

# Transportation Information Update\*

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## AIR TRANSPORTATION

### 1. Aircraft movement statistics: Major airports, November 2016

There were 421,781 aircraft take-offs and landings at the 91 Canadian airports with NAV CANADA air traffic control towers and flight service stations in November 2016, compared with 415,405 movements in November 2015.

### 2. WestJet conference call to discuss 2016 fourth quarter and year-end financial results

WestJet held its quarterly analysts' conference call on Tuesday, February 7, 2017, at 8 a.m. MST (10 a.m. EST) following the release of its 2016 fourth quarter and year-end financial results.

### 3. WestJet adds to successful Nashville service

WestJet on January 30, 2017 announced it will become the first Canadian carrier featuring non-stop service between Calgary International Airport (YYC) and Nashville's Metropolitan Nashville Airport (BNA). The twice-weekly route starts May 4, 2017.

### 4. Air Canada Adds Iceland to Growing International Network for Summer 2017

Air Canada announced on February 1, 2017 that it will launch daily summer seasonal service from Canada to Reykjavik, Iceland. Flights will operate four times and three times weekly from the carrier's Toronto and Montreal hubs respectively, subject to government approvals.

### 5. Air Cargo Ends 2016 on a Positive Note

The International Air Transport Association (IATA) released data for global air freight markets showing that demand, measured in freight tonne kilometers (FTKs) grew by 3.8% in 2016 compared to 2015. This was nearly double the industry's average growth rate of 2.0% over the last five years. Freight capacity, measured in available freight tonne kilometers (Fats), increased by 5.3% in 2016. All regions, with the exception of Latin America, experienced positive freight growth in 2016. Carriers in Europe accounted for almost half of the total annual increase in demand.

### 6. ICAO January 2017 Air Transport Monthly Monitor

ICAO ([www.icao.net](http://www.icao.net)) produces an Air Transport Monthly Monitor which provides a snapshot and analysis of key economic and aviation indicators. It also provides useful data on top airports in the world, largest airlines, passengers by region, etc.

### 7. Halifax air cargo up 4.1pc to 33,329 tonnes, mostly Asia-bound lobster

Eastern Canada's Halifax Stanfield International Airport has had its busiest year ever having served 3,908,799 passengers nearly breaking the four million mark, according to *Shipping Gazette*. Air cargo also saw major growth at the airport in 2016, reported the *Halifax Chronicle Herald*. Last year, 33,329 tonnes of cargo were processed, up 4.1 per cent from 2015. Much of that cargo was Asia-bound live lobster. An

## AIR

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## Canada

1. Aircraft movement statistics: Major airports, November 2016, January 31, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)

2. WestJet conference call to discuss 2016 fourth quarter and year-end financial results, January 31, 2017, [www.westjet.ca](http://www.westjet.ca)

3. WestJet adds to successful Nashville service, January 30, 2017, [www.westjet.ca](http://www.westjet.ca)

4. Air Canada Adds Iceland to Growing International Network for Summer 2017, February 1, 2017, [www.aircanada.ca](http://www.aircanada.ca)

5. Air Cargo Ends 2016 on a Positive Note, February 1, 2017, [www.iata.org](http://www.iata.org)

6. ICAO January 2017 Air Transport Monthly Monitor, January 30, 2017, [www.atac.ca](http://www.atac.ca)

7. Halifax air cargo up 4.1pc to 33,329 tonnes, mostly Asia-bound lobster, February 2, 2017, [www.transportweekly.com](http://www.transportweekly.com)

8. Another Strong Year for Air Travel Demand in 2016, February 2, 2017, [www.iata.org](http://www.iata.org)

9. Air Canada to Present Fourth Quarter and Full Year 2016 Results, February 2, 2017, [www.aircanada.ca](http://www.aircanada.ca)

10. Canadian airports launch partnership campaign on privatization, February 3, 2017, [www.ctl.ca](http://www.ctl.ca)

11. WestJet inaugurates Sudbury service, February 3, 2017, [www.westjet.ca](http://www.westjet.ca)

12. WestJet reports fourth quarter and full-year results, February 7, 2017, [www.westjet.ca](http://www.westjet.ca)

13. Air cargo soars to five-year high but turbulence awaits industry in 2017, Feb. 8, 2017, [www.transportweekly.com](http://www.transportweekly.com)

14. WestJet reports January load factor of 80.0 per cent, February 8, 2017, [www.westjet.ca](http://www.westjet.ca)

15. Aircraft movement statistics: Small airports, October 2016, February 10, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)

16. IATA Cargo iQ develops 2nd phase of Smart Data project, February 10, 2017, [www.transportweekly.com](http://www.transportweekly.com)

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

estimated C\$187 million (US\$142 million) in seafood and lobster exports were shipped from Halifax Stanfield in 2016, up C\$40 million from 2015.

#### **8. Another Strong Year for Air Travel Demand in 2016**

The International Air Transport Association (IATA) announced full-year global passenger traffic results for 2016 showing demand (revenue passenger kilometers or RPKs) rose 6.3% compared to 2015 (or 6.0% if adjusted for the leap year). This strong performance was well ahead of the ten-year average annual growth rate of 5.5%. Capacity rose 6.2% (unadjusted) compared to 2015, pushing the load factor up 0.1 percentage points to a record full-year average high of 80.5%. A particularly strong performance was reported for December 2016 with an 8.8% rise in demand outstripping 6.6% capacity growth.

#### **9. Air Canada to Present Fourth Quarter and Full Year 2016 Results**

Air Canada held a conference call for analysts on Friday at 8.30am, February 17, 2017 to present fourth quarter and full year 2016 results.

#### **10. Canadian airports launch partnership campaign on privatization**

Calgary, Ottawa and Vancouver international airports unveiled a new website that highlights the risks of selling Canadian airports to private investors. As the federal government contemplates a potential sale of major Canadian airports, the website's goal is to inform Canadians about "the negative impact a sale of airports would have on travellers and local communities. Selling Canada's airports to private, for-profit investors would increase travel costs for passengers, remove local voices from airport boards, and undermine Canada's economic competitiveness," the airports said in a release.

#### **11. WestJet inaugurates Sudbury service**

WestJet launches daily service from Toronto to Sudbury on February 3, 2017. The inaugural flight took place on February 4, 2017.

#### **12. WestJet reports fourth quarter and full-year results**

WestJet on February 7, 2017 announced its fourth quarter and year-end results for 2016, with full-year net earnings of \$295.5 million, or \$2.45 per diluted share. This compares with the record net earnings of \$367.5 million, or \$2.92 per diluted share reported in the full-year 2015. The airline achieved its 47<sup>th</sup> consecutive quarter of profitability, reporting fourth quarter net earnings of \$55.2 million, or \$0.47 per diluted share compared to \$63.4 million, or \$0.51 per diluted share reported in the fourth quarter of 2015. For the full-year and in each quarter of 2016 the airline flew a record number of guests. Based on the trailing twelve months, the airline recorded a return on invested capital of 11.3 per cent, down 0.3 percentage points from the 11.6 per cent reported in the previous quarter.

#### **13. Air cargo soars to five-year high but turbulence awaits industry in 2017**

Alexandre de Juniac, IATA's director general and CEO said "In terms of demand, 2016 was a good year for air cargo. That was boosted by solid year-end performance. Looking ahead, strong export orders are good news," "But there are headwinds. The most significant is stagnant world trade, which also faces the risk of protectionist measures. Governments must not forget that trade is a powerful tool for growth and

17. Annual civil aviation operating and financial statistics, 2015, February 13, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)

18. Settlements approved in Canadian air cargo price-fixing class actions, February 10, 2017, [www.ctl.ca](http://www.ctl.ca)

19. Air Canada Increases Israel Service with a New Non-Stop Route from Montreal and Daily Flights from Toronto, February 13, 2017, [www.aircanada.ca](http://www.aircanada.ca)

20. WestJet shakes up Quebec market with new routes, increased capacity, February 13, 2017, [www.westjet.ca](http://www.westjet.ca)

21. Air Canada Reports 2016 Annual Results, February 17, 2017, [www.aircanada.ca](http://www.aircanada.ca)

22. Air Canada posts bigger quarterly loss as fuel costs rise, February 17, 2017, [www.globeandmail.ca](http://www.globeandmail.ca)

23. Air Canada Inaugurates First Montreal-Shanghai Non-Stop Flights, February 16, 2017, [www.aircanada.ca](http://www.aircanada.ca)

24. November 2016 U.S. Airline Traffic Data, February 16, 2017, [www.dot.gov](http://www.dot.gov)

25. Major Canadian airlines confirm safety protocols in place for flight crews, February 16, 2017, [www.tc.gc.ca](http://www.tc.gc.ca)

26. How Air Canada is sneaking up on everybody to become the newest global carrier, February 16, 2017, [www.nationalpost.ca](http://www.nationalpost.ca)

27. WestJet sweetens up summer schedule, February 20, 2017, [www.westjet.ca](http://www.westjet.ca)

28. Monthly civil aviation statistics, December 2016, February 22, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)

29. Quarterly civil aviation statistics, second quarter 2016, February 22, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)

30. December 2016 Passenger Airline Employment Data, February 21, 2017, [www.bts.gov](http://www.bts.gov)

31. Aircraft movement statistics: Major airports, December 2016, February 23, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)

32. Transport Canada urges Canadians to report reckless individuals who aim laser pointers at aircraft, February 23, 2017, [www.tc.gc.ca](http://www.tc.gc.ca)

prosperity." European airlines boosted 2016 traffic by 7.6 per cent in 2016, helped by a 16.4 per cent year-over-year surge in December.

#### **14. WestJet reports January load factor of 80.0 per cent**

WestJet on February 8, 2017 announced January 2017 traffic results with a load factor of 80.0 per cent, down 0.1 points from the same month a year ago. Revenue passenger miles (RPMs), or traffic, increased 6.2 per cent year over year, and capacity, measured in available seat miles (ASMs), grew 6.3 per cent over the same period. The airline flew a record 1.9 million guests in January 2017, a year-over-year increase of 7.1 per cent or approximately 123,000 additional guests.

#### **15. Aircraft movement statistics: Small airports, October 2016**

Take-offs and landings at 111 Canadian airports without air traffic control towers totalled 45,299 movements in October 2016. Overall, 10 airports accounted for 44% of the activity in October 2016.

#### **16. IATA Cargo iQ develops 2nd phase of Smart Data project**

IATA's Cargo iQ is joining forces with iRIX Software Engineering and Information Builders on developing the second phase of the Smart Data programme that will "generate a broader scope of measurements, more information on specific milestones, and self-service member access to the group's reporting platform," Cargo iQ said.

#### **17. Annual civil aviation operating and financial statistics, 2015**

Canadian Level I to III air carriers reported 75.5 million passengers in 2015, up 4.5% from 2014. The domestic sector rose 1.6% to 41.3 million passengers, while the international sector (including traffic between Canada and the United States) grew 8.2% to 34.2 million passengers. The passenger counts on scheduled flights rose 6.6% to 72.4 million, while the number of passengers flying on chartered flights declined 28.5% to 3.1 million, as a major charter carrier, CanJet Airlines, suspended operations on September 1, 2015. Total operating revenues rose 1.3% from a year earlier to \$22.6 billion in 2015. Total operating expenses declined 2.6% to \$20.1 billion, largely due to lower fuel prices. In 2015, fuel costs accounted for 23.7% of total operating expenses, down from 30.2% in 2014.

#### **18. Settlements approved in Canadian air cargo price-fixing class actions**

Siskinds LLP released the following statement regarding the Canadian Air Cargo Shipping Services Class Action. Siskinds, Camp Fiorante Matthews Mogerma, and Liebman Legal Inc. have announced the court approval of a protocol for the distribution of settlement funds in the Canadian Air Cargo Shipping Services Class Action. The class action alleges price-fixing in the market for air cargo shipping services on shipments to/from Canada (excluding to/from the United States) between January 2000 and September 2006. Settlements totalling CDN\$29.6 million have been reached in the litigation. The Ontario, British Columbia and Québec courts approved the settlements and a protocol for distribution of settlement funds. The class action is continuing against Air Canada and British Airways.

#### **19. Air Canada Increases Israel Service with a New Non-Stop Route from Montreal and Daily Flights from Toronto**

Air Canada announced on February 13, 2017 a significant expansion in services between Canada and Israel, with the introduction of a seasonal non-stop service between Montreal and Tel Aviv and an increase in its current Toronto-Tel Aviv non-stop service to a daily frequency year-round. With the new services beginning this summer – a 28 per cent capacity increase over summer 2016 – Air Canada will be the airline offering the most seats and frequencies between Canada and Israel.

#### **20. WestJet shakes up Quebec market with new routes, increased capacity**

WestJet on February 13, 2017 announced a significant investment in Quebec's travel and tourism market with increased service and new routes to and from Montréal–Pierre Elliott Trudeau International Airport as well as Quebec City's Jean Lesage International Airport. Overall, the airline is adding 105 more flights per week in the province, a capacity increase of 74 per cent.

#### **21. Air Canada Reports 2016 Annual Results**

Air Canada on February 17, 2017 reported record full year 2016 results: 1) EBITDAR (earnings before interest, taxes, depreciation, amortization and aircraft rent), excluding special items, of \$2.768 billion, compared to the previous record of \$2.542 billion recorded in 2015, an increase of \$226 million or 8.9 per cent; 2) Operating income of \$1.345 billion in 2016 versus \$1.496 billion in 2015; 3) Net income of \$876 million and Adjusted net income of \$1.147 billion. Calin Rovinescu, President and Chief Executive Officer said "In 2016, we achieved outstanding results, surpassing the previous records for EBITDAR, as well as for passenger and operating revenues, underscoring the effectiveness of our business strategy and improved competitive position." Traffic for the year grew by more than 13 per cent. In the fourth quarter of 2016, record system passenger revenues of \$3.035 billion increased \$199 million or 7.0 per cent from

the fourth quarter of 2015. Traffic growth of 15.3 per cent reflected traffic increases in all of Air Canada's five geographic markets. In the fourth quarter of 2016, operating expenses of \$3.407 billion increased \$383 million or 13 per cent from the fourth quarter of 2015 on a 17.1 per cent growth in capacity.

## **22. Air Canada posts bigger quarterly loss as fuel costs rise**

Air Canada reported a bigger quarterly loss as the airline cut fares to fill seats in long-haul leisure markets. Load factor, which measures how effectively the airline filled seats, fell to 79.9 per cent in the fourth quarter ended Dec. 31 from 81.1 per cent a year earlier. The carrier's fuel cost per litre rose 1.4 per cent. The company's net loss widened to \$179-million, or 66 cents per share, in the latest quarter from \$116-million, or 41cents per share, a year earlier. The Montreal-based airline's revenue rose 7.6 per cent to \$3.43-billion.

## **23. Air Canada Inaugurates First Montreal-Shanghai Non-Stop Flights**

February 16, 2017 marked the launch of Air Canada's daily year-round flights from Montreal to Shanghai, China, the airline's first direct service to Asia from Montreal, offering convenient one-stop access to points throughout Quebec, Atlantic Canada and the United States.

## **24. November 2016 U.S. Airline Traffic Data**

The U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on February 16, 2017 that U.S. airlines' systemwide (domestic and international) scheduled service load factor – a measure of the use of airline capacity – rose to 84.3 percent in November 2016, seasonally adjusted, rising for the third consecutive month. Seasonal adjustment allows the comparing of monthly load factors to all other months.

## **25. Major Canadian airlines confirm safety protocols in place for flight crews**

On January 5, 2017, Transport Minister Marc Garneau asked all airlines operating in Canada to confirm their safety protocols are up-to-date, including measures designed to confirm pilots' fitness to fly. It is a criminal offense in Canada for a flight crew to work within eight hours of consuming alcohol or while under the influence. All Canadian airlines must follow the *Canadian Aviation Regulations (CARs)* to ensure they operate safely. Transport Canada sets and enforces these regulations; and it is the airline's responsibility to ensure that their employees follow them. The top eight major Canadian airlines have all since confirmed that they have proper safety protocols in place to deal with alcohol and drug testing. This represents 90 per cent of passengers carried by Canadian air operators.

## **26. How Air Canada is sneaking up on everybody to become the newest global carrier**

The company aims to turn its three major Canadian hubs into larger transfer points for global travellers crossing North America. Passengers are likely to prefer flying to Europe or Asia from Toronto, Montreal, or Vancouver than Chicago, New York, or Los Angeles given the better airports in Canada. Besides the better airports, the cornerstone of Air Canada's strategy is the so-called "sixth freedom" flying — the right of an airline to carry passengers or cargo between two foreign countries as long as it touches down in its home nation. Air Canada is hoping to double its market share to 1.8 percent of the US-International market

## **27. WestJet sweetens up summer schedule**

WestJet on February 20, 2017 announced plans to connect two long-standing WestJet destinations with the addition of service between Winnipeg and Abbotsford. WestJet also announced 21 incremental flights across the network that will serve both business and leisure travellers.

## **28. Monthly civil aviation statistics, December 2016**

The six Canadian Level I air carriers flew 6.2 million passengers on scheduled and charter services in December 2016, up 8.0% from December 2015. Traffic increased 11.4% to 15.3 billion passenger-kilometres, while capacity rose 10.7% to 18.8 billion available seat-kilometres. This resulted in a slightly higher passenger load factor in December (81.6%) than in December 2015 (81.1%), as the increase in demand for travel was stronger than the rise in capacity. Total operating revenue increased 4.1% from the same month a year earlier to \$1.7 billion in December.

## **29. Quarterly civil aviation statistics, second quarter 2016**

Total operating revenue for the 24 largest Canadian air carriers was \$5.2 billion in the second quarter of 2016, down 0.7% from the same quarter in 2015. Total operating expenses grew 1.3% to \$4.8 billion. As a result, net operating income fell 19.4% to \$408.7 million. This amount, combined with a net non-operating loss of \$107.7 million, produced a net income of \$301.0 million. These airlines recorded a profit margin of 5.8% (net income divided by operating revenue). These same 24 Canadian air carriers carried 19.0 million passengers during the second quarter, up 6.1% from the same quarter a year earlier. Both the traffic and the capacity for scheduled services recorded notable year-over-year increases (each up 5.6%) during

the second quarter. Traffic reached 44.7 billion passenger-kilometres, while capacity reached 54.7 billion available seat-kilometres.

### **30. December 2016 Passenger Airline Employment Data**

U.S. scheduled passenger airlines employed 3.7 percent more workers in December 2016 than in December 2015, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on February 21, 2017. December 2016 was the highest monthly FTE total (416,337) since March 2008 (416,457) and was the 38th consecutive month that U.S. scheduled passenger airline full-time equivalent (FTE) employment exceeded the same month of the previous year

### **31. Aircraft movement statistics: Major airports, December 2016**

There were 327,236 aircraft take-offs and landings at the 91 Canadian airports with NAV CANADA air traffic control towers and flight service stations in December 2016 compared with 331,081 movements in December 2015.

### **32. Transport Canada urges Canadians to report reckless individuals who aim laser pointers at aircraft**

Canadians expect and deserve to feel safe when travelling by air. As Canada celebrates over 100 years of aviation history February 23, 2017, the Honourable Marc Garneau, Minister of Transport stressed the importance of a serious safety concern that we must address collectively: laser strikes. Transport Canada is working with law enforcement across the country to reduce the number of laser strikes and to prosecute reckless individuals who jeopardize the safety of aircraft passengers, flight crew and people on the ground. Pointing a laser at aircraft is a serious crime with serious consequences. Offenders could face up to \$100,000 in fines and up to five years in prison or both penalties.

## **WATER TRANSPORTATION**

### **1. Port of Vancouver offers discounts for quiet cargo ships**

The Port of Vancouver in British Columbia, Canada is offering discounts for quiet cargo ships, according to a statement from the Vancouver Fraser Port Authority. The port authority has added new incentive criteria to its existing EcoAction program to include harbor due rate discounts for quieter vessels, making Canada the first country to offer a marine noise reduction incentive.

### **2. PortNewsletter: European ports-nine takeaways from 2016**

The year 2016 will go in history as another year of sluggish cargo volume growth. A few European ports present rather healthy growth figures, but the vast majority faces a very weak or even negative growth. In 2015, the cargo tonnage handled in the entire European port system was still 4.6% below the 2008 volumes. The first estimates for 2016 suggests that the 2008 record will not be broken.

### **3. FMC study finds reduction in container alliances could cut rates**

Federal Maritime Commissioner Rebecca Dye said research by the agency's Office of Economics and Competition Analysis about the "impending reduction" from four to three major container shipping alliances should actually decrease rates on the transpacific trade, when considered in isolation from other factors. Giving members of the National Industrial Transportation League (NITL) a "sneak preview" of a study expected to be posted soon on the FMC website, she added, "That freight rate decrease may, however, be offset by upward rate pressure due to expected mergers." In April 2016, the four ocean carrier alliances cooperating on the major east-west trades - the 2M Alliance, the Ocean 3 Alliance, the G6 Alliance and the CKYHE Alliance (though Hanjin from the CKYHE is no longer operating) - are due to become three alliances. The three alliances will be: 1. The 2M Alliance, consisting of Maersk Line and MSC; 2. The Ocean Alliance, consisting of CMA CGM, COSCO, Evergreen Line and OOCL; and 3. And THE Alliance, consisting of Hapag-Lloyd, Yang Ming, MOL, NYK and "K" Line.

## **WATER TRANSPORTATION Canada**

1. Port of Vancouver offers discounts for quiet cargo ships, February 1, 2017, [www.americanshipper.com](http://www.americanshipper.com)
2. PortNewsletter: European ports-nine takeaways from 2016, February 2, 2017, [www.porteconomics.eu](http://www.porteconomics.eu)
3. FMC study finds reduction in container alliances could cut rates, February 3, 2017, [www.americanshipper.com](http://www.americanshipper.com)
4. Canada's Prospects for Container Barge Trains, February 6, 2017, [www.maritime-executive.com](http://www.maritime-executive.com)
5. Panama Canal sets new monthly tonnage record, February 7, 2017 [www.transportweekly.com](http://www.transportweekly.com)
6. Japanese container trade growth to accelerate, February 6, 2017, [www.joc.com](http://www.joc.com)
7. Port of Prince Rupert – Accumulated Container Statistics: Year-to-Date, February 8, 2017, [www.rupertport.com](http://www.rupertport.com)
8. DP World grows volumes 3.2% in 2016, February 7, 2017, [www.americanshipper.com](http://www.americanshipper.com)
9. Maersk gained share from 2016 price war, February 9, 2017, [www.joc.com](http://www.joc.com)
10. 'Transit cargo' moving to U.S. important to Canadian economy, February 9, 2017, [www.americanshipper.com](http://www.americanshipper.com)
11. Long Beach box volumes surge 8.7pc, February 13, 2017, [www.transportweekly.com](http://www.transportweekly.com)
12. Container group MSC says in talks

#### 4. Canada's Prospects for Container Barge Trains

Research and evaluations that pertain to container-on-barge operation along the Mississippi River may be applied along the Saint Lawrence River. To improve container-on-barge economics, ships sailing between Cape Breton and Montreal may tow barge trains across the Gulf of Saint Lawrence and partway along the Lower Saint Lawrence River, perhaps even all the way to Montreal. Neo-Panamax ships sailing via the Panama Canal deliver containers to the eastern U.S. four days after the combination of trans-Pacific ships and trans-continental trains, but save over \$2,000 per container in transportation costs. That present indicates a market for container-on-barge operation along the Saint Lawrence River that could offer savings in transportation costs over truck and railway transport between Cape Breton and inland ports. A revision of regulations could greatly enhance the economics of container-on-barge along the Saint Lawrence River and Seaway.

#### 5. Panama Canal sets new monthly tonnage record

In January 2017, the Panama Canal set a new monthly tonnage record of 36.1 million Panama Canal tons (PC/UMS), with the transit of 1,260 ships through both the Expanded and original locks. The previous record was established the month prior, in December 2016, when 1,166 ships transited the waterway for a total of 35.4 million PC/UMS. "This increase reiterates the importance of the Expanded Canal, and it's further proof of the maritime industry's continued confidence in the Panama Canal and the impact it will have on the future of global trade," said the Panama Canal Administrator Jorge L. Quijano.

#### 6. Japanese container trade growth to accelerate

The forecast of container trade growth in Japan looks at the eight ports that together handle 90 percent of Japan's containerized trade. It concludes that container trade with Japan will accelerate.

#### 7. Port of Prince Rupert – Accumulated Container Statistics: Year-to-Date

The Port of Prince Rupert released its year-to-date container statistics (TEUs) on February 8, 2017. Total cargo in terms of TEUs was 736,336 in 2016 compared to 776,410, a 5% decrease. Imports improved marginally (i.e. 437,332 compared to 435,920) and exports decreased by 12.09% (i.e. 299,330 compared to 340,490).

#### 8. DP World grows volumes 3.2% in 2016

Port terminal operator DP World handled 63.7 million TEUs at its container terminals during the year in 2016, a 3.2 percent increase from 2015 on a reported basis and a 2.2 percent increase on a like-for-like basis, according to a statement from the company. Like-for-like gross container volumes exclude throughput at DP World's facilities in Yarimca, Turkey; Stuttgart, Germany; Antwerp Inland, Belgium; and Prince Rupert, Canada. The company said the volume growth was largely driven by strong performance at its terminals in the Asia Pacific, Europe and the Indian subcontinent.

#### 9. Maersk gained share from 2016 price war

Maersk Line managed to grab market share from its competitors during the brutal rate war of 2016, which could be useful as the carrier prepares to compete against the two new alliances from April 1, 2017

#### 10. 'Transit cargo' moving to U.S. important to Canadian economy

Speakers from the Canadian ports of Prince Rupert, Montreal and Halifax said sizeable portions of cargo moving across their docks is bound for or originates in the U.S. There is a need for Canada to be a transit country, supporting goods flowing to and from the United States, Canadian International Freight Forwarders Association (CIFFA) Executive Director Ruth Snowden said.

#### 11. Long Beach box volumes surge 8.7pc

Container throughput at the Port of Long Beach increased by 8.7 per cent in January 2017 to 582,689 TEU compared to the same month last year on the back of renewed activity at its largest terminal, combined with extra ships calling the port ahead of the Lunar New Year. Exports in January 2017 reached 118,234 TEU, while imports totalled 298,990 TEU, year-over-year increases of 10.8 per cent and 7.4 per cent, respectively. Meanwhile, empties being sent back to the Far East rose 9.6 per cent from January 2016 to 165,465 TEU, according to American Shipper.

to buy stake in Italy's Messina, February 15, 2017,

[www.transportweekly.com](http://www.transportweekly.com)

13. Alternative Port Strategies: Getting In With The In Crowd, February 15, 2017, [www.inboundlogistics.com](http://www.inboundlogistics.com)

14. Container volume growth absorbed by existing fleet, February 16, 2017, [www.joc.com](http://www.joc.com)

15. IMO under pressure to meet EU emissions challenge, February 15, 2017, [www.americanshipper.com](http://www.americanshipper.com)

16. Funding allocated for Trois-Rivières port facilities expansion project, February 16, 2017, [www.ctl.ca](http://www.ctl.ca)

17. NRF: U.S. container imports to grow 4.7% in first half 2017, February 16, 2017, [www.americanshipper.com](http://www.americanshipper.com)

18. Mexican ports' cargo volumes rise 5.5pc, February 21, 2017, [www.transportweekly.com](http://www.transportweekly.com)

19. Prince Rupert Port Authority: Monthly Traffic Summary – January 2017, February 23, 2017, [www.rupertport.com](http://www.rupertport.com)

20. The MPA welcomes establishment of the Montreal Industrial Port Zone, February 26, 2017, [www.ctl.ca](http://www.ctl.ca)

21. European Shipping Week kicks off the 2017 Maritime Year, February 27, 2017, [www.europa.eu](http://www.europa.eu)

## **12. Container group MSC says in talks to buy stake in Italy's Messina**

The world's no. 2 container line Mediterranean Shipping Company (MSC) is in talks to acquire a stake in smaller Italian counterpart Messina, the Swiss-headquartered group said, in another sign of consolidation in the sector. Container lines are battling their worst ever downturn due to a glut of ships and weaker demand – prompting rivals to form vessel-sharing arrangements or pursue other measures including mergers and acquisitions.

## **13. Alternative Port Strategies: Getting In With The In Crowd**

As maritime seaports in North America reach capacity and seek expansion strategies, inland ports have emerged to provide a solution to increased demand on supply chain infrastructure. Though inland intermodal terminals are not a new logistics trend, the rise in the number of inland ports in the United States is providing new strategies in global trade, and relief from capacity headaches plaguing some North American deepwater container ports.

## **14. Container volume growth absorbed by existing fleet**

Even though container volumes grew 4 percent in the fourth quarter of 2016, this did not lead to a corresponding increase in demand for container ships.

## **15. IMO under pressure to meet EU emissions challenge**

European Parliament members voted on February 15, 2017 to include maritime shipping in the European Emission Trade Scheme Directive by 2023, if there's no comparable system operating in the International Maritime Organization (IMO) by 2021. Their parliament also agreed to set up a maritime climate fund if progress to reduce maritime-related emissions is not met by 2023.

## **16. Funding allocated for Trois-Rivières port facilities expansion project**

The Canadian Environmental Assessment Agency (the Agency) has allocated \$83,985 in federal funds to three recipients to assist their participation in the federal environmental assessment of the proposed Trois-Rivières Port Facilities Expansion Project, located in Trois-Rivières, Quebec.

## **17. NRF: U.S. container imports to grow 4.7% in first half 2017**

Import volumes at major U.S. container ports grew 3.2 percent to 18.8 million TEUs in 2016, according to the latest monthly Global Port Tracker report by the National Retail Federation (NRF) and Hackett Associates. Import volumes at major container ports in the United States are projected to rise 4.7 percent in the first half of 2017 compared with the same period a year ago, according to the latest monthly Global Port Tracker report.

## **18. Mexican ports' cargo volumes rise 5.5pc**

Mexican ports posted a 5.5 per cent year-on-year increase in container volume to 4.1 million TEU in 2016, outstripping the 3.3 per cent average growth of North American Free Trade Agreement (NAFTA) ports. This surpassed the 2016 performance of US ports, where the volume of laden TEUs increased 3.3 per cent, according to the Mexican Secretariat of Communications and Transport.

## **19. Prince Rupert Port Authority: Monthly Traffic Summary – January 2017**

For the month of January 2017, the Port of Prince Rupert reported that total container traffic (in terms of TEUs) increased 12% to 66,035 TEUs from 59,178 TEUs in January 2016. Imports increased 4% to 40,989 TEUs from 39,540 TEUs and exports increased 28% to 25,046 TEUs from 19,638 TEUs for the same month.

## **20. The MPA welcomes establishment of the Montreal Industrial Port Zone**

Government and other officials have announced the signing of an agreement for the establishment of an industrial port zone (IP Zone) in Montreal. Under this agreement, the government will fund up to 70% of costs associated with implementing the related development plan, to a maximum of \$125,000.

## **21. European Shipping Week kicks off the 2017 Maritime Year**

EU Transport Commissioner Violeta Bulc has called 2017 to be the "Maritime Year" to raise awareness for the potential and the challenges of maritime sector and to review EU policy on maritime transport. The launch on February 27<sup>th</sup> of the European Shipping Week kicks off the 2017 Maritime Year: Until 3 March the Shipping week will gather maritime transport experts in Brussels for a series of events on the key issues facing European and Global shipping.

## RAIL TRANSPORTATION

### 1. Railway carloadings, November 2016

The volume of rail freight carried in Canada totalled 31.0 million tonnes in November 2016, up 3.9% from the same month last year. Intermodal freight loadings increased 7.2% to 190,000 units from November 2015 to November 2016. The 7.4% increase in containers-on-flat-cars moderated the 2.0% decline in trailers-on-flat-cars. In terms of weight, intermodal traffic increased 8.7% to 2.9 million tonnes. Freight traffic received from the United States rose 6.5% to 2.6 million tonnes, as a result of a 7.3% increase in non-intermodal freight and a 2.8% decline in intermodal freight from the United States.

### 2. WSJ: CSX full steam ahead in Harrison CEO talks

CSX has entered into discussions with outgoing CP CEO E. Hunter Harrison about potentially installing him as its next CEO, according to a report from the Wall Street Journal (WSJ).

### 3. Keith Creel becomes CEO of Canadian Pacific; affirms commitment to safety, best-in-class service

Canadian Pacific Railway Limited on January 31, 2017 announced that Keith Creel has assumed his new role as president and chief executive officer, becoming the 17<sup>th</sup> person to lead the company since 1881. Under Creel's leadership, CP will continue to find safer, more efficient ways to connect customers to domestic and global markets, and will continue to play a prominent role in connecting communities in both Canada and the U.S.

### 4. Norfolk Southern 2016 profit up 7pc to \$1.67 billion as sales fall 5.9pc

The Norfolk Southern Railway (NS) posted seven per cent year-on-year profit increase to \$1.67 billion, drawn on revenues of \$9.89 billion, down 5.9 per cent. Norfolk, Virginia-based NS also posted a 15pc fourth quarter profit increase to \$416 million, drawn on revenues of \$2.49 billion, down 1.1 per cent year on year. For 2017, Norfolk Southern said it plans to invest \$1.9 billion in safety, enhancing service, improving efficiency and supporting growth opportunities.

### 5. AAR: U.S. rail traffic ticks up 0.5 percent in January

United States-based freight railroads saw shipment volumes increase for the third consecutive month in January 2017 after several months of year-over-year declines, according to data from the Association of American Railroads (AAR). Total carload and intermodal traffic for the month grew 0.5 percent from the previous January to 2.02 million units following increases of 6.9 percent in December 2016 and 1.1 percent in November 2016.

### 6. Intermodal growth engine stalls

The Intermodal Association of North America (IANA) said intermodal volume fell 2.1 percent in 2016, driven down by weak international volume and lower trailer loadings. "Many expect the intermodal market to turn positive again, if only moderately so, in 2017," the group said. President and CEO Joni Casey said. "The 4 percent increase in domestic container volume during 2016 is a consistent and positive indicator of long-term growth for the industry." For the full year of 2016, when compared to 2015: 1. Domestic container volume increased 4 percent to 7.36 million units; 2. Trailer volume decreased 22.6 percent to 1.23 million units; and 3. And international or "ISO" container volume decreased 3.3 percent to 8.54 million units. For the fourth quarter of 2016, when compared to Q4 2015: 1. Domestic container volume increased 3.4 percent to 1.9 million units; 2. Trailer volume decreased 9.2 percent to 331,964 units; 3. And ISO container volume increased 0.6 percent to 2.12 million units.

### 7. CN targeting C\$2.5 billion in 2017 capital investments to enhance safety and support long-term growth

## RAIL TRANSPORTATION Canada

1. Railway carloadings, November 2016, January 31, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)
2. WSJ: CSX full steam ahead in Harrison CEO talks, January 30, 2017, [www.americanshipper.com](http://www.americanshipper.com)
3. Keith Creel becomes CEO of Canadian Pacific; affirms commitment to safety, best-in-class service, January 31, 2017, [www.cpr.ca](http://www.cpr.ca)
4. Norfolk Southern 2016 profit up 7pc to \$1.67 billion as sales fall 5.9pc, February 1, 2017, [www.transportweekly.com](http://www.transportweekly.com)
5. AAR: U.S. rail traffic ticks up 0.5 percent in January, February 3, 2017, [www.americanshipper.com](http://www.americanshipper.com)
6. Intermodal growth engine stalls, February 7, 2017, [www.americanshipper.com](http://www.americanshipper.com)
7. CN targeting C\$2.5 billion in 2017 capital investments to enhance safety and support long-term growth, February 9, 2017, [www.cn.ca](http://www.cn.ca)
8. Canadian Pacific Railway Limited declares dividend, February 14, 2017, [www.cpr.ca](http://www.cpr.ca)
9. CP enhances Sales and Marketing team, names John Brooks as Chief Marketing Officer, February 14, 2017, [www.cpr.ca](http://www.cpr.ca)
10. CP launches awareness campaign for inward-facing cameras, February 16, 2017, [www.ctl.ca](http://www.ctl.ca)
11. CSX calls shareholder meeting to discuss Harrison 'requests', February 15, 2017, [www.americanshipper.com](http://www.americanshipper.com)
12. TSB wants strategies to reduce severity of dangerous goods derailments, February 17, 2017, [www.ctl.ca](http://www.ctl.ca)
13. CSX balks at Harrison, 72, pay packet and medical check-up refusal, February 21, 2017, [www.transportweekly.com](http://www.transportweekly.com)
14. New CP Rail chief executive steps away from consolidation — for now, February 23, 2017, [www.nationalpost.ca](http://www.nationalpost.ca)



CN on February 9, 2017 announced its planned C\$2.5 billion capital program in 2017 focused on hardening its core infrastructure. "We once again are investing with a focus on advancing safety, service and productivity through infrastructure maintenance, strategic growth initiatives and new technology," said Luc Jobin, CN's president and chief executive officer. "We remain committed to investing in our business as we continue to advance our agenda of operational and service excellence."

**8. Canadian Pacific Railway Limited declares dividend**

The Board of Directors of Canadian Pacific Railway Limited on February 14, 2017 declared a quarterly dividend of \$0.50 per share on the outstanding Common Shares. The dividend is payable on April 24, 2017 to holders of record at the close of business on March 31, 2017.

**9. CP enhances Sales and Marketing team, names John Brooks as Chief Marketing Officer**

Canadian Pacific on February 14, 2017 announced it has enhanced its Sales and Marketing team to better meet the needs of its current and potential customers, and has named John Brooks as Senior Vice-President and Chief Marketing Officer, effective immediately.

**10. CP launches awareness campaign for inward-facing cameras**

Canadian Pacific has launched an awareness campaign that highlights what it calls the safety benefits of the proactive use of inward-facing cameras, and is urging the Minister of Transport to pass new legislation that would maximize these benefits.

**11. CSX calls shareholder meeting to discuss Harrison 'requests'**

CSX is asking for shareholder input on negotiations with hedge fund Mantle Ridge to install outgoing Canadian Pacific CEO E. Hunter Harrison to the Class I railway's top executive spot. The board room battle has just begun.

**12. TSB wants strategies to reduce severity of dangerous goods derailments**

The Transportation Safety Board of Canada (TSB) is issuing a recommendation (R17-01) calling for Transport Canada (TC) to develop strategies to reduce the severity of derailments involving dangerous goods. This recommendation was issued as part of its investigation (R15H0013) into the February 2015 derailment and fire involving a Canadian National Railway (CN) crude oil unit freight train near Gogama, Ontario.

**13. CSX balks at Harrison, 72, pay packet and medical check-up refusal**

Turn-around plans for US class I railway CSX Corp from its prospective CEO, Hunter Harrison, 72, have encountered opposition from board members, reports Bloomberg. One objection is over an "exceptionally unusual if not unprecedented" compensation package from CSX Corp worth US\$300 million, reports Toronto's Financial Post. Another hold up is Mr Harrison's refusal to have an independent physician review his medical records.

**14. New CP Rail chief executive steps away from consolidation — for now**

The new chief executive of Canadian Pacific Railway Ltd., Keith Creel, is stepping away from his predecessor's drive for industry consolidation — but only for the time being. He is focusing on service improvements, more efficient operations and top-line growth. Unlike Harrison who spent much of his four-and-a-half years at CP attempting a series of mergers, first with Florida-based CSX Corp. and later with Virginia-based Norfolk Southern Corp. Both of those failed due to opposition from various stakeholders, but Harrison maintained that consolidation will eventually be necessary.

## HIGHWAY TRANSPORTATION

### 1. Couriers and Messengers Services Price Index, December 2016

The Couriers and Messengers Services Price Index (CMSPI) increased 0.4% in December 2016. The couriers component rose 0.6%, while the local messengers and local delivery component decreased 0.2%. Year-to-date, the CMSPI rose 4.1% in December compared with the same month a year earlier. The couriers component increased 5.1%, while the local messengers and local delivery component declined 0.6%.

### 2. UPS posts Q4 loss on pension charge

UPS Inc. reported a net loss of \$239 million (\$0.27 per share) for the 2016 4<sup>th</sup> quarter compared with a \$1.33 billion net profit (\$1.48 per share) in the same 2015 period, according to the company's most recent financial statements. The company attributed the quarterly loss primarily to a non-cash, after-tax, mark-to-market pension charge of \$1.90 per share.

### 3. FTR: ELD Rollout Will lead to "Substantial" Capacity Crunch

American transportation consultants FTR Associates is forecasting "steadily-deteriorating conditions" for shipping capacity through 2017, in reaction to stronger demand and the Electronic Logging Device (ELD) mandate." This year will carry upside risks to truckload rates because of a tightened market, possible oil price inflation, and the chance of general inflation.

### 4. LDC Logistics consolidates ownership in Metro Supply Chain Group

LDC Logistics Holdings (LDC Logistics) and Metro Supply Chain Group (Metro SCG) announced that LDC Logistics has acquired the remaining shares of Metro SCG it did not already own from private equity firm NOVACAP. With the close of the transaction, LDC Logistics becomes the sole shareholder of Metro SCG. Financial terms of the transaction were not disclosed.

### 5. Govs' report: Public Skepticism of Autonomous Vehicles 'High'

Autonomous vehicles are emerging faster than many people expected, but perhaps things should slow down a bit, suggests the Governors Highway Safety Association. As reported by *Fleet Owner*, a report from the group representing state and territorial highway safety offices says various states have many issues and rules to consider before AVs are allowed unfettered on our highways. Since states themselves are responsible for licensing drivers, registering vehicles, and establishing and enforcing traffic safety laws, the report says the states "should begin planning now to deal with the traffic safety issues presented when autonomous and driver-operated vehicles share the roads.

### 6. December 2016 Freight Transportation Services Index (TSI)

The Freight TSI measures the month-to-month changes in for-hire freight shipments by mode of transportation in tons and ton-miles, which are combined into one index. The index measures the output of the for-hire freight transportation industry and consists of data from for-hire trucking, rail, inland waterways, pipelines and air freight. The TSI is seasonally-adjusted to remove regular seasons from month-to-month comparisons. The Freight Transportation

## HIGHWAY TRANSPORTATION Canada

1. Couriers and Messengers Services Price Index, December 2016, January 31, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)
2. UPS posts Q4 loss on pension charge, January 31, 2017, [www.americanshipper.com](http://www.americanshipper.com)
3. FTR: ELD Rollout Will lead to "Substantial" Capacity Crunch, January 31, 2017, [www.cantruck.ca](http://www.cantruck.ca)
4. LDC Logistics consolidates ownership in Metro Supply Chain Group, February 3, 2017, [www.ctl.ca](http://www.ctl.ca)
5. Govs' report: Public Skepticism of Autonomous Vehicles 'High', February 7, 2017, [www.cantruck.ca](http://www.cantruck.ca)
6. December 2016 Freight Transportation Services Index (TSI), February 8, 2017, [www.dot.gov](http://www.dot.gov)
7. Leading indicator of cross-border traveller volume, January 2017 (preliminary), February 10, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)
8. Interest in US surface transport acquisitions rises, February 9, 2017, [www.joc.com](http://www.joc.com)
9. UPS to spend \$18m to increase on-site solar power capabilities, February 8, 2017, [www.americanshipper.com](http://www.americanshipper.com)
10. OTA, MTO working closely on oversized/overweight load permits, February 10, 2017, [www.ctl.ca](http://www.ctl.ca)
11. Demand-Driven Logistics: Staying Right Side Up When Your Supply Chain Turns Upside Down, February 13, 2017, [www.inboundlogistics.com](http://www.inboundlogistics.com)
12. 3PLs Up The Ante, February 13, 2017, [www.inboundlogistics.com](http://www.inboundlogistics.com)
13. FedEx Supply Chain launches FedEx Fulfillment, February 13, 2017, [www.americanshipper.com](http://www.americanshipper.com)
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15. Rising fuel prices driving up US trucking costs, February 14, 2017, [www.joc.com](http://www.joc.com)
16. Load volumes continue upward trend: Transcore, February 14, 2017, [www.todaystrucking.com](http://www.todaystrucking.com)
17. TFI "cautiously optimistic" about economy, Feb 17, 2017, [www.todaystrucking.com](http://www.todaystrucking.com)
18. US Subcommittee Considers Future of Autonomous Vehicles, February 21, 2017, [www.cantruck.ca](http://www.cantruck.ca)
19. North American freight market shows positive momentum in January, February 22, 2017, [www.americanshipper.com](http://www.americanshipper.com)
20. Top Trends: Issues that are reshaping Canada's biggest carriers, February 22, 2017, [www.todaystrucking.com](http://www.todaystrucking.com)
21. December 2016 North American Freight Numbers, February 23, 2017, [www.bts.gov](http://www.bts.gov)
22. Large urban transit, December 2016, February 24, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)
23. CTA Supports Amending Livestock Transport Rules to Introduce Level Playing Field, February 23, 2017, [www.cantruck.ca](http://www.cantruck.ca)
24. Congressman Calls for Tighter Mexican Truck Restrictions in 'New' NAFTA, February 24, 2017, [www.cantruck.ca](http://www.cantruck.ca)

Services Index (TSI), which is based on the amount of freight carried by the for-hire transportation industry, rose 1.0 percent in December 2016 from November 2016, rising for the third consecutive month, according to the U.S. Department of Transportation's Bureau of Transportation Statistics' (BTS). The December 2016 index level (124.7) was 31.7 percent above the April 2009 low during the most recent recession. For 2016, the for-hire freight shipments measured by the index were up 2.9 percent in December compared to the end of 2015. For the fourth quarter of 2016, the Freight TSI rose 2.9 percent, the largest quarterly increase since a 3.5 percent rise in the fourth quarter of 2011.

#### **7. Leading indicator of cross-border traveller volume, January 2017 (preliminary)**

Data on the number of US travellers entering Canada by car in January 2017 are now available upon request. Data are available by the visitors' state of residence and province of entry into Canada. The number of travellers entering Canada is a key economic indicator of international trade and tourism growth.

#### **8. Interest in US surface transport acquisitions rises**

The acquisition of the Evans Network of Companies, an intermodal operator, signals renewed interest in assets as well as technology.

#### **9. UPS to spend \$18m to increase on-site solar power capabilities**

UPS plans to purchase 26,000 solar panels for installation at eight of its U.S. facilities by the end of 2017. UPS Inc. will invest \$18 million to expand solar power capabilities at its facilities in the United States, according to a statement from the company. The parcel giant and logistics provider plans to purchase 26,000 solar panels for installation at eight of its facilities in the United States by the end of 2017.

#### **10. OTA, MTO working closely on oversized/overweight load permits**

Ontario Trucking Association has been working closely with MTO over the past year to spearhead several initiatives aimed at streamlining the permitting process for oversized and overweight loads in Ontario. In a letter to OTA in August 2016, MTO confirmed the first round of changes were being implemented. This includes: 1) Changing the duration of single trip permits from four to seven days; 2) Extending weekend travel to include loads over current annual dimensions (excluding superloads); 3) Allowing PDF forms that include tombstone data to be saved; 4) Allowing single Trip Application Forms that are printable and saveable; and 5) Returning empty permits issued at the same time as the loaded permit

#### **11. Demand-Driven Logistics: Staying Right Side Up When Your Supply Chain Turns Upside Down**

Even when the economy isn't booming, the supply chain offers numerous opportunities for shippers to increase efficiency, save money and enhance revenues. This story looks at some of the bright spots in transportation, technology, global trade and outsourcing.

#### **12. 3PLs Up The Ante**

Thirty years ago, the value-added third party logistics (3PLs) providers` offer included simple warehousing and freight transportation services. "The services were rudimentary at best," says Judy McNeil, supply chain manager, customer operations and planning with [Lang Pharma Nutrition](#), a manufacturer of nutraceutical food and beverages based in Newport, R.I. Not any more. Today, many 3PLs essentially act as the supply chain arms of their clients. "Over the past five to 10 years, leading 3PLs have matured from providers of discrete services to highly integrated solution providers," says Frank Monte, principal, strategy and operations with [Capgemini Consulting](#). Many shippers rely on their 3PLs for visibility, operational control, fulfillment support, supply chain data, and end-of-life product management, among other services.

#### **13. FedEx Supply Chain launches FedEx Fulfillment**

FedEx Supply Chain, the parcel giant's third-party logistics subsidiary formerly known as GENCO, has launched a new service called [FedEx Fulfillment](#), "an e-commerce solution that helps small and medium-sized businesses fulfill orders from multiple channels including websites and online marketplaces and manage inventory for their retail stores," the company said in a statement. FedEx said the service uses a computer "platform" that will give users "complete visibility into their products, giving them an easy way to track items, manage inventory, analyze trends, and make more informed decisions by better understanding shoppers' spending behaviours.

#### **14. Trudeau-Trump jointly affirm confidence in Gordie Howe bridge project**

Prime Minister Justin Trudeau and U.S. President Donald Trump have created new confidence in the completion of the Gordie Howe International Bridge project. During the meeting between the two leaders on February 13, 2017, Trudeau and Trump issued a joint statement specifically referencing the bridge, saying they "look forward to the expeditious completion of the Gordie Howe International Bridge." Trump and Trudeau also called the trade route a "vital economic link between our two countries."

#### **15. Rising fuel prices driving up US trucking costs**

Fuel surcharges, which dropped along with fuel prices in 2015 and 2016, are now rising again, putting

more pressure on shipper budgets.

#### **16. Load volumes continue upward trend: Transcore**

January 2017 freight volumes for TransCore's Link Logistics continue an upward trend after a surge in freight volume in December 2016. Although the record for highest load volumes for January was set in 2014, last month's load volumes are the second highest recorded for the month of January, and compared to last year load volumes have leaped 43% year-over-year.

#### **17. TFI "cautiously optimistic" about economy**

Just months after acquiring a major truckload carrier in the U.S., TFI International is cautiously optimistic about the state of the North American economy. Referring to 2016 as a "transformational" year for the business – which now collects half its revenue south of the border – he also noted that package and courier operations are well positioned to benefit from "bourgeoning" e-commerce activity. Fourth-quarter revenue from e-commerce fulfillment was up 38% to \$96.2 million in the package and courier segment, and up 15% to \$34.7 million in the truckload segment. Fourth-quarter revenue before fuel surcharges from continuing operations was up 10% to \$1.04 billion, while operating income reached \$72.1 million, or 7% of revenue, before fuel surcharges.

#### **18. US Subcommittee Considers Future of Autonomous Vehicles**

The Congressional Subcommittee on Commerce, Manufacturing, and Trade said recently that autonomous vehicles will save lives on the highways, with Mark Rosekind, National Highway Traffic Safety Administrator, claiming that autonomous vehicles hold "the potential to eliminate traffic fatalities altogether."

#### **19. North American freight market shows positive momentum in January**

Shipment volumes and payments in January 2017 were up 3.2 percent and 4.3 compared with the same 2016 period, according to Cass. The North American freight market continued to show signs of positive momentum in January 2017, with volumes registering the second year-over-year increase in as many months after slipping back into negative territory in November 2016, according to the latest Cass Freight Index Report.

#### **20. Top Trends: Issues that are reshaping Canada's biggest carriers**

In eastern Canada, high capacity and aggressive rate cutting in the Less-than-Truckload (LTL) sector were blamed along with a general downturn in the region's industrial activity for the trends reshaping the industry. The tough times in the trucking industry are not limited there. Low oil values continued to suppress freight volumes in provinces like Alberta last year, while a weak Canadian dollar has yet to spur the exports that drive manufacturing-related freight in Ontario and Quebec. Any significant growth in equipment and personnel counts could be traced to mergers and acquisitions.

#### **21. December 2016 North American Freight Numbers**

U.S.-NAFTA freight totaled \$87.1 billion in current dollars as three out of five major transportation modes carried more freight by value with North American Free Trade Agreement (NAFTA) partners Canada and Mexico in December 2016 compared to December 2015, according to the TransBorder Freight Data released on February 23, 2017 by the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS). The 0.4 percent rise from December 2015 was the third time in the last five months where the year-over-year value of U.S.-NAFTA freight increased from the same month of the previous year. From December 2016 to December 2015, the value of U.S.-Canada freight flows decreased by 1.2 percent to \$44.5 billion as the value of freight on three modes decreased from a year earlier. The value of freight carried on truck decreased by 2.1 percent, rail by 5.4 percent, and vessel by 20.8 percent.

#### **22. Large urban transit, December 2016**

Total operating revenues (excluding subsidies) for 10 of Canada's largest urban transit systems rose 4.2% year over year to \$303.4 million in December 2016. Over the same period, ridership increased 1.4% to 141.3 million passenger trips. The large urban transit systems industry generated \$3.6 billion in operating revenues (excluding subsidies) in 2016, up 2.1% from 2015. The total number of passenger trips reached 1.7 billion in 2016, down 1.0% from the previous year. On a year-over-year basis, the number of passenger trips has declined in 9 of the 12 months ending December 2016.

#### **23. CTA Supports Amending Livestock Transport Rules to Introduce Level Playing Field**

The Canadian Food and Inspection Agency (CFIA) is doing the right thing by modernizing the rules for transporting livestock, says the Canadian Trucking Alliance (CTA). However, CTA's main concern is not the modernization of these rules but rather the exclusion of certain livestock truck transporters from key aspects of the proposed regulations. CTA recently outlined its concerns over proposed amendments to Part XII (Transport of Animals) to federal Health of Animals Regulations.

## 24. Congressman Calls for Tighter Mexican Truck Restrictions in ‘New’ NAFTA

Rep. Peter DeFazio’s (D-Oregon) “Blueprint for America’s New Trade Policy,” lays principles for renegotiating the North American Free Trade Agreement. The resolution stipulates that a NAFTA replacement “should require all foreign service providers’ vehicles and drivers entering the United States to meet all United States highway safety and environmental standards before being granted access to and use of United States distribution and transportation systems.” Such language goes against an earlier announced 2016 DOT policy to accept Mexico’s inspection standards for Mexican carriers who’ve obtained U.S. operating authority.

## GENERAL TRANSPORTATION

### Canada

#### 1. Transport CO2 mitigation measures “won’t achieve climate ambitions”: ITF

Current and foreseeable policies to mitigate carbon-dioxide (CO2) emissions from global transport activity will not suffice to achieve the international community’s climate ambitions, a new study published by the International Transport Forum (ITF) finds. Continued strong growth in demand for mobility means that even in the most optimistic scenario, transport CO2 emissions in 2050 will still be at 2015 levels of around 7.5 giga-tonnes, according to projections published in the ITF Transport Outlook 2017.

#### 2. Canadian manufacturers report strong start to 2017

Canadian manufacturers reported a strong start to 2017, with business conditions improving at the fastest pace for just over two years. The upturn reflected robust rates of output and new order growth in January 2017, alongside a sustained rise in staffing levels. Looking ahead, around 41% of the survey panel anticipate an increase in production volumes over the next 12 months, while only 6% forecast a reduction. As a result, this signalled one of the most upbeat expectations for output growth since early-2014, said the report.

#### 3. The EU tackles growing emission problems

The Commission is amending the EU Emissions Trading System (ETS) making it fit for tackling CO2 emissions from aviation. This comes following an agreement by the International Civil Aviation Organization (ICAO) to stabilise international aviation emissions. The current system requires airlines to monitor and report their annual CO2 emissions on international routes and offset those exceeding 2020 levels. The Commission is proposing to continue with the current geographic scope of the EU Emissions Trading System for aviation, covering flights between airports in the European Economic Area. This will ensure a level playing field and equal treatment of all airlines flying in Europe.

#### 4. National Transportation Statistics Updated

The U.S. Department of Transportation’s Bureau of Transportation Statistics (BTS) updated *National Transportation Statistics (NTS)* – a web-only reference guide to national-level transportation data. NTS, updated quarterly, includes a wide range of national transportation information. NTS consists of more than 260 tables of national data on the transportation system, safety, the economy and energy and the environment, of which 40 were updated.

#### 5. €1 billion to boost investment in European transport infrastructure

The European Commission is launching a new and innovative way to finance transport infrastructure projects in Europe. The call for proposals will seek to combine €1 billion of grants (Connecting Europe Facility - Transport) with financing from public financial institutions, the private sector or, for the first time, the European Fund for Strategic Investments, the heart of the Investment Plan for Europe and a top priority for the Juncker Commission.

#### 6. Exports and imports rose in December

### Canada

1. Transport CO2 mitigation measures “won’t achieve climate ambitions”: ITF, January 30, 2017, [www.ctl.ca](http://www.ctl.ca)
2. Canadian manufacturers report strong start to 2017, February 2, 2017, [www.ctl.ca](http://www.ctl.ca)
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5. €1 billion to boost investment in European transport infrastructure, February 8, 2017, [www.europa.eu](http://www.europa.eu)
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7. Travel between Canada and other countries, December 2016, February 21, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)
8. Canada and the UK to strike a speedy trade deal, February 22, 2017, [www.transportweekly.com](http://www.transportweekly.com)
9. IATA Welcomes Entry into Force of WTO Trade Facilitation Agreement, February 22, 2017, [www.iata.org](http://www.iata.org)
10. The Role of the Regulator in Safety Management Systems, Discussion Paper, February 23, 2017, [www.itf-oecd.org](http://www.itf-oecd.org)

Canada recorded a trade surplus for the second consecutive month in December 2016, with exports up 0.8% on the strength of higher energy products, and imports up 1%.

#### **7. Travel between Canada and other countries, December 2016**

Residents of overseas countries (countries other than the United States) made 551,000 trips to Canada in **December 2016**, up 1.4% from November 2016. Travel by Canadian residents to overseas countries also increased in December, rising 1.1% from November to 1.0 million trips. US residents made 2.0 million trips to Canada in December 2016, down 2.7% from November 2016. Canadian residents made 3.3 million trips to the United States in December, down 1.4% compared with the previous month. Over the **twelve months of 2016**, the number of travellers from abroad (overseas and US markets) making trips to Canada increased 9.4% from 2015 to 30.1 million in 2016, the highest number of travellers to Canada since the global recession of 2008-2009. The increase in 2016 was the result of an 8.3% gain in US travellers and a 13.6% increase in overseas travellers to Canada. Travel from Canada to the United States declined for the third year in a row. Travel to overseas destinations rose as Canadians made 3.7% more trips to overseas countries. From overseas markets Canada welcomed a record 6.2 million travellers in 2016, up 13.6% from 2015. It included a 15.6% year-over-year increase in travellers from Asia (2.1 million trips), and a 12.7% gain in travellers from Europe (2.9 million trips). The number of Canadians travelling overseas continued to increase in 2016, rising 3.7% to 12.0 million. From the US market, travel by plane accounted for a relatively small share—one in five—of US trips to Canada in 2016. However, the number of US travellers who came to Canada by plane was up 15.9% to 5.3 million.

#### **8. Canada and the UK to strike a speedy trade deal**

Canada and the United Kingdom should be able to strike a speedy trade deal after Britain leaves the European Union, according to Canada's high commissioner to London, Janice Charette, reports Bloomberg. "We'll be able to arrive at something as quickly as the political leadership in both countries want it to happen," Ms Charette said in a television interview. "Trade agreements will be easy to reach."

#### **9. IATA Welcomes Entry into Force of WTO Trade Facilitation Agreement**

The International Air Transport Association (IATA) welcomed the entry into force of the Trade Facilitation Agreement (TFA) on February 22, 2017. This follows the ratification of the treaty by two-thirds of the members of the World Trade Organization (WTO). The Trade Facilitation Agreement will cut red tape at the border for faster, cheaper and easier trade. With the treaty now in force, we urge governments to move forward with early implementation so that the TFA's substantial benefits can be realized," said Alexandre de Juniac, IATA's Director General and CEO.

#### **10. The Role of the Regulator in Safety Management Systems**

This discussion paper examines the role of the regulator in Safety Management Systems in response to regulatory systems. Their role differs from transport mode to transport mode and across jurisdictions. This has placed an increasing strain on regulators. This paper draws on lessons learned to explore strategies to design, implement and operate related regulatory programs.