

Transportation Information Update*

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AIR TRANSPORTATION

1. Federal government bans shipments of lithium metal batteries on passenger flights

The Honourable Lisa Raitt, Minister of Transport, on December 30, 2014 announced a suite of amendments to Canada's *Transportation of Dangerous Goods Regulations* (TDGR). The updates include a ban on transporting lithium metal batteries as cargo on passenger flights in Canada, as well as new labelling and Emergency Response Assistance Plan (ERAP) requirements for certain dangerous goods. Other updates to the TDGR include: 1) Incorporating Protective Direction (PD) 33 into the TDGR. Introduced in April 2014, PD33 ordered rail shippers of ethanol, petroleum crude oil, gasoline, and other petroleum products to have an approved Emergency Response Assistance Plan (ERAP) in place to ensure proper emergency response in the event of an incident or release involving these flammable liquids; 2) Adding ERAP requirements for petroleum sour crude oil and Alcohols N.O.S. (typically used to classify ethanol in the US), which were not previously included under PD33; and 3) Numbering of products used by New United Nations (UN) for petroleum sour crude oil and biomedical waste.

2. U.S. Department of Transportation Issues Final Rule Regarding Air Travel with Musical Instruments

The U.S. Department of Transportation on December 30, 2014 issued a final rule to implement section 403 of the FAA Modernization and Reform Act of 2012, which requires that U.S. airlines accept musical instruments as carry-on or checked baggage on commercial passenger flights, provided that certain conditions are met.

3. Air Canada Reports December and Full Year Load Factor

For the month of December 2014, Air Canada reported a near record system load factor of 82.6 per cent, its second highest system load factor ever on a system-wide capacity increase of 8.5 per cent, versus a load factor of 82.7 per cent in December 2013. On this additional capacity, system wide traffic for December increased 8.3 per cent. For the full year 2014, load factor was a record 83.4 per cent, versus 82.8 per cent in 2013, an increase 0.6 percentage points. Calin Rovinescu, President and Chief Executive Officer said "I am pleased to report our highest load factor ever for the full year 2014 and second highest for the month of December on continued strong traffic growth of 8.5 and 8.3 per cent, respectively."

4. Air Canada considers leaving Toronto's Billy Bishop Airport

Air Canada is considering ceasing flights out of Billy Bishop Airport in downtown Toronto amid a continuing push to cut overall costs and failed efforts to gain more access to the airport. "While Air Canada's traffic and load factor at Billy Bishop Toronto City Airport increased in 2014 over the previous year, as part of its continuing cost transformation

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1. Federal government bans shipments of lithium metal batteries on passenger flights, December 30, 2014, www.tc.gc.ca
2. U.S. Department of Transportation Issues Final Rule Regarding Air Travel with Musical Instruments, December 30, 2014, www.dot.gov
3. Air Canada Reports December and Full Year Load Factor, January 6, 2015, www.aircanada.ca
4. Air Canada considers leaving Toronto's Billy Bishop Airport, January 7, 2015, www.globeandmail.ca
5. WestJet reports December load factor of 80.9 per cent, January 7, 2015, www.westjet.ca
6. November Global Air Freight Growth Concentrates in Asia and Middle East, January 7, 2015, www.iata.org
7. Healthy Passenger Demand in November - Domestic Markets Driving Growth, January 8, 2015, www.iata.org
8. Porter said near deal to sell Toronto island terminal, January 8, 2015, www.globeandmail.ca
9. Air Canada and Chorus Aviation Inc. Announce a Conditional Amended and Extended Capacity Purchase Agreement, January 13, 2015, www.westjet.ca
10. Air Fares, Fourth Quarter 2013, January 14, 2015, www.statcan.gc.ca
11. October 2014 U.S. Airline Traffic Data, January 15, 2015, www.dot.gov
12. Taking care of business, at home and abroad, January 19, 2015, www.westjet.ca
13. Civil aviation operating statistics, November 2014, January 21, 2014, www.statcan.gc.ca
14. Global air cargo carriers have high hopes for 2015, January 20, 2014, www.joc.com
15. Canada and Israel improve transportation links, January 21, 2015, www.tc.gc.ca
16. November 2014 Passenger Airline

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

initiatives Air Canada is assessing the viability of Billy Bishop operations based on current imposed terminal rates and terms,” the airline said in a statement.”

5. WestJet reports December load factor of 80.9 per cent

WestJet on January 7, 2015 announced December 2014 traffic results with a load factor of 80.9 per cent (down 0.8 points). Revenue passenger miles (RPMs), or traffic, increased 5.1 per cent year over year, and capacity, measured in available seat miles (ASMs), grew 6.1 per cent over the same period. In the month of December, WestJet achieved an on-time performance rate of 77.5 per cent, an improvement of 29.1 percentage points. The airline flew a record 19.7 million guests in the full-year 2014, a year-over-year increase of 6.3 per cent or approximately 1.2 million additional guests. Gregg Saretsky, President and CEO said "We are very pleased with the strong traffic growth we saw throughout 2014, welcoming a record 4.8 million guests on board in the fourth quarter to finish the year with our third highest fourth quarter and full-year load factors.”

6. November Global Air Freight Growth Concentrates in Asia and Middle East

The International Air Transport Association (IATA) reported November 2014 data for global air freight markets showing that demand measured in freight tonne kilometers (FTK) grew 4.2% compared to November 2013. Capacity grew by 3.3% over the previous November. Compared

to October 2014, air freight demand expanded by a healthy 0.8%. The most significant growth was recorded by carriers in the Asia-Pacific and Middle East regions, at 5.9% and 12.9%, respectively.

7. Healthy Passenger Demand in November - Domestic Markets Driving Growth

The International Air Transport Association (IATA) announced global passenger traffic results for November 2014 showing a continuation of the healthy demand trend of recent months. Total revenue passenger kilometers (RPKs) rose 6.0% compared to November 2013, which was ahead of the 5.7% year-over-year growth recorded in October 2014 as well as the 10-year average growth rate of 5.6%. November 2014 capacity expanded by 5.4%, leading to a 0.5 percentage point rise in the load factor to 76.7%.

8. Porter said near deal to sell Toronto island terminal

Porter Aviation Holdings Inc., the biggest operator of flights at Toronto’s island airport, is nearing a deal to sell its passenger terminal to a group led by InstarAGF Asset Management Inc. for more than \$750-million, people with knowledge of the matter said.

9. Air Canada and Chorus Aviation Inc. Announce a Conditional Amended and Extended Capacity Purchase Agreement

Air Canada and Jazz Aviation LP ('Jazz'), a wholly-owned subsidiary of Chorus Aviation Inc., have reached agreement on an amended and extended capacity purchase agreement ('CPA') which provides for significant cost reductions for both parties, strengthens the relationship and better aligns their interests over the long term. The new CPA is subject to a number of terms and conditions, including the ratification of a new tentative agreement reached between Jazz and its pilots, represented by the Air Line Pilots Association ('ALPA'), and approvals by the respective Boards.

10. Air Fares, Fourth Quarter 2013

Total air fares, domestic and international combined, averaged \$240.60 in the fourth quarter of 2013, down 0.2% from the same quarter of 2012. This marked the first decline following two consecutive year-over-year quarterly advances. The average domestic fare was \$191.60, down 1.8% from the same quarter in 2012, while the average international fare was unchanged at \$307.00.

11. October 2014 U.S. Airline Traffic Data

The U.S. Department of Transportation’s Bureau of Transportation Statistics (BTS) reported on January 15, 2015 that U.S. airlines’ systemwide (domestic and international) scheduled service load factor – a measure of the use of airline capacity – rose to 83.4 percent in October 2014, seasonally adjusted, after having remained virtually unchanged at 83.3 percent for two months. Seasonal adjustment allows the comparison of monthly load factors to all other months.

Employment Data, January 22, 2015, www.bts.gov

17. Why U.S. airlines look better than Canadian peers, January 26, 2015, www.nationalpost.ca

18. IATA business confidence index sees cargo confidence in 2015 but with decline in yields, January 27, 2015, www.ctl.ca

19. WestJet Magazine launches a redesign and a new name, January 27, 2015, www.westjet.ca

20. Porter Aviation Holdings Inc. Sells Billy Bishop Passenger Terminal, January 28, 2015, www.atac.ca

US/EEC

1. News Brief: IATA Environmental Assessment Program Gathers Momentum, January 13, 2015, www.iata.org/pressroom/

2. U.S. Department of Transportation Fines Southwest \$1.6 Million for Violating Tarmac Delay Rule, January 15, 2015, www.dot.gov

12. Taking care of business, at home and abroad

WestJet on January 19, 2015 announced two new destinations - Houston, Texas and Gander, Newfoundland - as part of the 2015 summer schedule release. The airline adds a total of nine new routes and increased frequency on 15 established routes.

13. Civil aviation operating statistics, November 2014

In November 2014, the two major Canadian air carriers flew 3.3 million passengers on their scheduled and charter services, up 9.4% from the same month in 2013. Both Air Canada and WestJet increased their passenger capacity and traffic in November.

14. Global air cargo carriers have high hopes for 2015

The air cargo industry had its longest peak season after several years in 2014, driven by massive demand for new products, most notably the iPhone 6 that sold more than 40 million units in the third quarter alone. But the big question that has airline executives frantically polishing their crystal balls is whether airlines and air freight forwarders can count on the strong performance continuing through this year.

15. Canada and Israel improve transportation links

The Honourable Lisa Raitt, Canada's Minister of Transport, was in Israel on January 21, 2014 to sign an Air Transport Agreement, a Declaration of Intent on Aviation Security, and a Memorandum of Understanding on transportation with Mr. Yisrael Katz, Israel's Minister of Transport and Road Safety. The new Air Transport Agreement expands Canada's air transport relationship with Israel by providing substantial operating flexibility for airlines in both countries to offer greater service options for travellers and shippers. Specifically, the agreement will allow any number of Canadian and Israeli airlines to offer air services to any city in Canada and Israel, it will increase the number of permitted flights for passenger and cargo services, and it will provide airlines the ability to introduce new prices more quickly, among other advantages.

16. November 2014 Passenger Airline Employment Data

U.S. scheduled passenger airlines employed 386,912 workers in November 2014, 1.5 percent more than in November 2013, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on January 22, 2015.

17. Why U.S. airlines look better than Canadian peers

It may be relatively easy to calculate the net benefit of falling oil prices on airline industry profits, but determining the impact on airline yields is much more difficult. "Demand is just one side of the yield equation. The other is supply, which remains an equally concerning issue in Canada." Canadian available seat miles (ASM) on its carriers have arisen by 4-5% whereas US ASM on its carriers have risen by 2% and the latter have maintained a more disciplined approach to supply. One airline analyst therefore prefers US airlines stocks to Canadian airlines stocks.

18. IATA business confidence index sees cargo confidence in 2015 but with decline in yields

The International Air Transport Association's (IATA) "Airline Business Confidence Index," reports that 71 per cent of cargo executives and chief financial officers surveyed said they expect increased cargo demand in the next 12 months. The survey's key points include the following: Airline profit expectations for the year ahead have become more positive, consistent with improvements in recent performance, according to IATA's quarterly survey of airline CFOs and heads of cargo in January 2015.

19. WestJet Magazine launches a redesign and a new name

This month WestJet Magazine and westjetmagazine.com reveals a new look and an enhanced reader experience. One of Canada's most widely read travel brands, WestJet Magazine (formerly called up!) is the official publication of WestJet, Canada's low-fare leader.

20. Porter Aviation Holdings Inc. Sells Billy Bishop Passenger Terminal

Porter Aviation Holdings Inc. (PAHI) has completed the sale of its passenger terminal at Billy Bishop Toronto City Airport (BBTCA) to Nieuport Aviation Infrastructure Partners GP (Nieuport Aviation), a consortium of Canadian and international infrastructure equity investors.

WATER TRANSPORTATION

1. New emission rules for ocean carriers take effect Jan. 1

Many ocean carriers are preparing for operating costs to rise when more stringent international standards for reducing emissions of sulfur, nitrogen oxide and particulate matter from ocean-going vessels in specially designated coastal areas go into effect January 1, 2015. Fuel is the No. 1 cost for ocean carriers, although bunker rates have declined some in the second half of the year along with the price of crude oil.

2. Foreign trade keeps China ports on a 2014 high

China's top seven ports handled 118.4 million 20-foot containers in 2014, up almost 6 percent on the previous year as foreign trade kept throughput growth in solid positive territory for every month during the year.

3. Tolls, wharfage charges to increase on St. Lawrence Seaway in 2015

The St. Lawrence Seaway Management Corporation (SLSMC) announced December 23, 2014, a toll rate increase of 2.0% for the 2015 navigation season. The Seaway also announced that Wharfage and Charges have been revised for the 2015 navigation season. Effective with the commencement of the 2015 navigation season, wharfage charges will increase 2%.

4. Montreal Gateway Terminals up for sale

Morgan Stanley Infrastructure Partners has agreed to sell Montreal Gateway Terminals, the container facility at the Port of Montreal which it acquired in 2007, to a consortium led by Fiera Axiom Infrastructure Inc., in a deal that could fetch more than US\$600m.

5. Orbcomm expands global service by acquiring Canada's SkyWave

Satellite-based container tracking and communications giant Orbcomm extended its international reach and technology base by acquiring Canada's SkyWave Mobile Communications.

6. Prince Rupert Port Authority: Monthly Traffic Summary – December 2014

On January 10, 2015, the Prince Rupert Port Authority released its results for December 2014. Total traffic in terms of TEUs for the month of December 2014 was 60,232 compared to 39,993.75 in December 2013, an increase of 50.6%. Inbound traffic for December 2014 was 36,914.75 and outbound traffic was 23,317.75, representing increases of 61.86% and 35.67% compared to the same month a year ago. For the period January to December 2014, total traffic was 618,167 TEUs an increase of 15.24% compared to the same period a year ago. Inbound traffic increased by 18.47% and outbound traffic increased by 11.01%

7. Terminals see record volumes despite decline in overall port tonnage

Volumes reached record heights in 2014 at more than half of the Port of Prince Rupert's cargo terminals, according to year-end statistics released this week by the Prince Rupert Port Authority. Container, grain and biofuel shipments surged over a twelve-month period, while overall port volumes were tempered by decreases in coal and log exports.

8. Great Lakes-St. Lawrence Seaway to get \$7-billion facelift

One of Canada's most important transportation and trade networks, the Great Lakes-St. Lawrence Seaway, is undergoing a transformation that will see more than \$7-billion worth of investments by 2018. The

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1. New emission rules for ocean carriers take effect Jan. 1, December 30, 2014, www.americanshipper.com

2. Foreign trade keeps China ports on a 2014 high, January 6, 2015, www.joc.com

3. Tolls, wharfage charges to increase on St. Lawrence Seaway in 2015, January 5, 2015, www.ctl.ca

4. Montreal Gateway Terminals up for sale, January 5, 2015, www.portofmontreal.ca

5. Orbcomm expands global service by acquiring Canada's SkyWave, January 5, 2015, www.joc.com

6. Prince Rupert Port Authority: Monthly Traffic Summary – December 2014, January 10, 2015, www.rupertport.com

7. Terminals see record volumes despite decline in overall port tonnage, January 9, 2015, www.rupertport.com

8. Great Lakes-St. Lawrence Seaway to get \$7-billion facelift, January 14, 2015, www.globeandmail.ca

9. Last ditch effort made to avoid Vancouver drayage strike, January 14, 2014, www.joc.com

10. \$7 billion being invested in Great Lakes shipping, January 15, 2015, www.portofmontreal.ca

11. McCain amendment would change Jones Act, January 15, 2015, www.americanshipper.com

12. Montreal Port Authority – Monthly container traffic and Year-to-date traffic, January 19, 2015, www.portofmontreal.ca

13. Growing Trade Through Port of Prince Rupert Boosts Five-Year Job Numbers by 110%, January 19, 2014, www.rupertport.com

14. Montreal port to get better truck access, January 21, 2015, www.todaystrucking.com

15. Port of Montreal gets \$132-million investment, January 21, 2015, www.portofmontreal.ca

16. Port of Halifax – 2014 4th Quarter traffic and Year to date, January 22, 2015, www.portofhalifax.ca

17. More international shippers using Hamilton as a North American gateway, port says, January 26, 2015, www.ctl.ca

18. Vancouver drayage tensions grow after 600 drivers left out of work, January 27, 2015, www.joc.com

19. Inland port near Vancouver aims to begin container transload service, January 29, 2015, www.joc.com

upgrades include new docks, locks and freighters on the 3,700-kilometre trade route that links the centre of North America to global markets.

20. Vancouver shippers await drayage drivers' response on whether they will strike, January 29, 2015, www.joc.com

9. Last ditch effort made to avoid Vancouver drayage strike

Representatives of union and non-union drayage drivers serving Port Metro Vancouver will meet with British Columbia's minister of transportation on January 15, 2015 in what drivers call a final attempt to avoid another strike at Canada's largest container port.

10. \$7 billion being invested in Great Lakes shipping

More than \$7 billion is being spent on asset renewal and infrastructure improvements in the bi-national Great Lakes-St. Lawrence shipping system. An investment survey, compiled by maritime trade consultants Martin Associates, tallies CDN \$7.1 billion in capital spending on ships, ports and terminals and waterway infrastructure in the Great Lakes-St. Lawrence waterway. More than \$4.8 billion has been invested in the navigation system from 2009-2013 and another \$2.3 billion is committed to improvements from 2014-2018. Two-thirds of the capital (67 per cent) was invested by private companies with 33 per cent coming from government funding.

11. McCain amendment would change Jones Act

Sen. John McCain, R-Ariz., said an amendment he introduced to the bill to approve the Keystone XL Pipeline would "repeal the Merchant Marine Act of 1920, also known as *The Jones Act*, which requires that all goods shipped between waterborne ports of the United States be carried by vessels built in the United States and owned and operated by Americans." McCain said "I have long advocated for a full repeal of *The Jones Act*, an antiquated law that has for too long hindered free trade.

12. Montreal Port Authority – Monthly container traffic and Year-to-date traffic

The Port of Montreal reported its container traffic for the month of December 2014 and for 2014. For 2014 the number of containers increased by 4.2% to 1,402,393 TEUs from 1,346,065 in 2013, imports increased by 7.4% (to 696,840) and exports by 1.2% (to 705,553). For the month of December 2014, the number of containers increased 5.4% to 109,420 TEUs.

13. Growing Trade Through Port of Prince Rupert Boosts Five-Year Job Numbers by 110%

Employment directly related to activity at the Port of Prince Rupert has risen over the last five years by 110%, reaching 3,060 person-years in 2014, according to a new economic impact study released on January 19, 2014 by the Prince Rupert Port Authority. The study revealed that the \$1.2 billion in economic activity related to the transportation of Port-related exports and imports directly provides the equivalent of 3,060 permanent full-time jobs, with combined wages of \$200 million. The employment number represents an increase of 1,600 jobs since 2009, and over 800 in the last three years alone.

14. Montreal port to get better truck access

Improved road access to improve truck flow is part of a multi-million dollar investment for the Port of Montreal. More than 2,500 trucks come in and out of the port area on a daily basis, making it the second busiest port in Canada after Vancouver and the fifth-largest on the eastern North American coastline. The federal government announced the renovation project on January 21, 2015, saying it is necessary to facilitate exports, particularly in light of a new trade deal with Europe.

15. Port of Montreal gets \$132-million investment

The Port of Montreal will receive a \$132-million makeover in anticipation of an increase in exports due to the recently signed free-trade deal between Canada and the European Union. Federal Infrastructure Minister Denis Lebel announced on January 20, 2015 that Ottawa will contribute \$43.7 million to the project, which he said was "directly linked" to the new trade deal with Europe.

16. Port of Halifax – 2014 4th Quarter traffic and Year to date

The Port of Halifax released its 2014 fourth quarterly data and year-to-date data on January 22, 2015. For the 2014 fourth quarter, total container traffic was 92,484 TEUs compared to 110,516 TEUs over the same period in 2013, down 16.3%. Imports were 45, 137 TEUs compared to 54,739 TEUs, down 17.5% and exports were 47,347 TEUs compared to 55,777 TEUs, down 15.1% for the 2014 fourth quarter. For the calendar year 2014, total container traffic was 400,063 TEUs compared to 442,174 TEUs a decline of 9.5% compared to 2013. Imports declined 6.7% (i.e. to 201,807 from 216,200) and exports declined 12.3% (i.e. to 198,256 from 225,974).

17. More international shippers using Hamilton as a North American gateway, port says

The Port of Hamilton has released its tonnage results for the 2014 shipping season. Total cargo volumes were 10,526,732 metric tonnes (MT) in 2014, representing a 5% increase over 2013, said the port in a release. The port welcomed 157 overseas vessels in 2014, with the balance (462) operating within the

Canada/US Great Lakes. Overseas tonnage was 2 million MT, a gain of 39% year-over-year and the highest volume of overseas cargo in a decade.

18. Vancouver drayage tensions grow after 600 drivers left out of work

The exclusion of roughly 600 drayage drivers from Port Metro Vancouver's new licensing system has raised tensions here in what is increasingly looking like a showdown between truck drivers and the government.

19. Inland port near Vancouver aims to begin container transload service

With transloading capacity scarce in Vancouver, an inland port 200 miles away aims to give forestry exporters the consistency in stuffing their products into containers they might not find in the greater Vancouver area.

20. Vancouver shippers await drayage drivers' response on whether they will strike

When it comes to whether Port Metro Vancouver will experience a crippling drayage strike like it did in March 2014 depends on the interaction of the union and non-union drivers'.

RAIL TRANSPORTATION

1. Railways search for a means to meet rising demands

North American railways became clogged during the long cold winter of 2013-14 and stayed that way for most of the year. This year will be a test for rail companies' abilities to get freight moving as they grapple with rising demands from shippers of everything from oil to grain and consumer goods. As always, the wild-card is the winter that is taking hold and can force railways to run shorter, slower trains and leave customers waiting. Trains have to travel at slower speeds, surge in demands puts pressure on capacity and the shortage of drivers and capacity in the trucking industry adds to the problems. Different individuals suggest different ways to deal with the problems.

2. CN's Mongeau says investments into US Midwest are keeping "fluid network"

Claude Mongeau, president and chief executive officer of CN said on January 14, 2015 that the company's substantial investments in its U.S. Midwest operations, particularly the former Elgin, Joliet and Eastern Railway (EJ&E), are keeping its network fluid, helping the railroad accommodate increased demand for its freight services, and freeing up rail capacity inside Chicago for other railroads.

3. CSX reports record profit and sales in 2014

CSX had record profits and revenue in the fourth-quarter and for the full year in 2014. Fourth quarter profit was \$491 million, a 15 percent increase from \$426 million for the same period last year. Revenue was \$3.2 billion, up 5 percent. The company said it saw strength in several categories of freight including "merchandise, intermodal and coal.

4. CN reaches tentative labour agreement with Teamsters union representing rail traffic controllers in Canada

CN on January 15, 2015 indicated that it has negotiated a tentative labour agreement with the Teamsters Canada Rail Conference-Rail Canada Traffic Controllers (TCRC-RCTC) union that represents rail traffic controllers in Canada. The four-year agreement would provide wage increases and benefit improvements to approximately 180 employees. Details of the agreement are being withheld pending ratification by union members. The union is expected to announce the results of the ratification vote before the end of February 2015.

5. CP and DREAM Unlimited Partner to Unlock Long-term Real Estate Value

Canadian Pacific and DREAM Unlimited Corp. are proud to announce an agreement to form a joint venture called DREAM Van Horne Properties (DREAM VHP), created to generate long-term shareholder value from CP's surplus real estate. The joint venture will maximize

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1. Railways search for a means to meet rising demands, December 31, 2014, www.globeandmail.ca
2. CN's Mongeau says investments into US Midwest are keeping "fluid network", January 14, 2015, www.ctl.ca
3. CN's Mongeau says investments into US Midwest are keeping "fluid network", January 14, 2015, www.ctl.ca
4. CN reaches tentative labour agreement with Teamsters union representing rail traffic controllers in Canada, January 15, 2015, www.cn.ca
5. CP and DREAM Unlimited Partner to Unlock Long-term Real Estate Value, January 20, 2015, www.cpr.ca
6. CP reports record Q4 2014 operating ratio of 59.8 percent and earnings per share of C\$2.63
7. CP Rail slashes oil-volume forecast as crude shipments slow, January 22, 2015, www.globeandmail.ca
8. Union Pacific reports higher profits, revenues, January 23, 2015, www.americanshipper.com
9. Railway Caroadings, November 2014, January 28, 2015, www.statcan.gc.ca
10. CN Q4-2014 net income increased to C\$844 million, with diluted earnings per share (EPS) rising 36% to C\$1.03, January 27, 2015, www.cn.ca
11. CN announces 25 per cent increase in quarterly cash dividend, January 27, 2015, www.cn.ca
12. NS reports fourth quarter and full-year 2014 financial results, January 27, 2015, www.americanshipper.com
13. CN expects continued US West Coast diversion gains, January 28, 2015, www.joc.com
14. Canadian Pacific announces US\$700 million debt offering, January 28, 2015, www.cpr.ca
15. Via Rail and Canada Post to stop buying tickets to sporting events for employees or clients, January 28, 2015, www.nationalpost.ca

the value of CP's surplus real estate portfolio by leveraging the experience and expertise of DREAM to develop select properties.

6. CP reports record Q4 2014 operating ratio of 59.8 percent and earnings per share of C\$2.63

Canadian Pacific Railway Limited on January 22, 2015 announced the lowest quarterly operating ratio in the company's history and record net income for both the fourth quarter and the full year 2014. Revenues in the fourth quarter climbed 10 percent to an all-time high \$1.76 billion. Net income rose to a record \$451 million, or \$2.63 per diluted share. Adjusted earnings in the fourth-quarter jumped to \$460 million, or \$2.68 per share, from \$338 million, or \$1.91 per share, in the fourth quarter 2013. E. Hunter Harrison, CP's Chief Executive Officer said "I am proud of the team at CP, which continues to build momentum as we exited the year with double-digit revenue growth and a sub-60 operating ratio, proving again our ability to control costs while growing the top line." For the calendar year 2014, revenue climbed 8 percent to an all-time high \$6.62 billion; operating ratio fell to a record 64.7 percent, a 520-basis-point drop on an adjusted basis; reported EPS rose 71 percent to a record \$8.46; and Adjusted EPS climbed 32 percent to \$8.50. Harrison said "CP's remarkable transformation has allowed it to exceed its operational and financial goals for 2014, positioning the company to be nimble in the near-term and successful in the long run,"

7. CP Rail slashes oil-volume forecast as crude shipments slow

Canadian Pacific Railway Ltd. has slashed its forecast for crude-by-rail volumes amid the rout in oil prices that prompted drillers to cut budgets and production. The Calgary-based freight carrier said it moved less oil in the final three months of 2014 and it is expected to haul about 140,000 tank cars this year, down from an earlier estimate of 200,000.

8. Union Pacific reports higher profits, revenues

Union Pacific said on January 22, 2015 that it had a profit of \$1.4 billion in the fourth quarter of 2014, compared with \$1.2 billion in the same 2013 period. Fourth quarter revenue was \$6.2 billion, a 9 percent increase over the same period the prior year. The railroad saw average diesel fuel price fall to \$2.66 per gallon in the fourth quarter, 14 percent below where it was a year earlier.

9. Railway Carloadings, November 2014

The volume of rail freight carried in Canada totalled 27.6 million tonnes in November 2014, down 7.1% from the same month in 2013. Domestic rail freight originating in Canada and destined within Canada and other parts of the world declined 6.8% to 24.5 million tonnes. Intermodal freight loadings declined 1.8% to 168,000 units in November 2014. From a tonnage perspective, traffic fell 2.0% to 2.5 million tonnes. The drop stemmed solely from a reduction in containerized cargo shipments. Traffic received from the United States decreased 8.8% to 3.0 million tonnes.

10. CN Q4-2014 net income increased to C\$844 million, with diluted earnings per share (EPS) rising 36% to C\$1.03

CN on January 27, 2015, reported its financial and operating results for the fourth quarter and year ended Dec. 31, 2014. For the fourth-quarter of 2014: net income was C\$844 million versus net income of C\$635 million for the same period of 2013; diluted earnings per share (EPS) increased 36 per cent to C\$1.03 from diluted EPS of C\$0.76 for the final quarter of 2013; operating income increased 30 per cent to C\$1,260 million; and operating ratio improved by 4.1 points to 60.7 per cent; For the complete 2014 calendar year: net income was C\$3,167 million, or C\$3.85 per diluted share, compared with net income of C\$2,612 million, or C\$3.09 per diluted share, for 2013; adjusted diluted EPS increased 23 per cent to C\$3.76, with adjusted 2014 net income of C\$3,095 million versus adjusted net income of C\$2,582 million in 2013; and volumes reached record levels, with carloadings up eight per cent and revenue ton-miles up 10 per cent; full-year 2014 operating income rose 19 per cent to C\$4,624 million; and the full-year 2014 operating ratio improved by 1.5 points to 61.9 per cent. 2014 free cash flow totalled C\$2,220 million, compared with free cash flow of C\$1,623 million for 2013. Claude Mongeau, president and chief executive officer, said: "CN delivered a strong fourth-quarter 2014 performance, concluding a remarkable year characterized by brutal first-quarter winter weather, followed by a strong rebound starting in March, and capped by record full-year freight volumes. We're particularly proud of our solid operating performance that allowed us to move record volumes of Western Canadian grain and equally strong U.S. grain shipments.

11. CN announces 25 per cent increase in quarterly cash dividend

CN announced on January 27, 2015 that its Board of Directors has approved a 25 per cent increase in the Company's quarterly cash dividend. With this increase, CN's dividend on an annualized basis is C\$1.25 per

common share. The 25-cent increase in the annual dividend payment is the largest such increase in CN's history.

12. NS reports fourth quarter and full-year 2014 financial results

Norfolk Southern Corp., parent company of Norfolk Southern Railway, has reported its fourth quarter and full-year financial results for 2014. The company's net income for Q4 2014 was \$511 million, down less than half a percent year-over-year from \$513 million in Q4 2013. Norfolk Southern increased net income for the entire 2014 year by 5 percent, from \$1.9 billion to \$2 billion, a new record for the company. It also set a new high in 2014 for diluted earnings per share at \$6.39.

13. CN expects continued US West Coast diversion gains

Canadian National Railway expects intermodal to stay strong as shippers frustrated with U.S. West Coast port congestion push U.S-bound loads through Canadian ports and onto its network running through Chicago and down to New Orleans.

14. Canadian Pacific announces US\$700 million debt offering

Canadian Pacific Railway Limited announced that its wholly-owned subsidiary, Canadian Pacific Railway Company, is issuing: US\$700 million of 2.900% Notes due 2025. The transaction is expected to close on February 2, 2015, subject to customary closing conditions.

15. Via Rail and Canada Post to stop buying tickets to sporting events for employees or clients

Canada's two largest government-owned corporations will no longer give employees or clients free tickets to professional sporting events. Transport Minister Lisa Raitt, who is responsible for both Via Rail and Canada Post, told the House of Commons on January 28, 2015 that both Crown corporations will stop buying tickets to NHL games and other sporting events.

HIGHWAY TRANSPORTATION

1. Establishment of Courier Loading Zones in Toronto

As part of the ongoing dialogue with Toronto city officials, including the inauguration of a modern delivery policy, the city is now in the process of establishing courier loading zones for commercial carriers.

2. Kerry Logistics expands forwarding network in Canada, Middle East

Kerry Logistics Network Limited has announced two strategic acquisitions to expand reach and capacity of its international freight forwarding business in the Middle East and Canada. While in Canada, Kerry Logistics has extended its geographic reach via acquiring majority stakes in Total Logistics Partner Ocean Consolidators Inc. and Total Logistics Partner Air Express Inc. two Canadian freight forwarding companies focused on the Asia-Canada trade. The acquisition has added Montreal and Toronto to Kerry Logistics' worldwide network, the company said.

3. Lack of Qualified Drivers Squeezing Capacity

A overwhelming majority of carriers surveyed say they are likely to increase wages while expanding their searches for replacement drivers as attracting and retaining operators continues to be a growing challenge for the industry, reports Transport Capital Partners in its latest fourth quarter business expectations survey. As capacity tightens and cost rise, carriers are responding with higher rates. "However, carriers remain hesitant to add capacity because of a shortage of experienced drivers, with replacement far outpacing additions on order boards for new tractors," observed Richard Mikes, TCP Partner and survey leader.

4. Farrow buys CK Logistics

Canadian Customs broker Farrow has announced the acquisition of CK Logistics, a Customs broker and logistics firm with locations in San Antonio and Houston, Texas.

5. October 2014 North American Freight Numbers

U.S.-NAFTA freight totaled \$108.2 billion in October 2014 as three

HIGHWAY TRANSPORTATION Canada

1. Establishment of Courier Loading Zones in Toronto, January 4, 2015, www.ontruck.ca
2. Kerry Logistics expands forwarding network in Canada, Middle East, January 5, 2015, www.ctl.ca
3. Lack of Qualified Drivers Squeezing Capacity, January 7, 2015, www.ontruck.org
4. Farrow buys CK Logistics, January 8, 2015, www.ctl.ca
5. October 2014 North American Freight Numbers, January 8, 2015, www.dot.gov
6. Terminals see record volumes despite decline in overall port tonnage, January 9, 2015, www.rupertport.com
7. Intermodal volume hit a new record, January 12, 2014, www.todaystrucking.com
8. Trucking condition index rises in November, January 12, 2014, www.todaystrucking.com
9. Mullen Group's purchase of Gardewine closes, January 12, 2014, www.todaystrucking.com
10. Rates slip lower, as load volumes surges: DAT, Jan. 14, 2015, www.todaystrucking.com
11. November 2014 Freight Transportation Services Index (TSI), January 14, 2015, www.dot.gov
12. Manitoulin Transport buys Hi-Way 13's LTL division, January 19, 2014, www.ctl.ca
13. Large Urban transit, November 2014, January 22, 2014, www.statcan.gc.ca
14. New study says automated vehicles will reduce congestion, improve economy, January 22, 2015, www.ctl.ca
15. Canada Cartage to purchase D.J. Knoll Transport, January 22, 2015, www.todaystrucking.com
16. Canada and Ontario complete improvements to Windsor-Detroit Tunnel

transportation modes – air, rail, and trucks – carried more U.S.-NAFTA freight than in October 2013, according to the TransBorder Freight Data released on January 8, 2015 by the U.S. Department of Transportation’s Bureau of Transportation Statistics. US-Canada trade over the period (January to October) increased 3.2% (to \$1,000,609 million) in 2014 compared to the same period a year ago. Year-over-year, the percent change in the value of U.S.-Canada freight moved by truck increased the most of any mode, growing 4.7 percent. Freight moved by air increased 1.7 percent and rail by 0.7 percent. Freight moved by pipeline decreased 2.6 percent and by vessel decreased 14.7 percent, mainly due to lower mineral fuel prices. Trucks carried 54.8 percent of the \$58.6 billion of freight to and from Canada, followed by rail, 16.1 percent; pipeline, 12.8 percent; vessel, 4.9 percent and air, 4.5 percent. The surface transportation modes of truck, rail and pipeline carried 83.7 percent of the total U.S.-Canada freight flows

Canadian Plaza, January 27, 2015, www.tc.gc.ca

17. November 2014 North American Freight Numbers, January 29, 2015, www.bts.gov

18. Couriers and Messengers Services Price Index, December 2014, January 30, 2015, www.statcan.gc.ca

6. Terminals see record volumes despite decline in overall port tonnage

Volumes reached record heights in 2014 at more than half of the Port of Prince Rupert’s cargo terminals, according to year-end statistics released this week by the Prince Rupert Port Authority. Container, grain and biofuel shipments surged over a twelve-month period, while overall port volumes were tempered by decreases in coal and log exports.

7. Intermodal volume hit a new record

U.S. rail intermodal volume hit a new record in 2014. The Association of American Railroads (AAR) says 13,496,941 containers and trailers moved in 2014, up 5.2 per cent or 665,630 units over the previous record set in 2013.

8. Trucking condition index rises in November

FTR’s Trucking Conditions Index for November 2014 moved higher as diesel drops and holiday freight increases.

9. Mullen Group’s purchase of Gardewine closes

The Mullen Group’s purchase of Manitoba-based Gardewine Group Limited Partnership has closed. The all-cash transaction deal, worth \$172 million, was first announced in late November 2014. At the time, Mullen executives said they expected the purchase to contribute more than \$225-million in annual revenue and about \$25-million in annual operating income. Mullen’s trucking and logistics segment is expected to grow from 40 to 50 percent of overall company revenue with the acquisition.

10. Rates slip lower, as load volume surges: DAT

Truckload rates slipped lower for vans, flatbeds and reefers, partly due to declining fuel surcharges. Freight availability was up 51% and capacity surged 69%, in the first full work week of 2015, according to DAT Solutions, which operates the DAT network of load boards.

11. November 2014 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 November 2014 from October 2014, rising for the fifth consecutive month, according to the U.S. Department of Transportation’s Bureau of Transportation Statistics’ (BTS). The November 2014 index level (123.2) was 30.2 percent above the April 2009 low during the most recent recession.

12. Manitoulin Transport buys Hi-Way 13’s LTL division

Manitoulin Transport has announced the purchase of Hi-Way 13’s LTL division. Hi-Way 13 is based in Camrose, Alta. and marks Manitoulin’s second acquisition of an Alberta-based LTL trucking company in the last four months.

13. Large Urban transit, November 2014

In November 2014, total operating revenue (excluding subsidies) for 10 of Canada’s largest urban transit systems rose 1.3% from the same month in 2013 to \$287.0 million. Over the same period, ridership levels increased 0.6% to 144.6 million passenger trips.

14. New study says automated vehicles will reduce congestion, improve economy

A new study from The Conference Board of Canada, in collaboration with the Van Horne Institute and Canadian Automated Vehicles Centre of Excellence (CAVCOE), titled *Automated Vehicles: The Coming of the Next Disruptive Technology*, estimates that self-driving cars could be on the roads by 2020-25 and economic benefits for Canada could total over \$65 billion per year. Automated vehicles (AVs), already on the road in some form, will continue to rapidly enter the on-ramps, highways and Canadian roadways,

packed with time-saving benefits and reducing road collisions.

15. Canada Cartage to purchase D.J. Knoll Transport

Canada Cartage has proposed acquisition of D.J. Knoll Transport Ltd., of White City, Sask. D.J. Knoll is an asset-based transportation provider that specializes in hauling dry bulk freight, liquid bulk freight, and truck-load and LTL dry freight. The transaction is expected to close in early February, 2015. The addition of D.J. Knoll to Canada Cartage expands the company's already significant presence in Western Canada. "We're excited to have the staff, drivers and leadership team at D.J. Knoll join Canada Cartage," said president and CEO Jeff Lindsay.

16. Canada and Ontario complete improvements to Windsor-Detroit Tunnel Canadian Plaza

The Governments of Canada and Ontario on January 27, 2014 announced the completion of improvements to the Windsor-Detroit Tunnel Canadian Plaza. This project was the final construction project remaining in the *Let's Get Windsor-Essex Moving* (LGWEM) strategy announced in 2004. The improvements to the Canadian plaza of the Windsor-Detroit Tunnel were undertaken to accommodate current and future traffic volumes and promote the use of the NEXUS program while removing the tunnel queues from city streets. Upgrades include new vehicle access lanes, new buildings for the Canada Border Services Agency and tunnel maintenance, new inspection booths for truck and passenger vehicle processing, and a reconfiguration of the duty-free parking area, municipal parking lots and existing intersections.

17. November 2014 North American Freight Numbers

U.S.-NAFTA freight totaled \$96.3 billion in November 2014 as two transportation modes – truck and pipeline – carried more U.S.-NAFTA freight than in November 2013, according to the TransBorder Freight Data released on January 29, 2015 by the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS). Year-over-year, the value of U.S.-NAFTA freight flows by all modes increased by 0.1 percent. Year-over-year, U.S.-Canada freight moved by vessel was the only mode to show an increase, growing 0.2 percent. Freight moved by pipeline decreased 0.3 percent, and truck 1.5 percent. Rail freight decreased 5.2 percent due to a decline in trade of vehicles and auto parts, electrical machinery, and vegetable oils. Air freight decreased 5.6 percent due to a decline in trade of precious stones, aircraft parts, and electrical machinery. Trucks carried 55.2 percent of the \$52.4 billion of freight to and from Canada, followed by rail, 16.3 percent; pipeline, 11.8 percent; vessel, 5.7 percent and air, 4.5 percent. The surface transportation modes of truck, rail and pipeline carried 83.3 percent of the total U.S.-Canada freight flows.

18. Couriers and Messengers Services Price Index, December 2014

The Couriers and Messengers Services Price Index (CMSPI) declined 1.2% in December 2014 compared with November 2014. The couriers portion decreased 1.4% while the local messengers and local delivery component was down 0.4%. On a year-over-year basis, the CMSPI increased 4.3% in December.

GENERAL TRANSPORTATION

Canada

1. Memorandum of Understanding

Memorandum of Understanding on coordination of efforts related to A) Noise and Vibration Complaints, B) Road, Utility and Private Crossings, C) Jurisdictional Status of a Railway, and D) Railway Operating Certificates, Certificates of Fitness and Railway Line Construction, Between: The Canadian Transportation Agency ("Agency") and Transport Canada has been published on the Agency's website.

2. National tourism indicators, third quarter 2014

Tourism spending in Canada rose 1.3% in the 2014 third quarter, the sixth consecutive increase and the largest gain since the first quarter of 2010. Increased tourism spending by Canadians at home (1.1% and by international visitors in Canada (1.7%) contributed to the overall gain.

3. Travel between Canada and other countries, November 2014

Travel to Canada fell 3.9% in November 2014 compared with October 2014. The decrease was largely the result of fewer US travellers to Canada. Travel by American residents to Canada declined 4.7% to 1.7

Canada

1. Memorandum of Understanding, January 7, 2015, www.ctga-otc.gc.ca
2. National tourism indicators, third quarter 2014, January 8, 2014, www.statcan.gc.ca
3. Travel between Canada and other countries, November 2014, January 20, 2015, www.statcan.gc.ca
4. Global trade: International freight transport to quadruple by 2050, January 27, 2015, www.ctl.ca

US

1. U.S. Department of Transportation Announces \$2.47 Million for Innovative Projects in Maine, Pennsylvania and Washington, January 22, 2014, www.dot.gov

million trips in November. Travel to Canada from overseas countries decreased 1.1% in November to 444,000 trips. In the other direction, Canadian travel abroad declined 0.6%, as a result of fewer trips by Canadians to the United States.

4. Global trade: International freight transport to quadruple by 2050

The ITF (International Transport Forum) Transport Outlook 2015 was released at a media briefing in Paris on January 27, 2015. It presents long-term projections for future demand of passenger as well as freight transport and this year focuses on two key messages: shifting trade patterns are increasing transport distances by 12%, and the North Pacific surpasses the North Atlantic as a main trading route. In the face of shifting global trade patterns, international freight transport volumes will grow more than fourfold (factor 4.3) by 2050, while average transport distance across all modes will increase 12%.