

# Transportation Information Update\*

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## AIR TRANSPORTATION

### 1. Air Canada Achieves Single Day Record for Customers Carried

Air Canada on June 27, 2014 said it achieved a single-day record for passengers carried, with nearly 138,000 customers boarding its aircraft around the world.

### 2. Porter Airlines celebrates 5 years of Thunder Bay service

Porter Airlines is marking its five-year anniversary of service to Thunder Bay, the airline's initial venture into Northern Ontario. There is currently up to five daily roundtrip flights between Thunder Bay and Billy Bishop Toronto City Airport after starting with a schedule of three flights.

### 3. Air Canada Launches Tokyo-Haneda Service from Toronto

Air Canada will on July 1, 2014 inaugurate service between Toronto and Tokyo-Haneda with the departure of flight AC005. The year-round service is the only non-stop flight between Toronto and Tokyo-Haneda, located less than 30 minutes from downtown Tokyo. The new route will complement Air Canada's existing flights to Tokyo Narita International Airport from Toronto, Calgary and Vancouver.

### 4. Europe takes first steps toward Single European Sky

The European Commission has adopted the Pilot Common Project, which will improve air traffic to and from airports, allow aircraft to fly more direct routes, and enable better sharing of data between airlines. The set of changes is the first step in a series of projects outlined in the Single European Sky ATM research initiative (SESAR). They are expected to be in place by the end of the year.

### 5. Outlook for Air Cargo Stabilizes - Growth Accelerates in May

The International Air Transport Association (IATA) released data for global air freight markets showing air cargo growth accelerated in May 2014, with 4.7% growth compared to a year ago. This is up from the 3.8% year-on-year growth recorded in April 2014. Cargo volumes, measured by Freight Tonne Kilometers (FTKs) were up across all regions.

### 6. Amendments to the Canadian Aviation Security Regulations, 2012 for airport security programs and non-passenger screening.

The Honourable Lisa Raitt, Minister of Transport, on July 2, 2014 announced amendments to the *Canadian Aviation Security Regulations, 2012* to strengthen airport security and non-passenger screening programs at Canadian airports. The airport security program amendments introduce new requirements for airport operators that are designated for security screening. The amendments were made following extensive consultations with stakeholders and further enhance Canada's aviation security framework, as well as facilitate compliance.

### 7. Air Travel Demand Stays Strong in May

The International Air Transport Association (IATA) announced global

## AIR TRANSPORTATION

### Canada

1. Air Canada Achieves Single Day Record for Customers Carried, June 27, 2014, [www.aircanada.ca](http://www.aircanada.ca)
2. Porter Airlines celebrates 5 years of Thunder Bay service, June 26, 2014, [www.flyporter.com](http://www.flyporter.com)
3. Air Canada Launches Tokyo-Haneda Service from Toronto, July 1, 2014, [www.aircanada.ca](http://www.aircanada.ca)
4. Europe takes first steps toward Single European Sky, July 1, 2014, [www.americanshipper.com](http://www.americanshipper.com)
5. Outlook for Air Cargo Stabilizes - Growth Accelerates in May, July 2, 2014, [www.iata.org](http://www.iata.org)
6. Amendments to the Canadian Aviation Security Regulations, 2012 for airport security programs and non-passenger screening, July 2, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)
7. Air Travel Demand Stays Strong in May, July 3, 2014, [www.iata.org](http://www.iata.org)
8. Porter Airlines ordered to pay cash to passengers bumped from domestic flights, July 2, 2014, [www.nationalpost.ca](http://www.nationalpost.ca)
9. Aircraft movement statistics: Major airports - Annual report, 2013, July 4, 2014, [www.statcan.gc.ca](http://www.statcan.gc.ca)
10. FTZs grow increasingly popular in the US, July 3, 2014, [www.joc.com](http://www.joc.com)
11. Bolstering European Competitiveness through Connectivity, July 4, 2014, [www.iata.org](http://www.iata.org)
12. WestJet reports June load factor of 77.4 per cent, July 7, 2014, [www.westjet.ca](http://www.westjet.ca)
13. WestJet announces entry into wide-body service, July 7, 2014, [www.westjet.ca](http://www.westjet.ca)
14. Air Canada Reports Record June Load Factor, July 7, 2014, [www.aircanada.ca](http://www.aircanada.ca)
15. Air Canada to Launch Non-Stop Service to Panama City, July 8, 2014, [www.aircanada.ca](http://www.aircanada.ca)
16. Aircraft movement statistics: Major airports, February 2014. July 9, 2014, [www.statcan.gc.ca](http://www.statcan.gc.ca)
17. Airports experienced increased may cargo activity, July 10, 2014, [www.joc.com](http://www.joc.com)
18. Airlines to fight 'unbelievably punitive' Ontario fuel tax, July 14, 2014, [www.globeandmail.ca](http://www.globeandmail.ca)

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

passenger traffic results for May 2014 showing demand growth of 6.2% compared to May 2013. While this represented a deceleration compared to April 2014 year-over-year traffic growth of 7.6%, the performance is indicative of improving demand drivers. May 2014 capacity rose 5.2% and load factor climbed 0.7 percentage points to 79.0%. All regions except Africa experienced positive traffic growth.

#### **8. Porter Airlines ordered to pay cash to passengers bumped from domestic flights**

The Canadian Transportation Agency has ordered Porter Airlines to pay cash to passengers bumped from domestic flights. The regulator has given the carrier, which operates turboprops primarily from Toronto City Centre Airport, until July 8, 2014 to detail the actual compensation. Porter currently doesn't have a compensation policy for passengers bumped due to overbooking from flights within Canada, but has provided a \$500 voucher for future travel as a "goodwill gesture."

#### **9. Aircraft movement statistics: Major airports—Annual report, 2013**

For the fifth consecutive year, the number of aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations declined from a year earlier. These 93 airports reported 5.5 million movements in 2013, down 1.8% compared with 2012.

#### **10. FTZs grow increasingly popular in the US**

Foreign trade zones in the U.S. are enjoying a boom, partly because shippers are increasingly using the zones for exports, and even for distribution of retail products without any domestic components.

#### **11. Bolstering European Competitiveness through Connectivity**

The International Air Transport Association (IATA) called on European governments and regulators to bolster European competitiveness with measures focusing on improved global connectivity. "Among the biggest obstacles faced by European airlines are the competitive disadvantages placed in their way by Europe's governments. The region's airlines are over-taxed and onerously regulated. Moreover, they suffer from a chronically mismanaged air traffic management system, insufficient airport capacity and infrastructure costs that are simply too expensive. It's time to do something about it," said Tyler, IATA's Director General and CEO.

#### **12. WestJet reports June load factor of 77.4 per cent**

WestJet on July 7, 2014 announced its June 2014 traffic results with a load factor of 77.4 per cent, an increase of 0.6 percentage points year over year. Revenue passenger miles (RPMs), or traffic, increased 5.0 per cent year over year, and capacity, measured in available seat miles (ASMs), was 4.3 per cent higher over the same period. In the second quarter of 2014, the airline achieved a load factor of 79.6 per cent and flew nearly 4.8 million guests, a year-over-year increase of 6.2 per cent or approximately 280,000 additional guests. For the first six months, the load factor, ASM and RPM were: 81.4, 12.707b, and 10.347b. The load factor decreased by 0.5 points and the ASM and RPM increased by 6.6% and 6%. CEO of WestJet said "We are very pleased to report strong year over year traffic growth in June, ..."

#### **13. WestJet announces entry into wide-body service**

WestJet Airlines Ltd. on July 7, 2014 announced that it is moving forward with plans that would see the airline fly its own wide-body aircraft as early as fall 2015. The airline has received the support of the WestJet Pilot Association and its Board of Directors, and is currently in

19. Canada's Airports Disappointed with Ontario Move on Aviation, July 14, 2014, [www.cacairports.ca](http://www.cacairports.ca)

20. WestJet Vacations price guarantee offer returns, July 15, 2014, [www.westjet.ca](http://www.westjet.ca)

21. Air Canada Named Best Airline in North America for Fifth Consecutive Year, July 15, 2014, [www.aircanada.ca](http://www.aircanada.ca)

22. Air Canada Celebrates Launch of its Boeing 787 Dreamliner to Tokyo-Haneda, July 15, '14, [www.aircanada.ca](http://www.aircanada.ca)

23. Porter Airlines: North America's Best Regional Airline, July 15, 2014, [www.flyporter.com](http://www.flyporter.com)

24. Aircraft movement statistics: Small airports, February 2014, July 16, 2014, [www.statcan.gc.ca](http://www.statcan.gc.ca)

25. Investment at J.A. Douglas McCurdy Sydney Airport, July 17, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)

26. Civil aviation operating statistics, May '14, July 2014, [www.statcan.gc.ca](http://www.statcan.gc.ca)

27. ICAO: Air to grow 3.7% in 2014, July 17, 14, [www.americanshipper.com](http://www.americanshipper.com)

28. We're all over the map (in the best possible way), July 21, 2014, [www.westjet.ca](http://www.westjet.ca)

29. WestJet Encore announces first Maritime destination, July 21, 2014, [www.westjet.ca](http://www.westjet.ca)

30. Investment at Nanaimo Airport, July 22, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)

31. Air Canada rouge to Launch Seasonal Flights from Vancouver to Palm Springs, California, July 23, 2014, [www.aircanada.ca](http://www.aircanada.ca)

32. Minister Raitt highlights benefits of dialogue to achieve a strong air and tourism industry, July 23, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)

33. Quarterly civil aviation statistics, third quarter 2013, July 25, 2014, [www.statcan.gc.ca](http://www.statcan.gc.ca)

34. WestJet reports record second quarter net earnings, July 29, 2014, [www.westjet.ca](http://www.westjet.ca)

35. Southwest Airlines could steal market share from Canadian carriers: Canaccord Genuity, July 28, 2014, [www.nationalpost.ca](http://www.nationalpost.ca)

#### **US**

1. May Airline On-Time Performance Down, Cancellations Up From Previous Year, And Five Lengthy Tarmac Delays Reported, July 9, 2014, [www.dot.gov](http://www.dot.gov)

2. May 2014 Passenger Airline Employment Data, July 21, 2014, [www.dot.gov](http://www.dot.gov)

3. U.S. DOT Announces Comprehensive Proposed Rulemaking for the Safe Transportation of Crude Oil, Flammable Materials, July 23, 2014, July 23, 2014, [www.dot.gov](http://www.dot.gov)

4. 1st-Quarter 2014 Air Fare Data, July 29, 2014, [www.bts.gov](http://www.bts.gov)

the advanced stages of sourcing wide-body aircraft.

#### **14. Air Canada Reports Record June Load Factor**

For the month of June 2014, Air Canada reported a record system load factor of 85.7 per cent, versus 85.0 per cent in June 2013, an increase of 0.7 percentage points on a system-wide capacity increase of 9.8 per cent. On this additional capacity, system wide traffic for June 2014 increased 10.6 per cent. Calin Rovinescu, President and Chief Executive Officer said "I am pleased to report a record load factor of 85.7 per cent for the month of June on an important capacity increase of 9.8% year over year." For the second quarter of 2014, load factor, capacity and traffic increased 1.2 points, 8.5% and 9.9%. For the first six months of 2014, load factor, capacity and traffic increased 0.3 points, 6.2% and 6.5%.

#### **15. Air Canada to Launch Non-Stop Service to Panama City**

Air Canada on July 8, 2014 announced that it will start new, non-stop flights between Toronto and Panama City beginning December 17, 2014. With the launch of the three-times weekly, year-round service, Air Canada will be the only Canadian network carrier operating between Canada and Panama.

#### **16. Aircraft movement statistics: Major airports, February 2014**

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations decreased 2.0% in February 2014 from the same month a year earlier.

#### **17. Airports experienced increased may cargo activity**

In May 2014, freight activity at airports worldwide grew 4.2 percent, year-over-year, and rose by 3.9 percent in the first five months of the year, according to Airports Council International (ACI). The most growth occurred at airports in Europe, which saw activity rise 6.6 percent, year-over-year, and the Asia-Pacific region, which experienced a 5.6-percent increase. ACI's report noted that although air freight is doing a lot better than it once was, carriers still need to be concerned about cargo moving to other cheaper modes.

#### **18. Airlines to fight 'unbelievably punitive' Ontario fuel tax**

Canada's airlines and airports are gearing up to fight Ontario's plan to more than double the tax on aviation fuel, arguing it will increase the number of Canadians travelling out of U.S. airports where taxes and fees are substantially lower. The tax will rise from its current level of 2.7 cents a litre to 6.7 cents by April 1, 2017, under the Ontario budget that will be reintroduced on July 14, 2014.

#### **19. Canada's Airports Disappointed with Ontario Move on Aviation**

The Canadian Airports Council said on July 14, 2014 that it is disappointed with the Ontario provincial government's decision to go ahead with the tripling of its tax on aviation fuel, calling instead for the province to work more closely with the aviation sector on ways to strengthen it.

#### **20. WestJet Vacations price guarantee offer returns**

WestJet Vacations recently announced the return of its popular vacation price guarantee. Guests who choose a WestJet Vacation package between now and September 30, 2014, are guaranteed to receive the best price for their WestJet vacation for travel between October 26, 2014, and April 25, 2015.

#### **21. Air Canada Named Best Airline in North America for Fifth Consecutive Year**

Air Canada has been named Best Airline in North America in the Skytrax 2014 World Airline Awards at the Farnborough International Airshow. This is the fifth consecutive year that Air Canada has won this award.

#### **22. Air Canada Celebrates Launch of its Boeing 787 Dreamliner to Tokyo-Haneda**

Air Canada customers flying AC005 from Toronto to Tokyo-Haneda made history on July 15, 2014 as they boarded one of the airline's brand new Boeing 787 Dreamliners now operating Air Canada's first new scheduled route with the ultra-modern, fuel efficient aircraft. "We are delighted to introduce our customers flying between Toronto and Tokyo-Haneda to Air Canada's new international standard for comfort on our state-of-the-art Boeing 787 Dreamliner," said Benjamin Smith, Executive Vice President and Chief Commercial Officer.

#### **23. Porter Airlines: North America's Best Regional Airline**

Porter Airlines was chosen as North America's Best Regional Airline in the 2014 Skytrax World Airline Awards. This is the first year for Skytrax to recognize the category of North American Regional Airline.

#### **24. Aircraft movement statistics: Small airports, February 2014**

The number of take-offs and landings for 127 airports without air traffic control towers reached 35,236 movements in February 2014, with six airports each recording more than 1,000 take-offs and landings.

#### **25. Investment at J.A. Douglas McCurdy Sydney Airport**

The Honourable Lisa Raitt, Minister of Transport, announced an investment of \$1,335,243 for the rehabilitation of the taxiways at the J.A. McCurdy Sydney Airport on July 17, 2014. This project will

ensure continued safe operation for passengers, employees, medical evacuations, and fire fighting operations at the airport. Funding comes from Transport Canada's Airports Capital Assistance Program (ACAP).

#### **26. Civil aviation operating statistics, May 2014**

Operating data on civil aviation are now available for May 2014 on Statistics Canada web site ([www.statcan.gc.ca](http://www.statcan.gc.ca))

#### **27. ICAO: Air to grow 3.7% in 2014**

The volume of air cargo worldwide will grow by 3.7 percent in 2014, a vast increase from the 0.3-percent growth measured in 2013, according to the International Civil Aviation Organization. The group expects air cargo activity to pick up in the next two years, predicting 4.2 percent growth in 2015 and 4.4 percent growth in 2016.

#### **28. We're all over the map (in the best possible way)**

On July 21, 2014 WestJet announced the 2014-2015 winter schedule featuring two new destinations, one new route and increased frequency on 19 additional routes. Twice-daily non-stop service between Toronto and Fredericton begins April 15, 2015, and weekly non-stop service between Calgary and Loreto, Mexico, launches February 14, 2015. Weekly flights between Winnipeg and Fort Lauderdale operate Saturdays starting November 1, 2014.

#### **29. WestJet Encore announces first Maritime destination**

WestJet announced on July 21, 2014 that it will launch twice-daily, non-stop service between Toronto and Fredericton, New Brunswick, effective April 15, 2015. Flights will be operated by WestJet Encore using its fleet of 78-seat, Canadian-made Bombardier Q400 NextGen aircraft.

#### **30. Investment at Nanaimo Airport**

The Honourable Lisa Raitt, Minister of Transport, on July 22, 2014 announced an investment of \$1,000,313 for the replacement of a runway sweeper and the purchase of an Aircraft Rescue and Firefighting Vehicle (ARFF) at the Nanaimo Airport. The runway sweeper will ensure the timely and effective removal of snow, slush and ice from runways and taxiways, and the ARFF will greatly enhance emergency response capability at the airport. Funding comes from Transport Canada's Airports Capital Assistance Program (ACAP).

#### **31. Air Canada rouge to Launch Seasonal Flights from Vancouver to Palm Springs, California**

Air Canada announced on July 23, 2014 that it will introduce a new seasonal non-stop service operated by Air Canada rouge between Vancouver and Palm Springs, California this winter (2015).

#### **32. Minister Raitt highlights benefits of dialogue to achieve a strong air and tourism industry**

The Honourable Lisa Raitt, Minister of Transport, highlighted the importance of regular discussions with stakeholders in strengthening Canada's aviation and tourism industry on July 23, 2014 at the Vancouver International Airport. The roundtable provided a positive forum for discussion on both the economic opportunities offered by a vibrant Canadian air transport sector, and some of the challenges, such as cost competitiveness. The Minister shared with stakeholders her vision of an air sector that connects communities, supports Canada's ability to attract visitors and travellers, and helps Canadian businesses to compete in global markets and attract new customers and investment.

#### **33. Quarterly civil aviation statistics, third quarter 2013**

Operating and financial data on civil aviation are now available for the third quarter of 2013 on Statistics Canada website ([www.statcan.gc.ca](http://www.statcan.gc.ca)).

#### **34. WestJet reports record second quarter net earnings**

WestJet on July 29, 2014 announced its second quarter results for 2014, with net earnings of \$51.8 million, or \$0.40 per fully diluted share, as compared with the net earnings of \$44.7 million, or \$0.34 per fully diluted share reported in the second quarter of 2013. Based on the trailing twelve months, the airline achieved a return on invested capital of 13.7 per cent, consistent with the 13.7 per cent reported in the previous quarter.

#### **35. Southwest Airlines could steal market share from Canadian carriers: Canaccord Genuity**

Canadian airlines could lose revenue and market share to Southwest Airlines Co. if it follows through on plans to enter the Canadian market, according to Canaccord Genuity analyst. The delivery of new Boeing 737-800 planes has made longer-range flights possible, Southwest CEO Gary Kelly said on a conference call. The low-cost carrier listed Hawaii, Alaska, Canada, Mexico, the Caribbean, Central America and northern South America as possible destinations. Southwest, which has the ticker symbol LUV, could pose a threat to Air Canada, WestJet Airlines Ltd. and Transat AT.

## **WATER TRANSPORTATION**

### **1. Updated Marine Transportation Security Regulations align Canada with international requirements**

Amendments to the *Marine Transportation Security Regulations* will improve marine security and bring greater clarity and consistency for marine operators. The *Regulations Amending the Marine Transportation Security Regulations* (MTSR) focus on meeting mandatory requirements set by the International Maritime Organization (IMO) and reflect recent changes made to the International Convention on Standards of Training, Certification and Watch keeping (STCW) for Seafarers. These amending regulations also serve to: 1) further align regulatory approaches with the United States regulatory regime and contribute to eliminating duplication and impediments to trade without compromising marine security; 2) ease the regulatory compliance burden and improve efficiency and flexibility for operators; and 3) cut red tape for business so they can focus on what they do best: job creation and economic growth.

### **2. New St. Lawrence bridge will be P3 project, feds announce**

The new bridge for the St. Lawrence will be built as a public-private partnership, a fact which "recognizes the critical importance of the Champlain Bridge as a \$20-billion annual trade corridor and vital transportation artery for Québec and Canada," said The Honourable Denis Lebel, Minister of Infrastructure, Communities and Intergovernmental Affairs and Minister of the Economic Development Agency of Canada for the Regions of Québec.

### **3. Investment at Port Metro Vancouver increases agricultural shipping capacity**

Jeff Watson, Parliamentary Secretary to the Minister of Transport, on July 8, 2014 celebrated, along with West Coast Reduction Ltd. President and CEO Barry Glotman, the completion of work to expand the rail unloading capacity of the West Coast Reduction facility at Port Metro Vancouver. The project will improve transportation of agricultural products, particularly canola oil, being exported from Western Canada to Asia-Pacific markets.

### **4. L.A. Port Truckers Strike, Cargo Could Divert to Canada**

Port truck drivers from three of Los Angeles' leading drayage firms began indefinite strikes on July 7, 2014 over claims of unfair labor practices at the twin ports of Los Angeles and Long Beach in California. Extended periods of strike could lead to a diversion of cargo to Canadian West coast ports.

### **5. Prince Rupert Port Authority – Monthly Traffic Statistics: June 2014**

The Port of Prince Rupert Authority released its traffic statistics for June 2014 and for the year-to-date. Total container traffic in terms of TEUs (twenty-foot equivalent units) increased 20% to 52,845 from 43,904 in June 2013. Total imports increased 22% and total exports increased 18%. Total imports were 30,306 and total exports were 22,540. For the first six months of 2014, Total container traffic (TEUs) increased 7% to 281,073 from 263,845. Total imports increased 13% and total exports declined 2%. Total imports were 165,901 and total exports were 115,172.

### **6. Montreal Port Authority – Traffic Statistics: January to June 2014**

The Montreal Port Authority released its the year-to-date traffic statistics for the first six months of the year. For the period January to June 2014, total container traffic (TEUs) increased 4.4% to 692,172 from 662,972. Total imports increased 8.4% and total exports increased 0.7%. Total imports were 348,536 and total exports were 343,636.

## **WATER TRANSPORTATION Canada**

1. Updated Marine Transportation Security Regulations align Canada with international requirements, July 2, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)
2. New St. Lawrence bridge will be P3 project, feds announce, July 7, 2014, [www.ctl.ca](http://www.ctl.ca)
3. Investment at Port Metro Vancouver increases agricultural shipping capacity, July 8, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)
4. L.A. Port Truckers Strike, Cargo Could Divert to Canada, July 8, 2014, [www.todaystrucking.com](http://www.todaystrucking.com)
5. Prince Rupert Port Authority – Monthly Traffic Statistics: June 2014, July 10, [www.rupertport.com](http://www.rupertport.com)
6. Montreal Port Authority–Traffic Statistics: January to June 2014, July 12, 2014, [www.portofmontreal.ca](http://www.portofmontreal.ca)
7. European Shippers Council tells EU regulators to closely watch 2M, July 14, 2014, [www.portofmontreal.ca](http://www.portofmontreal.ca)
8. Investment to extend Eastern Canada Ferry Services until 2016, July 16, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)
9. Port of Halifax, Container Traffic – Second Quarter 2014, July 21, 2014, [www.portofhalifax.ca](http://www.portofhalifax.ca)
10. Ministers Raitt and Findlay host a roundtable discussion on Canada's Asia-Pacific Gateway, July 21, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)
11. South Shore Trade Area Projects to Boost Canada's Trade in the Asia-Pacific Region, July 23, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)
12. Government of Canada investment to make transportation by ship safer and more efficient, July 24, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)
13. Seaspan wants to become a \$10 billion company, July 29, 2014, [www.americanshipper.com](http://www.americanshipper.com)

### **7. European Shippers Council tells EU regulators to closely watch 2M**

The European Shippers' Council (ESC) has called on EU competition authorities to closely monitor the recently announced 2M Maersk-MSK vessel sharing agreement's effect on pricing, capacity changes and service quality, said a release. The ESC conceded that the proposed 2M is "less worrying than the planned P3" alliance between Maersk, MSC and CMA CGM, which had been a "more integrated cooperation with huge market share on all concerned trades". But Maersk and MSC could still attain 35 per cent market share between Asia and Europe.

### **8. Investment to extend Eastern Canada Ferry Services until 2016**

The Honourable Lisa Raitt, Minister of Transport announced on July 16, 2014, that the Government of Canada is investing \$58 million over two years to support interprovincial ferry services in Eastern Canada. This investment will allow for continued ferry services between Saint John, NB, and Digby, NS; between Wood Islands, PEI and Caribou, NS; and between Iles-de-la-Madeleine, QC and Souris, PEI, until March 31, 2016.

### **9. Port of Halifax, Container Traffic – Second Quarter 2014**

For the Port of Halifax, accumulated traffic for the first quarter of 2014 indicates a decrease of 13.2% in total traffic to 97,799 TEUs compared to 112,670 TEUs for the same period in 2013. Imports decreased by 4.2% and exports decreased by 21.6%. For the second quarter of 2014, accumulated traffic decreased 3.0% in total traffic to 108,326 TEUs compared to 111,712 TEUs for the same period in 2013. Imports increased by 1.3% and exports decreased by 6.9%.

### **10. Ministers Raitt and Findlay host a roundtable discussion on Canada's Asia-Pacific Gateway**

Government officials hosted a roundtable discussion in Vancouver on July 21, 2014 with Asia-Pacific Gateway and Corridor Initiative (APGCI) partners. The event presented an opportunity for the ministers to meet with leading members of the transportation and logistics community to discuss trends and emerging opportunities for Canada's transportation system, as well as challenges to be addressed, particularly in Western Canada. Feedback from business stakeholders on trade and transportation is an important component in the ongoing work carried out by all levels of government and the private sector to strengthen Canada's Asia-Pacific Gateway.

### **11. South Shore Trade Area Projects to Boost Canada's Trade in the Asia-Pacific Region**

The Government of Canada and its partners on July 23, 2014 celebrated two significant road projects (the Powell Street Grade Separation project and the South Shore Corridor project) in the South Shore Trade Area (SSTA) of Burrard Inlet, which are in their final stages and will enhance truck, rail, and port operations while reducing impacts to local communities. Improvements to transportation infrastructure will allow the SSTA to meet demands in the near, medium and long term, while increasing the capacity and efficiency of port, rail and trucking operations.

### **12. Government of Canada investment to make transportation by ship safer and more efficient**

The Honourable Lisa Raitt, Minister of Transport, and Jean Laflamme, General Director of the Interdisciplinary Center for the Development of Ocean Mapping (CIDCO), announced that their organizations will be working together to develop a new method for underwater surveying (also known as bathymetric surveying) using floatplanes. Testing under actual conditions will be conducted at sea in Rimouski to determine whether the seabed can be charted using technology that is not ship-based. The goal of the project is to save time and money while also making marine transportation safer and more efficient.

### **13. Seaspan wants to become a \$10 billion company**

Seaspan, already the largest the container chartering and management firm, said it is seeking to grow its assets to about \$10 billion. Seaspan had a profit of \$20 million in the second quarter, compared with earnings of \$127 million in the same 2013. Revenues were \$173.9 million for the quarter, compared with \$167.8 million in the second quarter of 2013. Adjusted EBITDA grew to \$130.9 million in the second quarter, up 4.2 percent from \$125.6 million in the same 2013 period.

## RAIL TRANSPORTATION

### 1. Minister Raitt announces new rail and dangerous goods requirements

The Honourable Lisa Raitt, Minister of Transport, on June 27, 2014 announced new rules aimed at further safeguarding communities along our country's railway lines. Key changes include: 1) Requiring 35 provincially regulated railway and light-rail companies operating on federal track to develop and implement Safety Management Systems; 2) Formalizing new DOT-111 tank car standards that will require thicker steel walls and other reinforcements to reduce the risk of spills on impact; and 3) Improving data reporting requirements for railways, requiring them to proactively identify and address safety risks before accidents happen.

### 2. 2014 Guide to railway charges for crossing maintenance and construction.

The Canadian Transportation Agency has released its 2014 Guide for railway charges for maintenance and crossing. This updated Guide is developed to assist railway companies and other parties to come to an agreement on the rates to be charged for work performed by railway companies on crossings, by providing a third-party assessment of rail costs, and setting consistent, nation-wide schedules and guidelines.

### 3. 2014-2015 U.S. Fleet Integration Program

CN is offering its Fleet Integration Program again this year, for U.S. grain shippers who wish to use privately owned, covered hopper cars. This program allow CN to increase operating efficiency and improve transit times making it easier for us to provide you with a better quality service. But more importantly CN manages your fleet of private cars while providing you with guaranteed service.

### 4. CN imposes cargo allocations at Vancouver, Prince Rupert

Canadian National Railway will issue equipment allocations to ocean carrier customers shipping through Port Metro Vancouver and the Port of Prince Rupert as it struggles to cope with what it called an unexpected surge in U.S.-bound cargo linked to the July 1 expiration of the U.S. West Coast longshore contract.

### 5. CP reports Q2-2014 net income of C\$371M or C\$2.11 per diluted share

On July 17, 2014, CP reported its second quarter results for 2014. Its reported net income in the second quarter was \$371 million, or \$2.11 per diluted share, versus \$252 million, or \$1.43 per share, in the second quarter of 2013. This represents a 48 per cent year-over-year improvement in earnings per share. Its second quarter 2014 results compared with the same quarter in 2013 are: total revenues were \$1,681 million, an increase of 12 per cent; operating expenses were \$1,094 million, an increase of 2 per cent; operating income was \$587 million, an increase of 40 per cent; and operating ratio was 65.1 per cent, a 680 basis point improvement. E. Hunter Harrison, CP's Chief Executive Officer said "CP delivered another record quarter."

### 6. CP 'winning' domestic intermodal push

Canadian Pacific Railway said it will likely increase domestic intermodal volume on a double-digit basis over the next couple years after seeing 53-foot container volume rocket 18 percent year-over-year in the second quarter of 2014.

### 7. CN declares third-quarter 2014 dividend

CN announced on July 21, 2014 that its Board of Directors has approved a third-quarter 2014 dividend on the Company's common shares outstanding. A quarterly dividend of twenty-five cents (C\$0.25) per common share will be paid on Sept. 30, 2014, to shareholders of record at the close of business on Sept. 9, 2014.

### 8. CN reports Q2-2014 net income of C\$847 million, up 18 per cent from year-earlier net income of C\$717 million

CN on July 21, 2014 reported its financial and operating results for the second quarter and six-month period ended June 30, 2014. 1) Net income was C\$847 million, or C\$1.03 per diluted share, compared

## RAIL TRANSPORTATION Canada

1. Minister Raitt announces new rail and dangerous goods requirements, June 27, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)
2. 2014 Guide to railway charges for crossing maintenance and construction, July 3, 2014, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)
3. 2014-2015 U.S. Fleet Integration Program, July 8, 2014, [www.cn.ca](http://www.cn.ca)
4. CN imposes cargo allocations at Vancouver, Prince Rupert, July 9, 2014, [www.joc.com](http://www.joc.com)
5. CP reports Q2-2014 net income of C\$371M or C\$2.11 per diluted share, July 17, 2014, [www.cpr.ca](http://www.cpr.ca)
6. CP 'winning' domestic intermodal push, July 17, 2014, [www.joc.com](http://www.joc.com)
7. CN declares third-quarter 2014 dividend, July 21, 2014, [www.cn.ca](http://www.cn.ca)
8. CN reports Q2-2014 net income of C\$847 million, up 18 per cent from year-earlier net income of C\$717 million, July 21, 2014, [www.cn.ca](http://www.cn.ca)
9. CN Railway reports profit jump, revises outlook upward, July 21, 2014, [www.globeandmail.ca](http://www.globeandmail.ca)
10. CN says Canada's rail transportation system ready for the new harvest, July 28, 2014, [www.ctl.ca](http://www.ctl.ca)

with net income of C\$717 million, or C\$0.84 per diluted share, for the year-earlier quarter. The Q2-2013 results included a net gain of C\$13 million (C\$0.01 per diluted share) resulting from a gain on a non-monetary transaction with another railway that was partly offset by the effect of the enactment of higher provincial corporate income tax rates. 2) Excluding the Q2-2013 net gain, Q2-2014 diluted EPS of C\$1.03 increased 24 per cent over last year's adjusted diluted EPS of C\$0.83. 3) Operating income for the second-quarter of 2014 increased 21 per cent to C\$1,258 million. 4) Second-quarter 2014 revenues increased 17 per cent to C\$3,116 million, revenue ton-miles grew by 14 per cent, and carloadings increased 11 per cent. 5) CN's operating ratio for Q2-2014 improved by 1.3 points to 59.6 per cent from 60.9 per cent for the year-earlier quarter. And 6) Free cash flow for the first half of 2014 was C\$1,270 million, compared with C\$788 million for the year-earlier first half.

#### 9. CN Railway reports profit jump, revises outlook upward

Canadian National Railway Co, the country's largest rail operator, reported a big jump in profit on July 21, 2014 and bolstered its 2014 financial outlook, reflecting a swift recovery from last quarter's tough winter weather.

#### 10. CN says Canada's rail transportation system ready for the new harvest

CN said Canada's rail transportation system is ready to accommodate the new harvest with a solid throughput rate in line with the grain supply chain. The supply chain will also be able to address the excess carry-over from last year's extraordinary crop by as early as next spring, said the railway.

### HIGHWAY TRANSPORTATION

#### 1. For-hire Motor Carrier Freight Services Price Index, first quarter 2014

The For-hire Motor Carrier Freight Services Price Index increased 2.1% in the first quarter of 2014 from the fourth quarter of 2013. The general freight trucking component rose 2.5% and the specialized freight trucking component advanced 1.5%. Year over year, the index was up 2.5% in the first quarter compared with the same quarter of 2013.

#### 2. U.S. Border Fee Increase Illegal, CTA Says

The U.S. proposal to hike the fees that Canadian truckers pay for agricultural inspections at the border violates the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT), the Canadian Trucking Alliance (CTA) says. David Bradley, president of the CTA, says the proposal to increase the agricultural quarantine inspection (AQI) fees for commercial trucks (from \$105 to \$320 per year for trucks with a transponder) is similar to a 1999 attempt to introduce a U.S. Customs Service User Fee.

#### 3. Manitoulin Expands Further Into Manitoba

Manitoulin Transport has purchased Jomac Transport of Winnipeg. Manitoulin officials state that this investment in Western Canada builds on Manitoulin's 2013 purchase of Smooth Freight of Brandon and provides Manitoulin with comprehensive ground coverage throughout Manitoba. Jomac provides daily overnight freight-shipping service between Winnipeg and three northern communities in Manitoba: Thompson, Flin Flon and The Pas. From its northern docks, it also delivers to most outlying areas in the north such as Lynn Lake, Leaf Rapids, Gillam, Norway House, Cross Lake, and Snow Lake. Jomac Transport also services remote communities during winter road season. Under the terms of the purchase agreement, all of Jomac's assets and employees will be absorbed by Manitoulin Transport.

#### 4. Fleet: Signs of 'Extreme' Driver Shortage

Some fleet managers are reporting signs of an extreme driver shortage in certain areas, reports *Heavy Duty Trucking*: "For several years now, trucking industry analysts have been predicting we were getting close to the edge of a cliff when it comes to the driver shortage – a point where drivers will become so scarce in relation to the freight to be hauled that some ends up sitting on the docks, and carrier rates go up," the article states. One fleet exec told the magazine he thinks we're already there.

### HIGHWAY TRANSPORTATION Canada

1. For-hire Motor Carrier Freight Services Price Index, first quarter 2014, June 30, 2014, [www.statcan.gc.ca](http://www.statcan.gc.ca)
2. U.S. Border Fee Increase Illegal, CTA Says, June 27, 2014, [www.todaystrucking.com](http://www.todaystrucking.com)
3. Manitoulin Expands Further Into Manitoba, July 7, 2014, [www.todaystrucking.com](http://www.todaystrucking.com)
4. Fleet: Signs of 'Extreme' Driver Shortage, July 11, 2014, [www.ontruck.org](http://www.ontruck.org)
5. Strandherd-Armstrong Bridge opens, July 12, 2014, [www.tc.gc.ca](http://www.tc.gc.ca)
6. Large Urban Transit, May 2014, July 23, 2014, [www.statcan.gc.ca](http://www.statcan.gc.ca)
7. Canada Customs Program Changes Good For Truckers: CTA, July 23, 2014, [www.todaystrucking.com](http://www.todaystrucking.com)
8. May 2014 North American Freight Numbers, July 24, 2014, [www.dot.gov](http://www.dot.gov)
9. Merger and Acquisition Activity Heats Up in Trucking, July 24, 2014, [www.todaystrucking.com](http://www.todaystrucking.com)
10. TransForce Bids to Buy Contrans for \$495M, July 25, 2014, [www.todaystrucking.com](http://www.todaystrucking.com)

### US

1. May 2014 Freight Transportation Services Index (TSI), July 10, 2014, [www.dot.gov](http://www.dot.gov)



## **5. Strandherd-Armstrong Bridge opens**

On July 12, 2014, the Harper government, the Province of Ontario and the City of Ottawa celebrated the opening of the new Strandherd-Armstrong Bridge. This new bridge, which spans the Rideau River between River Road and Prince of Wales Drive, provides new transit, traffic, cycling and pedestrian connections between the Riverside South and Barrhaven communities

## **6. Large Urban Transit, May 2014**

In May 2014, total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit systems rose 1.9% from the same month in 2013 to \$272.1 million. Over the same period, ridership levels increased 0.4% to 136.0 million passenger trips.

## **7. Canada Customs Program Changes Good For Truckers: CTA**

Canadian and U.S. border officials announced changes to the Trusted Traveller and Trusted Trader programs, to strengthen commerce between Canada and the U.S. "Most significant to the trucking industry is the introduction of Non Resident Importers into Canada's Customs Self Assessment (CSA) program," the Canadian Trucking Alliance (CTA) said in a statement. The CSA program offers low-risk, pre-approved companies streamlined clearance of eligible goods when using a CSA authorized importer, a CSA authorized carrier and an approved commercial driver. Before the change, only Canadian importers qualified for membership to CSA, but now U.S. companies that import into Canada may also be eligible for the program.

## **8. May 2014 North American Freight Numbers**

U.S.-NAFTA trade totaled \$103.9 billion in May 2014 as four of five transportation modes – vessel, pipeline, rail, and trucks – carried more U.S.-NAFTA trade than in May 2013, according to the TransBorder Freight Data released on July 24, 2014 by the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS). The value of May 2014 trade was 5.4 percent more than in May 2013. In the U.S.-Canada trade, trucks carried 53.9 percent of the \$57.7 billion of freight to and from Canada, followed by rail at 16.4 percent, pipeline at 13.5 percent, vessel at 5.6 percent and air at 4.0 percent. Year-to-year, the value of U.S.-Canada trade by pipeline increased the most of any mode, growing 24.1 percent. U.S.-Canada pipeline trade comprised 94.8 percent of total U.S.-NAFTA pipeline trade in May 2014.

## **9. Merger and Acquisition Activity Heats Up in Trucking**

After several slow years, merger and acquisition activity is on the rise again in the Canadian trucking industry, according to PwC's Capital Markets Flash, a provider of tax, consulting and deals services. "We're seeing companies become increasingly aggressive, not taking no for an answer as hostile activity heats up," said Nicolas Marcoux, national deals leader, PwC. Big trucking firms are getting bigger, while many mid-sized companies are either being acquired or are struggling, PwC explained. Merger activity accelerated in the second 2014 quarter in Canada

## **10. TransForce Bids to Buy Contrans for \$495M**

TransForce has offered to buy Contrans for about \$495 million in cash. TransForce bid \$14.60 in cash per share for Woodstock-based trucking company, Contrans. Contrans ranks number 10 on *Today's Trucking's* Top 100 Carriers list, with about 1,400 power units and 2,600 trailers under management. TransForce ranks first. Contrans has a history of profitability. Contrans CEO Stan Dunford commented: "TransForce has a significant market presence that will benefit our operations and possesses many of the same values that have allowed Contrans to operate successfully. I believe the entrepreneurial culture of Contrans will fit in well with TransForce."

## GENERAL TRANSPORTATION

### Canada

#### 1. China M&A rulings create hot competition for antitrust lawyers

China's increasing regulatory influence over international mergers and acquisitions has helped to create the hottest new commodity in its legal industry: anti-trust lawyers. Six years ago, China did not even have a legal system for regulating the impact of M&A on competition. On July 3, 2014, its Ministry of Commerce is the biggest wildcard for dealmakers trying to get a major cross-border deal past anti-trust regulators.

#### 2. Packaging and Transport of Nuclear Substances Regulations (2014)

The federal government has introduced proposed changes to the Packaging and Transport of Nuclear Substances Regulations (2014)-

#### 3. Antitrust: Commission calls for strengthening position of national competition authorities to ensure effective enforcement of competition rules throughout the EU

The European Commission has adopted a Communication identifying areas for action to enhance the enforcement of EU antitrust rules by national competition authorities (NCAs). Since 2004, both the Commission and NCAs have the power to fully enforce the EU's antitrust rules. Based on ten years of experience, the Commission aims to further strengthen the position and tools of the NCAs. The Communication adopted on July 9, 2014 sets out priority areas where further progress is necessary. The Commission will then assess which policy initiatives should be taken to best achieve these goals.

#### 4. Travel between Canada and other countries, May 2014

Travel between Canada and other countries rose in both directions in May 2014, with increases in almost every travel category. Travel to Canada by US residents rose 1.6% compared with April 2014 to 1.7 million trips. Canadian residents took 4.5 million trips to the United States in May 2014, up 0.9%. Travel by residents of overseas countries to Canada increased 2.3% in May 2014 to 426,000 trips. This was the highest monthly level since June 1996. In the opposite direction, travel by Canadian residents to overseas countries rose 4.4% to 884,000 trips.

#### 5. Research and Markets releases analysis of global rail industry 2014-2020

Research and Markets has announced the addition of the "Executive Analysis of the Global Rail Industry 2014" report to their offering. The Strategic Insight provides an outlook of growth opportunities in the global rail market. It discusses key trends, market drivers, opportunities, regional influences, and market dynamics

### Canada

1. China M&A rulings create hot competition for antitrust lawyers, July 3, 2014, [www.portofmontreal.ca](http://www.portofmontreal.ca)

2. Packaging and Transport of Nuclear Substances Regulations (2014), July 7, 2014, [www.cantruck.ca](http://www.cantruck.ca)

3. Antitrust: Commission calls for strengthening position of national competition authorities to ensure effective enforcement of competition rules throughout the EU, July 9, 2014, [www.europa.eu](http://www.europa.eu)

4. Travel between Canada and other countries, May 2014, July 17, 2014, [www.statcan.gc.ca](http://www.statcan.gc.ca)

5. Research and Markets releases analysis of global rail industry 2014-2020, July 26, 2014, [www.ctl.ca](http://www.ctl.ca)

### US/EEU

#### Publications

1. Transportation Satellite Accounts: Findings From 2002–2006, July 2, 2014, [www.dot.gov](http://www.dot.gov)

2. Transportation Satellite Accounts: Findings From 2002–2006, July 2, 2014, [www.bts.gov](http://www.bts.gov)

4. EU mergers and takeovers (July 28), July 28, 2014, [www.portofmontreal.ca](http://www.portofmontreal.ca)