subject to conditions

The European Commission has cleared under the EU Merger Regulation the proposed acquisition of Irish airline Aer Lingus by International Consolidated Airlines Group (IAG). IAG is the holding company of British Airways, Iberia and Vueling. The clearance is conditional upon commitments offered by the parties to address the Commission's concerns regarding the transaction as notified.

19. April 2015 U.S. Airline Traffic Data

The U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on July 16, 2015 that U.S. airlines' systemwide (domestic and international) scheduled service load factor – a measure of the use of airline capacity – fell to 82.8 percent in April 2015, seasonally adjusted, declining for the second consecutive month.

20. Acquisition enhances UPS's luxury item shipping business

UPS expanded the insurance and logistics services it offers shippers of high-value cargo such as jewelry by acquiring Insured Parcel Services from G4S, a global integrated security company.

21. Minister Raitt advances transportation collaboration with South Korea

The Honourable Lisa Raitt, Minister of Transport, on July 17, 2015 signed a Memorandum of Understanding (MoU) and Action Plan with South Korea to promote cooperation in the field of transport, with a focus on gateways, air and rail transportation activities. The objective of this MoU is to enhance mutual benefits by exchanging information on a timely basis, sharing knowledge and lessons learned, and cooperating on specific projects. It also aims to expand cooperation among public and private-sector organizations in the air, rail and gateways-related industries to improve trade logistics and thereby enhance competitiveness in domestic and international markets.

22. Sun, sand and so much more

WestJet on July 20, 2015 announced that it is launching new non-stop service to Florida, Mexico and Costa Rica, as well as adding more than 85 flights across its growing domestic and international network as part

of its winter 2015-2016 flight schedule. WestJet's regional airline, WestJet Encore, will also begin service three times a day to Boston, its first U.S. destination.

23. Air Canada to Boost Delhi Non-stop Flights to Daily Service

Air Canada on July 17, 2015 said that it plans to increase its new Toronto-Delhi non-stop service from four times weekly to daily service beginning October 30, 2016. Air Canada's new non-stop service between Toronto and Delhi, set to be launched November 1, 2015 with four weekly flights, is the airline's first route to be dedicated for Boeing 787-9 series aircraft.

24. Canada concludes new air transport agreements with Nigeria, Mali and Oman

The Honourable Lisa Raitt, Minister of Transport, on July 20, 2015 announced new air transport agreements with Nigeria, Mali and Oman, which will allow Canadian airlines to better serve passengers travelling between Canada and these countries. Reached under Canada's Blue Sky policy, which encourages long-term, sustainable competition and the development of international air services, the first-time, code-sharing agreements will make travel to and from Nigeria, Mali and Oman easier and more convenient. Code-sharing occurs when an air carrier sells seats on a flight operated by another carrier, allowing it to expand its network and product offerings.

25. Investment at Canadian Rockies International Airport

David Wilks, Member of Parliament for Kootenay-Columbia, on behalf of the Honourable Lisa Raitt, Minister of Transport, on July 21, 2015 announced that the Government of Canada is investing \$1,027,052 to enhance safety at the Canadian Rockies International Airport.

26. Porter Airlines extends its Ontario service into North Bay

Beginning October 7, 2015, Porter Airlines will offer daily flights between Billy Bishop Toronto City Airport (BBTCA) and North Bay Jack Garland Airport. A second route featuring service between North Bay and Timmins, Ont., is also being introduced.

27. Civil aviation operating statistics, May 2015

The two major Canadian air carriers flew 3.9 million passengers on scheduled and charter services in May 2015, up 6.0% from the same month in 2014. On average, each passenger travelled 2 791 kilometres, up 2.4% compared with May 2014. Both Air Canada and WestJet increased their passenger capacity and traffic in May 2015. Capacity advanced 10.4% on a year-over-year basis to 13.4 billion available seat-kilometres, as international growth (+13.0%) for scheduled services outstripped domestic growth (+5.7%). Traffic totalled 10.9 billion passenger-kilometres, up 8.5%.

28. May 2015 [US] Passenger Airline Employment Data

U.S. scheduled passenger airlines employed 2.6 percent more workers in May 2015 than in May 2014, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on July 23, 2015.

29. Airport Activity, 2014

Air passenger traffic at Canadian airports increased 5.4% in 2014, the fifth consecutive annual increase following the economic slowdown of 2009. All sectors experienced growth, as the domestic sector expanded 4.9% (+3.7 million passengers), other international traffic was up 7.1% (+1.7 million) and transborder traffic (between Canada and the United States) increased 5.3% (+1.3 million). Both Canadian and foreign carriers expanded their 'other international' flight offerings, contributing to the overall growth in passenger traffic.

30. Investment at Northern Rockies Regional Airport

Government officials on July 24, 2015 announced that the Government of Canada is investing \$2,586,771 to enhance safety at the Northern Rockies Regional Airport. Funding is provided through Transport Canada's Airports Capital Assistance Program (ACAP).

31. Air Canada Cargo now offering service to Rio de Janeiro

Rio de Janeiro is the newest city in Air Canada Cargo's expanding network in Latin America. The airline now offers three direct flights per week. Rio is one of six cities directly served across Latin America and one of nine stations certified to carry DuPont Tyvek air cargo covers, said Air Canada Cargo.

32. WestJet increases non-stop service from Edmonton

WestJet on July 27, 2015 announced new non-stop service between Edmonton and Nanaimo, British Columbia, as well as more flights between Edmonton and Grande Prairie, Kelowna, Regina and Saskatoon.

33. WestJet reports record second quarter net earnings

WestJet on July 28, 2015, announced its second quarter results for 2015, with net earnings of \$61.6 million, or \$0.49 per fully diluted share, as compared with the net earnings of \$51.8 million, or \$0.40 per fully diluted share reported in the second quarter of 2014. Total revenue for the second quarter was \$942.0 million. WestJet achieved an on-time performance rate of 91.3 per cent in the second quarter, a year-over-

year improvement of 6.8 percentage points, placing WestJet as the top performing North American airline during the quarter. Based on the trailing twelve months, the airline achieved a return on invested capital of 16.0 per cent, up 0.2 percentage points from the 15.8 per cent reported in the previous quarter. For the first six months of 2015, net earnings and total revenue were: \$202.3 million and \$2025.5 million an increase of 43.4% and 2.7% (i.e. from \$141.1 million and \$1,972.4 million).

34. New options for smaller Canadian airports

The Government of Canada on July 28, 2015 announced new regulations to allow airports that don't have access to security screening services from the Canadian Air Transport Security Authority (CATSA) to obtain them on a cost-recovery basis.

35. Quarterly civil aviation statistics, third quarter 2014

Canadian Level I and II air carriers reported 18.9 million enplaned passengers in the third quarter of 2014, up 8.1% from the same quarter in 2013. The passenger counts on scheduled flights rose 8.1% to 17.9 million, while the number of passengers flying on chartered flights rose 8.9% to 1.0 million. Traffic totalled 47.5 billion passenger-kilometres, up 9.4% from the same quarter a year earlier. These carriers reported total operating revenues of \$5.9 billion, up 9.7% from the same quarter in 2013, while total operating expenses rose 5.5% to \$5.0 billion. This resulted in operating income of \$911.7 million, which, after including non-operating expenses, produced a net income of \$587.1 million.

36. WestJet Connect takes flight

Westjet on July 28, 2015 announced it has begun rolling out its new inflight entertainment system featuring wireless Internet connectivity and more than 450 movies and television programs. Called WestJet Connect, the system will be activated on all of WestJet's Boeing 767ER aircraft and more than 30 per cent of WestJet's Boeing Next-Generation 737 aircraft by end of 2015, with installations on the majority of the 737 fleet expected to be completed in 2016.

37. Aircraft movement statistics: Major airports, May 2015

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations declined 1.6% in May 2015 from the same month a year earlier. These 91 airports reported 515,111 movements during the month compared with 523,418 at 92 airports in May 2014.

WATER TRANSPORTATION

1. Government of Canada announces major investment at the Port of Trois-Rivières

Government and other officials announce a major investment to improve the Port of Trois-Rivières. The project includes the reconstruction of Pier 13, the construction of a new roll-on / roll-off ramp at Pier 10 and the construction of enclosed storage facilities at Pier 19, hangars 24 and 25.

2. Quebec Providing \$1.5 Billion for Port Improvements

Quebec's government announced on June 29, 2015 that it will invest more than \$1.5 billion in the province's ports over the next five years.

3. Vancouver, Prince Rupert major competitors for U.S. imports: study

According to a study of U.S. West Coast port volumes by UK-based firm Ocean Shipping Consultants, Vancouver has joined Prince Rupert as a major competitor to the Puget Sound ports of Tacoma and Seattle for U.S. imports. U.S. importers are rapidly moving more containers through Port Metro Vancouver and to Chicago and the upper Midwest, dealing another blow to the ports of Seattle and Tacoma. The share of Vancouver's containerised imports moving to the U.S. expanded from 7.5 per cent in 2008 to 22.9 per cent in 2013, according to Newark's Journal of Commerce.

4. G6 Alliance announces Asia-North America service enhancement

In response to market demand, members of the G6 Alliance have announced a service enhancement in the Asia – North America (East Coast) trade. The AZX (Asia Suez Express) service will be upgraded to include an additional Halifax call. This move is expected to improve transit times from Canada to Asian and Mediterranean ports as well as from Asian and Mediterranean ports to New York.

5. Minister Raitt announces funding for the Clear Seas Centre for Responsible Marine Shipping

The Honourable Lisa Raitt, Minister of Transport, along with John Weston, Member of Parliament for West Vancouver—Sunshine Coast—Sea to Sky Country, announced on July 6, 2015 that the Government of Canada is providing \$3.7M to Clear Seas Centre for Responsible Marine Shipping to help establish the Vancouver-based Centre and support its initial operations. The activities of the Centre will support the Government's commitment to protect Canada's coasts, and to enhance marine safety through the World-Class Tanker Safety System, which aims to strengthen ship-source spill prevention, preparedness and response, and liability and compensation.

6. Carriers' profits to collapse in 'toxic' morass of own making, Drewry says

A "toxic" mixture of overcapacity, weak demand and aggressive pricing is threatening ocean carriers' profitability for the rest of 2015, according to Drewry Maritime Research.

7. Minister Raitt announces the Area Response Planning pilot project during a speech at the Vancouver Board of Trade

The Honourable Lisa Raitt, Minister of Transport, on July 2015 announced the launch of the Area Response Planning pilot project and related Community Participation Funding Program in a speech to the Vancouver Board of Trade on the role of transportation and the environment in Canada's economic future. Area Response Planning is one of the Government of Canada's measures under the World-Class Tanker Safety System that aims to further strengthen Canada's robust marine safety system. It supports ship-source spill preparedness and

WATER TRANSPORTATION Canada

1. Government of Canada announces major investment at the Port of Trois-Rivières, June 29, 2015, www.ctl.ca
2. Quebec Providing \$1.5 Billion for Port Improvements, June 29, 2015, www.todaystrucking.com
3. Vancouver, Prince Rupert major competitors for U.S. imports: study, July 3, 2015, www.ctl.ca
4. G6 Alliance announces Asia-North America service enhancement, July 3, 2015, www.ctl.ca
5. Minister Raitt announces funding for the Clear Seas Centre for Responsible Marine Shipping, July 6, 2015, www.tc.gc.ca
6. Carriers' profits to collapse in 'toxic' morass of own making, Drewry says, July 6, 2015, www.joc.com
7. Minister Raitt announces the Area Response Planning pilot project during a speech at the Vancouver Board of Trade, July 7, 2015, www.tc.gc.ca
8. Antitrust: Maritime summit between Commission, US and China boosts cooperation, July 9, 2015, www.europa.eu
9. Shippers view carrier alliances as bulwarks for competition, July 9, 2015, www.joc.com
10. Canada Benefiting from U.S. Port Congestion, July 10, 2015, www.todaystrucking.com
11. Port Metro Vancouver strengthens project and environmental review process, July 13, 2015, www.portmetrovancover.com
12. Slowing June volumes at world's top two container ports, July 13, 2015, www.joc.com
13. NEWS FLASH: FMC releases report on U.S. port congestion, July 14, 2015, www.joc.com
14. Lakes' cargo shipments down in first half of 2015, July 15, 2015, www.americanshipper.com
15. Federal Maritime Commission releases report on impacts of port congestion, July 15, www.ctl.ca
16. Foreign carriers keep pressure on China to relax cabotage, July 19, 2015, www.joc.com
17. China container volumes grow in tandem with foreign gateways, July 21, 2015, www.joc.com
18. Government of Canada and Port Metro Vancouver announce funding for shore power for container vessels, July 23, 2015, www.tc.gc.ca
19. FMC approves Seattle-Tacoma port alliance, July 22, 2015, www.americanshipper.com
20. Port of Halifax – 2015 2nd Quarter traffic and Year to date, June 23, 2015, www.portofhalifax.ca

response, tailored to a particular geographic area, in collaboration with local communities, Aboriginal groups, industry and all levels of government. The pilot areas include: the southern portion of British Columbia, including Vancouver Harbour; Saint John and the Bay of Fundy, New Brunswick; Port Hawkesbury and the Strait of Canso, Nova Scotia; and St. Lawrence River (Montreal to Anticosti Island), Quebec. The Program will provide up to \$2.1 million starting in fall 2015 and ending in 2017 to eligible recipients.

8. Antitrust: Maritime summit between Commission, US and China boosts cooperation

Representatives from the maritime regulatory authorities of the European Union, the People's Republic of China and the United States met on July 9, 2015 in Brussels to discuss antitrust and regulatory issues in maritime transport. The delegates confirmed their renewed intention to cooperate on these matters.

9. Shippers view carrier alliances as bulwarks for competition

The grouping of the world's largest container lines into four large alliances covering all east-west trades has had an unexpected result: Shippers no longer view alliances as potential vehicles for rate collusion, and, in fact, have come to appreciate their ability to prop up smaller lines that are finding it increasingly difficult to compete against the three largest carriers.

10. Canada Benefiting from U.S. Port Congestion

Congestion at U.S. ports is providing cargo interests with additional incentives to use ports in Canada and Mexico, according to a member of the U.S. Federal Maritime Commission.

11. Port Metro Vancouver strengthens project and environmental review process

Port Metro Vancouver on July 13, 2015 launched an improved process for reviewing project applications to more effectively guide applicants through the permitting process and provide greater clarity, efficiency, transparency and access to information.

12. Slowing June volumes at world's top two container ports

Singapore became the second Asian hub port to declare slowing container throughput in June 2015 following weak growth reported by Shanghai in the first week of July 2015 in the run up to the peak season period from July to September 2015.

13. NEWS FLASH: FMC releases report on U.S. port congestion

The Federal Maritime Commission on July 14, 2015 released a report on U.S. port congestion based on the findings from four regional forums that the commission held last fall as congestion crises swept through key containerized gateways on both coasts. The problem was particularly acute at West Coast ports, where operational issues were compounded by fractious longshore labor negotiations.

14. Lakes' cargo shipments down in first half of 2015

Total cargo shipments on the Great Lakes for the first half of 2015 stood at 10.4 million metric tons, down 8.4 percent compared to the same period last year, according to the St. Lawrence Seaway Management Corporation. Year-to-date vessel transits through June 30, 2015 stood at 1,141, down 4.9 percent from the same period in 2014. Coal has seen the largest decrease in volumes in the seaway, with year-to-date total cargo shipments down 33 percent to 903,000 metric tons.

15. Federal Maritime Commission releases report on impacts of port congestion

The Federal Maritime Commission on July 14, 2015 released a report on U.S. port congestion based on the findings from four regional forums that the commission held last fall as congestion crises swept through key containerized gateways on both coasts, reported American Shipper. The problem was particularly acute at West Coast ports, where operational issues were compounded by fractious longshore labor negotiations. The International Longshore and Warehouse Union and their employers, represented by the Pacific Maritime Association, agreed to a tentative labor contract in February that was officially ratified in May 2015.

16. Foreign carriers keep pressure on China to relax cabotage

Calls for an end to China's cabotage laws have been growing with Maersk Line the loudest voice requesting restrictions on foreign carriers operating in the domestic markets be relaxed.

17. China container volumes grow in tandem with foreign gateways

Container volumes at China's top 20 ports rose by more than 5 percent in the first half as the mainland's export sector continued to grow along with some surprisingly strong six-month figures emerging from port gateways into Europe and the U.S.

21. Montreal Port Authority – Monthly container traffic and Year-to-date traffic January to June 2015, July 23, 2015, www.portofmontreal.ca

22. Still no word on shipping exemption from HK competition law, July 28, 2015, www.joc.com

23. Detroit paves way for Ambassador Bridge owner to compete with new Canadian-funded bridge, July 29, 2015, www.financialpost.ca

24. Harper government invests in new Asia-Pacific Gateway transportation infrastructure projects, July 29, 2015, www.tc.gc.ca

18. Government of Canada and Port Metro Vancouver announce funding for shore power for container vessels

Government and port officials on July 22, 2015 announced funding for the installation of shore power facilities for container vessels at two Port Metro Vancouver container terminals. Shore power reduces emissions by allowing vessels to draw power from the local electrical grid and thereby turn off their diesel engines while in port. The total project funding is \$12 million: \$6 million from Transport Canada's Shore Power Technology for Ports Program and \$6 million from Port Metro Vancouver.

19. FMC approves Seattle-Tacoma port alliance

The Federal Maritime Commission will allow the Port of Seattle and Port of Tacoma to move forward with their plan to form the Northwest Seaport Alliance. The alliance will go into effect, as scheduled, on July 23, 2015. The FMC said its unanimous decision "is 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 cost or an unreasonable reduction in transportation service."

20. Port of Halifax – 2015 Second Quarter – Container Throughput at HPA Facilities (TEU)

The Port of Halifax reported its second quarter results for 2015. Total containers in terms of TEUs (twenty-foot equivalent) were 107,505 down 0.8% from 108,326 or for the same quarter in 2014. Total imports were 53,798 up 0.3% and total exports were 53,707 down 1.8% from the first quarter in 2014.

21. Montreal Port Authority – Monthly container traffic and Year-to-date traffic January to June 2015

For the Port of Montreal, total traffic for the period January to June 2015 increased by 4.8% to 725,581 compared to 692,172 TEUs (twenty-foot equivalent units) for the same period in 2014. Total imports increased 6.4% and total exports increased 3.2%. Total imports were 370,809 TEUs and total exports were 354,772 TEUs in 2015 compared to 348,536 and 343,636.

22. Still no word on shipping exemption from HK competition law

No decision yet has been made on whether Hong Kong's Competition Commission will grant the liner industry a block exemption from new rules to be enforced from December that will effectively render container shipping activity illegal.

23. Detroit paves way for Ambassador Bridge owner to compete with new Canadian-funded bridge

The City of Detroit has agreed to make a deal that will help a controversial local company develop a privately owned U.S.-Canada bridge that will compete with a new bridge being planned and backed by the Canadian government. Detroit city councillors voted seven-to-two in favour of the deal with the Detroit International Bridge Co. on July 28, 2015. The city agreed to hand over three acres of parkland the bridge company needs to build a second span next to the existing 86-year-old Ambassador Bridge, North America's busiest international border crossing.

24. Harper government invests in new Asia-Pacific Gateway transportation infrastructure projects

The Honourable Lisa Raitt, Minister of Transport, on July 29, 2015 announced an investment of approximately \$16.5 million for nine Asia-Pacific Gateway transportation infrastructure projects in British Columbia that support Asia-Pacific trade and boost the competitive advantages of Canada's Asia-Pacific Gateway. These new projects will create jobs and economic growth by reducing bottlenecks, addressing capacity issues and enhancing the efficiency of the transportation system in moving goods, services and people to and from the fast-growing Asia-Pacific economies. The following projects have been selected to receive funding from the Asia-Pacific Gateway and Corridor Transportation Infrastructure Fund (APGCTIF), in response to a call for proposals that was launched on March 13, 2015.

RAIL TRANSPORTATION

1. Volumes fall in Q2 at three major railroads

Although official Q2 volume statistics won't be released for another month, Canadian National (CN), Canadian Pacific (CP) and Union Pacific (UP) railways have all seen a decrease in volumes in the 2015 second quarter, according to recent earnings notes from investment advisor BB&T Capitol Markets. For UP, volumes are down 6 percent so far in the second quarter.

2. CP, All Vision partner to develop outdoor advertising infrastructure

Canadian Pacific and All Vision LLC announced an agreement to enter into a multi-year venture to develop strategic outdoor advertising infrastructure along CP's right of way.

3. CSX sees tough haul ahead after record profit quarter

CSX Transportation surprised Wall Street and industry analysts, posting all-time record high second quarter earnings, but they were clear: The railroad won't be as fortunate next quarter.

4. CSX reports record financial results in Q2 2015

CSX Corporation increased net earnings 4.5 percent to \$553 million – equivalent to \$0.56 per share – in the second quarter of 2015 compared with the second quarter of 2014. The record results came despite revenues at the Jacksonville, Fla.-based railway falling 6 percent to \$3.06 billion compared with Q2 2014, according to the company's most recent financial statements.

5. CN declares third-quarter 2015 dividend

CN announced on July 20, 2015 that its Board of Directors has approved a third-quarter 2015 dividend on the Company's common shares outstanding. A quarterly dividend of thirty-one-and-one-quarter cents (C\$0.3125) per common share will be paid on Sept. 30, 2015, to shareholders of record at the close of business on Sept. 9, 2015.

6. CN reports Q2-2015 net income of C\$886 million, or C\$1.10 per diluted share

CN on July 20, 2015 reported its financial and operating results for the second quarter ended June 30, 2015. The highlights are: **1.** Net income was C\$886 million, or C\$1.10 per diluted share, compared with net income of C\$847 million, or C\$1.03 per diluted share, for second-quarter 2014. The Q2-2015 results included a deferred income tax expense of C\$42 million (C\$0.05 per diluted share) resulting from the enactment of a higher provincial corporate income tax rate.

2. Excluding the deferred income tax expense, Q2-2015 adjusted diluted EPS increased 12 per cent to C\$1.15 from year-earlier diluted EPS of C\$1.03. **3.** Q2-2015 operating income increased eight per cent to C\$1,362 million. **4.** Second-quarter 2015 revenues were flat at C\$3,125 million, carloadings decreased by three per cent, and revenue ton-miles declined by seven per cent. **5.** CN's operating ratio for Q2-2015 improved by 3.2 points to 56.4 per cent from 59.6 per cent the year before. **6.** Free cash flow for the first six months of 2015 was C\$1,051 million, compared with C\$1,270 million for the year-earlier period. Claude Mongeau, president and chief executive officer, said: "I'm proud of our very solid second-quarter results, driven by the team's swift action to recalibrate resources and double-down on efficiency, while continuing to improve customer service."

7. CP reports Q2 2015 diluted earnings per share of C\$2.36; adjusted EPS of \$2.45

Canadian Pacific Railway Limited on July 21, 2015 announced the highest-ever net income for the second quarter and the lowest operating ratio for the period in the company's history. Net income rose to a record quarterly high of \$390 million, or \$2.36 per diluted share, an improvement of 12 percent. Adjusted earnings per share gained 16 percent to \$2.45. Revenues were little changed at \$1.65 billion. Other highlights are: **1.** Operating income climbed 10 percent to \$646 million; **2.** Operating ratio fell to a second-quarter record of 60.9 percent, a 420-basis-point improvement; and **3.** Adjusted earnings per share advanced 16 percent to \$2.45. "Even in the face of this economic slowdown, CP's commitment to providing the best service at the

RAIL TRANSPORTATION Canada

1. Volumes fall in Q2 at three major railroads, June 29, 2015, www.americanshipper.com
2. CP, All Vision partner to develop outdoor advertising infrastructure, June 29, 2015, www.ctl.ca
3. CSX sees tough haul ahead after record profit quarter, July 15, 2015, www.joc.com
4. CSX reports record financial results in Q2 2015, July 15, 2015, www.americanshipper.com
5. CN declares third-quarter 2015 dividend, July 20, 2015, www.cn.ca
6. CN reports Q2-2015 net income of C\$886 million, or C\$1.10 per diluted share, July 20, 2015, www.cn.ca
7. CP reports Q2 2015 diluted earnings per share of C\$2.36; adjusted EPS of \$2.45, July 21, 2015, www.cpr.ca
8. CPR lowers 2015 outlook; Reardon named chairman, July 21, 2015, www.globeandmail.ca
9. European Commission fines rail operator cartel \$53m, July 21, 2015, www.europa.eu
10. UP profit growth falls despite intermodal volume increase, July 23, 2015, www.joc.com
11. Railroads transporting crude must continue to notify states of passage: FRA, July 23, 2015, www.ctl.ca
12. Union Pacific Q2 earnings drop, July 24, 2015, www.americanshipper.com
13. Railway Carloadings, May 2015, July 29, 2015, www.statcan.gc.ca
14. Canadian Pacific and Brotherhood of Railway Carmen reach tentative deal, July 29, 2015, www.cpr.ca
15. Canadian Pacific announces US\$800 million debt offering, July 29, 2015, www.cpr.ca

lowest cost will continue to serve us well moving forward," Harrison said. "The positive CP story is based on a business model that allows for flexibility – we are nimble, efficient, and able to respond to the ever-changing economic climate."

8. CPR lowers 2015 outlook; Reardon named chairman

Canadian Pacific Railway Ltd. cut its forecast for full-year revenue and earnings per share growth while it seeks to control costs amid a decline in demand for commodities shipments. Revenue growth is expected to be 2 per cent to 3 per cent in 2015, down from a January 2015 forecast of 7 per cent to 8 per cent growth, Canadian Pacific said in a statement.

9. European Commission fines rail operator cartel \$53m

The European Commission has fined German logistics provider Schenker, a Deutsche Bahn subsidiary, and Express Interfracht (EXIF), part of the Austrian railway company Österreichische Bundesbahnen, a combined 49.15 million euros (U.S. \$53.23 million) for price fixing on their joint "Balkantrain" and "Soptrain" services in Europe.

10. UP profit growth falls despite intermodal volume increase

Increased intermodal traffic and higher rates on cargo weren't enough to offset significant overall freight and coal losses in the second quarter for Union Pacific Railroad.

11. Railroads transporting crude must continue to notify states of passage: FRA

The U.S.' Federal Railroad Administration (FRA) sent a letter again instructing railroads transporting crude oil that they must continue to notify State Emergency Response Commissions (SERCs) and Tribal Emergency Response Commissions (TERCs) of the expected movement of Bakken crude oil trains through individual states and tribal regions.

12. Union Pacific Q2 earnings drop

Union Pacific Corporation reported net income of \$1.2 billion in the second quarter of 2015, down 7 percent compared to the second quarter of 2014. The railway decreased diluted earnings per share from \$1.43 to \$1.38 per diluted share in the quarter, a 3 percent decline from the previous year. Operating revenues reached \$5.4 billion for the second quarter, down 10 percent from the second quarter of 2014.

13. Railway Carloadings, May 2015

The volume of rail freight carried in Canada totalled 30.0 million tonnes in May 2015, down 7.2% from the same month last year. Freight originating in Canada and destined within Canada and to other parts of the world declined 5.8% to 26.9 million tonnes. These shipments are composed of non-intermodal freight (that is, cargo moved via box cars or loaded in bulk) and intermodal freight (that is, cargo moved via containers and trailers on flat cars). Intermodal freight loadings were up 3.2% to 195,000 units in May 2015. From a tonnage perspective, traffic rose 0.7% to 2.9 million tonnes as a result of an increase in containerized cargo shipments. Freight traffic received from the United States fell 18.1% to 3.1 million tonnes.

14. Canadian Pacific and Brotherhood of Railway Carmen reach tentative deal

On July 29, 2015, CP was pleased to announce that a tentative five-year agreement has been reached with the Brotherhood of Railway Carmen (BRC-TCU), a division of the Transportation and Communications Union/International Association of Machinists. The BRC represents employees on its wholly owned subsidiary, Soo Line Railroad Company.

15. Canadian Pacific announces US\$800 million debt offering

Canadian Pacific Railway Limited announced on July 29, 2015 that its wholly-owned subsidiary, Canadian Pacific Railway Company, is issuing: 1. US\$250 million of 3.700% Notes due 2026; and 2. US\$550 million of 4.800% Notes due 2045. The transaction is expected to close on August 3, 2015, subject to customary closing conditions.

HIGHWAY TRANSPORTATION

1. China logistics reaps rewards of rising trade, domestic consumption

The demand for logistics services and infrastructure will be fuelled by China's increasing trade appetite and the continuing growth of e-commerce markets within the country, according to Barclays Research.

2. Poor Roads Aggravating Driver Shortage?

A new survey conducted by third party logistics company National Retail Systems (NRS) indicates that the worsening roadway conditioning may be contributing to the ongoing driver shortage, largely as delays due to road construction and repairs are affecting truck driver earnings. As reported by Fleet Owner: "One of the more surprising things we found is that 31% of the drivers we surveyed are held up every day due to road construction," Chris Saville, NRS's marketing director, told Fleet Owner. "On top of that, over 50% said they are held up every week due to those [road work] conditions. We were not expecting numbers like that." He added that NRS thinks experiencing delays of that magnitude may be aggravating the driver shortage, since delays reduce mileage and lead to higher fuel consumption.

3. For-hire Motor Carrier Freight Services Price Index, first quarter 2015

The For-hire Motor Carrier Freight Services Price Index decreased 1.3% in the first quarter of 2015 from the fourth quarter of 2014. The general freight trucking component (-0.7%) and the specialized freight trucking component (-2.7%) posted declines. Year over year, the index declined 3.7% in the first quarter compared with the same quarter of 2014.

4. Two roadway projects improve traffic and expand capacity in Richmond, British Columbia

Government officials on July 7, 2015 celebrated two important roadway projects in British Columbia that will improve the link between local businesses and key Asia-Pacific trade corridors. The Westminster Highway and Nelson Road Widening project involves the widening of Nelson Road and Westminster Highway from two to four lanes over a total distance of 2.6 kilometres, along with upgrading the associated traffic signals. This project will increase road capacities to the Fraser River Port Richmond properties sites, as well as improve the efficiency of the road serving gateway facilities, such as Coast 2000 Terminals, HBC Logistics and Westran.

5. May 2015 Freight Transportation Services Index (TSI)

The Freight Transportation Services Index (TSI), which is based on the amount of freight carried by the for-hire transportation industry, rose 0.8 percent in May 2015 from April 2015, seasonally-adjusted, rising after one month of decline, according to the U.S. Department of Transportation's Bureau of Transportation Statistics.

6. European Shippers' Council supports FedEx-TNT merger

The European Shippers' Council said in a statement this week that it supports the merger between TNT and FedEx, noting that a survey of its members found 90 percent of them are in favor of the deal. The ESC's support for the merger stands in contrast to its opposition to a proposed merger proposed between UPS and TNT in 2012. Then, "Our members heavily complained about the possibility of losing one of the three (TNT, UPS and DHL) European express carriers.

7. Report looks at future of global freight forwarding

It has released its annual Global Freight Forwarding 2015 report providing a detailed review of trends affecting the global freight forwarding market. Capacity excesses and declining rates describes a tumultuous sea with a revival of volume gains in the last half of 2014, though rates remained fairly flat.

8. Canada's Dicom Transportation Extends Reach Into U.S.

The Canadian trucking and logistics operation Dicom Transportation Group announced on July 22, 2015

HIGHWAY TRANSPORTATION

Canada

1. China logistics reaps rewards of rising trade, domestic consumption, July 2, 2015, www.joc.com
2. Poor Roads Aggravating Driver Shortage?, July 3, 2015, www.cantruck.ca
3. For-hire Motor Carrier Freight Services Price Index, first quarter 2015, July 6, 2015, www.statcan.gc.ca
4. Two roadway projects improve traffic and expand capacity in Richmond, British Columbia, July 7, 2015, www.portmetrovancover.com
5. May 2015 Freight Transportation Services Index (TSI), July 9, 2015, www.bts.gov
6. European Shippers' Council supports FedEx-TNT merger, July 17, 2015, www.americanshipper.com
7. Report looks at future of global freight forwarding, July 19, 2015, www.cfl.ca
8. Canada's Dicom Transportation Extends Reach Into U.S., July 22, 2015, www.todaystrucking.com
9. Large urban transit, May 2015, July 23, 2015, www.statcan.gc.ca
10. Study: How much thicker is the Canada-US border? The cost of crossing the border by truck in the pre- and post 9/11 eras, 1994 to 2009, July 24, 2015, www.stacan.gc.ca
11. TransForce Second Quarter Profit, Revenue Jump, July 27, 2015, www.todaystrucking.com
12. Mullen Group's Second Quarter Profit Plummeted, July 23, 2015, www.todaystrucking.com
13. TNT Express revenue grows in run-up to FedEx takeover, July 27, 2015, www.joc.com
14. US freight volume forecast to grow by double-digits by 2026, July 27, 2015, www.joc.com

that it has added final mile and distribution capabilities in the Western U.S.

9. Large urban transit, May 2015

In May 2015, total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit systems rose 1.8% from the same month in 2014 to \$277.7 million. Over the same period, ridership fell 1.9% to 133.3 million passenger trips.

10. Study: How much thicker is the Canada–US border? The cost of crossing the border by truck in the pre- and post 9/11 eras, 1994 to 2009

Since September 11, 2001, it has become more expensive to move goods by truck across the Canada–US border. This study is based on the first data produced to estimate the costs associated with trucking goods across the border before and after 9/11. In the wake of 9/11, a new security regime was implemented to regulate the movements of goods across the Canada–US border, raising concerns that the cost of moving goods across the border would rise. From 1994 to 2000, it cost, on average, 16% more to move goods across the Canada–US border by truck than to move the same goods the same distance domestically. After 2000, the premium paid to cross the border rose steadily to 25% in 2005 and remained at about that level until 2009. From 2005 to 2009, the extra costs of cross-border trucking added about 0.6%, on average, to the value of goods crossing the border.

11. TransForce Second Quarter Profit, Revenue Jump

The trucking and logistics giant TransForce Inc. reported higher profits and revenue in the 2015 second quarter of the year but has lowered expectations for the remainder of 2015.

12. Mullen Group's Second Quarter Profit Plummets

Mullen Group Ltd. has reported a huge drop in its 2015 second quarter profit as business in Canada's energy industry has also sunk.

13. TNT Express revenue grows in run-up to FedEx takeover

TNT Express posted a 6.2 percent increase in second-quarter revenue, driven by a stronger dollar and growing business from small and medium-sized customers.

14. US freight volume forecast to grow by double-digits by 2026

U.S. freight volume will jump 29 percent in the next 11 years, with growing energy production resulting in pipelines taking a larger slice of total tonnage, and trucking and railroads' seeing their share shrink, according to report released on July 27, 2015.

GENERAL TRANSPORTATION

Canada

1. Minister Raitt meets with Alberta Enterprise Group to talk about the future of transportation

The Honourable Lisa Raitt, Minister of Transport, met with key Alberta business owners, investors and entrepreneurs on July 9, 2015 to talk about the road ahead for transportation and trade in the region. The Minister spoke about the growing trend toward developing multi-modal inland ports for international transportation, distribution and warehousing and the positive impact they are having on the economy by attracting trade-oriented business. The Minister also took the opportunity to highlight recent changes to Canada's air cargo

regulations that will help make shipping by air more efficient for businesses while continuing to meet the highest security standards. In addition, the Minister announced proposed changes to the *Canadian Aviation Regulations* that will provide communities with the opportunity to provide feedback on aerodrome developments.

2. Commission's record €13.1 billion investment plan for transport endorsed by Member States

The Commission's record €13.1 billion investment plan for the transport sector is coming closer to reality, after EU Member States approved the list of projects to receive funding under the Connecting Europe Facility (CEF). Meeting on July 10, 2015, the CEF coordination committee, composed of representatives of the 28 Member States, issued a positive opinion on the proposal put forward by the Commission on 29 June 2015. Along with the €315 billion Investment Plan presented by the Commission in November 2014, the CEF will deliver on one of the Commission's top priorities.

3. Fitch: U.S. transportation outlook 'stable' for second half 2015

Canada

1. Minister Raitt meets with Alberta Enterprise Group to talk about the future of transportation, July 9, 2015, www.tc.gc.ca
2. Commission's record €13.1 billion investment plan for transport endorsed by Member States, July 10, 2015, www.europa.eu
3. Fitch: U.S. transportation outlook 'stable' for second half 2015, July 14, 2015, www.joc.com

The United States transportation sector will continue its steady operational and financial performance through the second half of the year despite some challenges in the industry, according to the mid-year outlook report from Fitch Ratings. The international financial ratings agency said in its report that ports throughout the U.S. should continue to see modest growth in the remainder of the year. West Coast ports in particular are still recovering.