

Transportation Information Update*

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AIR TRANSPORTATION

1. Couriers and Messengers Services Price Index [August 2011]

The Couriers and Messengers Services Price Index decreased 0.2% in August 2011 compared with July 2011. The courier portion fell 0.3%, while the local messenger component advanced 0.2%. On a year-over-year basis, the index advanced 10.0% in August 2011 compared with the same month in 2010.

2. Air Canada Ranked Among Top Five Most Attractive Companies to Work for in Canada

In September 2011, Air Canada was ranked among the top five most attractive companies to work for in Canada according to a survey of 7,000 Canadian jobseekers and workers conducted by Randstad Canada and ICMA International.

3. Shifting Gears Downward - Slowing Passenger Demand and Shrinking Freight Markets

The International Air Transport Association (IATA) announced traffic results for August 2011. While passenger demand was up 4.5% over the previous August, this represented a significant slowing from the 6.0% recorded in July 2011. The decline in freight markets accelerated. The 3.8% contraction in freight markets recorded in August 2011 was more than double the pace of July's 1.8% decline.

4. Canadians to Benefit from Expanded Bilateral Air Agreement with Japan

The Honourable Ed Fast, Minister of International Trade and Minister for the Asia-Pacific Gateway announced that the bilateral air transport agreement between Canada and Japan has been expanded, providing more possibilities for air services between the two countries during his visit to Japan. The expanded arrangements include greater access for Canadian airlines to Tokyo's Narita Airport and added flexibility for airline routings. The agreement includes additional rights for services between Canada and Japan through third countries. This expanded bilateral agreement will support air services between the two nations.

5. Securing Aviation's Future - IATA Calls for Harmonization and Vigilance

On October 4, 2011, the International Air Transport Association (IATA) urged governments and other aviation stakeholders to join airlines in a partnership to improve aviation security and the experience of both travelers and shippers. Key to this is early adoption of IATA's Checkpoint of the Future (CoF), a supply chain approach to cargo security, harmonization of measures among governments and constant vigilance to new threats. The CoF introduces a risk-based approach supported by advanced technology to allow passengers to move through the checkpoint without stopping, unpacking or disrobing. CoF's risk-based approach would divide passenger screening into three categories (1) normal, (2) enhanced and (3) "known traveler". Based on data collected and stored. Cargo security would be based on three principles: harmonization, vigilance and cost.

6. Porter Airlines September load factor up 12.2 points

On October 5, 2011, Porter Airlines reported a September 2011 load factor of 68 per cent, 12.2 points higher than the previous year. Figures

AIR TRANSPORTATION

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1. Couriers and Messengers Services Price Index [August 2011], September 30, 2011, www.statcan.gc.ca

2. Air Canada Ranked Among Top Five Most Attractive Companies to Work for in Canada, September 30, 2011, www.aircanada.ca

3. Shifting Gears Downward - Slowing Passenger Demand and Shrinking Freight Markets, October 3, 2011, www.iata.org

4. Canadians to Benefit from Expanded Bilateral Air Agreement with Japan, October 1, 2011, www.tc.gc.ca

5. Securing Aviation's Future - IATA Calls for Harmonization and Vigilance, October 4, 2011, www.iata.org

6. Porter Airlines September load factor up 12.2 points, October 5, 2011, www.flyporter.com

7. WestJet reports September traffic results, October 5, 2011, www.westjet.ca

8. Air Canada Reports September Traffic. October 5, 2011, www.aircanada.ca

9. WestJet's popular Alberta-Hawaii non-stop service returns, October 6, 2011, www.westjet.ca

10. Air Canada Receives Strike Notice from CUPE, October 9, 2011, www.aircanada.ca

11. Federal government says Air Canada work stoppage unacceptable, October 11, 2011, www.globeandmail.ca

12. Minister Fletcher and Minister Raitt issue joint statement on illegal strike actions by Garda screeners at Pearson International Airport, October 7, 2011, www.tc.gc.ca

13. Air Canada caught between employees and customers in labour dispute, October 11, 2011, www.globeandmail.ca

14. CUPE Ratification Impasse Referred to CIRB, Work Stoppage Averted at Air Canada, October 11, 2011, www.aircanada.ca

15. WestJet Preparing for more guests, October 12, 2011, www.westjet.ca

16. Air Canada flight attendants set to strike, October 12, 2011, www.globeandmail.ca

17. Air Canada flight attendants still preparing for strike, October 12, 2011, www.nationalpost.ca

18. Air Canada strike called off after Ottawa intervenes, October 12, 2011, www.globeandmail.ca

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

for the month show 116.1 million Available Seat Miles (ASMs), a 20.4 percent increase and 79 million Revenue Passenger Miles (RPMs), a 46.8 percent increase.

7. WestJet reports September traffic results

WestJet reported its September 2011 results on October 5, 2011. Its load factor, available seat miles and revenue passenger per mile were: 74.7, 1.670 billion and 1.247 billion. This represents a decrease of 0.8 points, and increases of 8.0% and 6.9%, compared to the same month a year ago, respectively. WestJet President and CEO said "September traffic fell slightly short of our capacity growth despite increased fare sale activity...." For the third quarter of 2011, WestJet reported that the load factor, available seat miles and revenue passenger per mile were: 80.1%, 5.389 billion and 4.315 billion. This represents increases of 0.5 points, 7.1% and 7.7% compared to same quarter a year ago.

8. Air Canada Reports September Traffic

Air Canada reported its September 2011 results on October 5, 2011. Its system-wide load factor, available seat miles and revenue passenger per mile were: 82.8%, 5837 billion and 4834 billion. This represents increases of 0.6 points, 3% and 3.8% over the same month a year earlier, respectively. Calin Rovinescu, President and CEO said "I am pleased to report a record load factor for the month of September of 82.8 percent..." For the third quarter of 2011, Air Canada reported that the load factor, available seat miles and revenue passenger per mile were: 85.8%, 18,799 billion and 16,127 billion. This represents increases of 1.1 points, 2.6% and 3.8% compared to same quarter a year ago.

9. WestJet's popular Alberta-Hawaii non-stop service returns

WestJet reported on October 6, 2011 that it has leased a plane to provide non-stop service between Calgary and Honolulu and Maui and between Alberta and Hawaii. It will provide service starting December 15, 2011 to April 22, 2012 pending regulatory clearance.

10. Air Canada Receives Strike Notice from CUPE

Air Canada has been advised by CUPE, the union representing the airline's 6,800 flight attendants, that the new tentative agreement reached by the Company and the union's negotiating committee on September 20, 2011 was not ratified by the union membership. "We are perplexed and disappointed that two tentative agreements negotiated in good faith with and unanimously recommended by the democratically elected representatives of our flight attendants have failed to be ratified," said Duncan Dee, Executive Vice President and Chief Operating Officer. "Air Canada remains hopeful that a disruption can be avoided."

11. Federal government says Air Canada work stoppage unacceptable

The federal government is considering its options on October 11, 2011 on how to handle a renewed threat of a strike at Canada's largest airline. However a spokeswoman for Labour Minister Lisa Raitt left little doubt that the government will intervene if Air Canada flight attendants make good on a threat to walk off the job this week. The 6,800 flight attendants rejected a second tentative deal and served strike notice on October 9, 2011. Sixty-five percent rejected the deal.

12. Minister Fletcher and Minister Raitt issue joint statement on illegal strike actions by Garda screeners at Pearson International Airport

Following the illegal strike by screeners Ministers Fletcher and Raitt issued the following statement. "I expect the union and its membership to implement the decision issued by the Canada Industrial Relations Board on October 6, 2011, and to cease and desist from participating in any further unlawful strike

19. Air Canada seeks damages from CUPE, October 14, 2011, www.globeandmail.ca
20. WestJet named one of Canada's most admired corporate cultures, October 12, 2011, www.westjet.ca
21. Government of Canada moves to ease passenger movement at Billy Bishop Toronto City Airport, October 13, 2010, www.tc.gc.ca
22. Porter Airlines welcomes Timmins to the family, October 13, 2011, www.flyporter.com
23. Air Canada bypasses contract talks; launches seat sale, October 14, 2011, www.globeandmail.ca
24. Government of Canada introduces amendments to the *Air Canada Public Participation Act*, October 17, 2011, www.tc.gc.ca
25. Aircraft movement statistics: Small airports, October 18, 2011, www.statcan.gc.ca
26. News Brief: Simplified Interline Settlement is a Reality - Efficiency, financial and environmental savings, October 18, 2011, www.iata.org
27. WestJet expands baggage waiver for military personnel, October 19, 2011, www.westjet.ca
28. Transat A.T. cutting 143 jobs, Oct. 19, 2011, www.globeandmail.ca
29. Air Canada and Flight Attendant Union Agree on CIRB Resolution Process for Contract Impasse, October 20, 2011, www.aircanada.ca
30. Air Canada and SriLankan Airlines Codeshare Agreement will allow easy connections between Canada and Sri Lanka, October 20, 2011, www.aircanada.ca
31. Aircraft Movement Statistics: Major Airports - September 2011, October 21, 2011, www.statcan.gc.ca
32. Porter Airline's Edge, October 23, 2011, www.nationalpost.ca
33. Air Canada Comments on U.S. Government Fee for Travelers to the United States, October 25, 2011, www.aircanada.ca
34. Air Canada Expands Montreal Call Centre, Creates more than 150 Jobs, October 26, 2011, www.aircanada.ca
35. Porter Airlines responds to demand with fourth daily Toronto-Sudbury flight, October 26, 2011, www.flyporter.com

activities, and to resume service levels at Pearson International Airport," said Minister Raitt. Minister Raitt has appointed a mediator from the Federal Mediation and Conciliation Service to assist the parties in resolving their outstanding dispute. "I expect the parties to fully cooperate with the mediator," said Minister Raitt.

13. Air Canada caught between employees and customers in labour dispute

Air Canada finds itself caught between staff in revolt and consumers demanding lower fares. The root of the conflict is Air Canada's plan to create a new low-cost division, hiring up to 1,400 flight attendants at reduced wages and offering discounted fares on leisure routes to Europe, Mexico and the Caribbean. Workers fear that the low-cost airline operation threatens their wages and job security. Industry analysts, meanwhile, suggest that the plan is crucial to the carrier's survival. The Labour Minister (Ms. Raitt) said she is disappointed by the outcome and is poised to introduce back-to-work legislation.

14. CUPE Ratification Impasse Referred to CIRB, Work Stoppage Averted at Air Canada

Minister Raitt on October 11, 2011 confirmed that no strike or lockout action can take place while the Canadian Industrial Relations Board (CIRB) is considering the matter thereby effectively cancelling the strike deadline originally scheduled for Thursday, October 13, 2011.

15. WestJet Preparing for more guests

In the event of a strike at Air Canada, Westjet announced that it will make more flights available to accommodate stranded passengers.

16. Air Canada flight attendants set to strike

The union representing Air Canada flight attendants said on October 11, 2011 that its members are poised to go on strike, despite a move by federal Labour Minister Lisa Raitt to avert any work stoppage. Canadian Union of Public Employees (CUPE) claims that "This is merely an underhanded tactic by the Harper government, to buy time for it to table and pass return-to-work legislation before a strike occurs. This has nothing to do with essential services or health and safety."

17. Air Canada flight attendants still preparing for strike

The CUPE says that "As of this time, in the absence of a directive from the [CIRB], the union is going on strike at [12:01 a.m. Thursday] morning," the union's leadership said in the memo. "The union has yet to receive any formal notification from the CIRB that it cannot commence strike activity."

18. Air Canada strike called off after Ottawa intervenes

The union representing Air Canada flight attendants cancelled a strike

planned for October 13, 2011 after Ottawa intervened, triggering criticisms about political meddling to quash workers' rights.

19. Air Canada seeks damages from CUPE

Air Canada is seeking damages from the union representing flight attendants, alleging that bargaining in bad faith and threats to go on strike scared away many customers.

20. WestJet named one of Canada's most admired corporate cultures

On October 12, 2011, WestJet was named one of Canada's most admired corporate cultures of western Canada by Waterstone Human Capital.

21. Government of Canada moves to ease passenger movement at Billy Bishop Toronto City Airport

On October 13, 2011, the Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, announced that regulations have been changed to allow the construction of a pedestrian tunnel connecting mainland downtown Toronto to the Billy Bishop Toronto City Airport.

22. Porter Airlines welcomes Timmins to the family

Porter Airlines is introducing service between Timmins, Ontario and Billy Bishop Toronto City Airport, beginning on January 16, 2012, with three daily roundtrip flights.

23. Air Canada bypasses contract talks; launches seat sale

36. Tourism Sault Ste. Marie names Porter Airlines Business of the Year, October 28, 2011, www.flyporter.com
37. Air Canada dispute with pilots bound for conciliation, October 27, 2011, www.globeandmail.ca
38. Air fare [2010], October 31, 2011, www.statcan.gc.ca
39. Air Canada to Inaugurate New Winnipeg Airport Terminal, October 29, 2011, www.aircanada.ca
40. Divergent Trends - September Passenger Traffic Rises but Freight Declines, October 31, 2011, www.iata.org

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1. Airline On-Time Performance in August Improves Over July, Down from Previous Year, October 13, 2011, www.dot.gov
2. DOT Fines Orbitz for Violating Price Advertising Rules, October 17, 2011, www.dot.gov
3. August 2011 Passenger Airline Employment Rose 2.8 Percent from August 2010, October 19, 2011, www.dot.gov
4. DOT Fines South African Airways and Tour Operator for Violating Price Advertising Rules, October 24, 2011, www.dot.gov
5. DOT Fines LAN Airlines for Violating Price Advertising Rules, October 26, 2011, www.dot.gov
6. BTS Releases 2Q 2011 Airline Financial Data; Airlines Collected \$1.5 Billion from Fees [Baggage and Reservation change] in Second Quarter 2011, October 28, 2011, www.dot.gov
7. Caribbean Airlines Fined for Improperly Limiting Reimbursements for Delayed Baggage, October 28, 2011, www.dot.gov

Union leaders are pressing Air Canada to return to contract talks, but the airline is turning its attention to wooing consumers after narrowly avoiding a strike. The marketing scheme began soon after Air Canada sent its claim to the Canadian Industrial Relations Board.

24. Government of Canada introduces amendments to the *Air Canada Public Participation Act*

On October 17, 2011, changes to the *Air Canada Public Participation Act* were introduced in the House of Commons. Under the proposed amendments, Air Canada's contracted carrier partners will be held directly accountable to the Commissioner of Official Languages and will be subject to recourse in the event of non-compliance under the *Official Languages Act*. In addition, ACE Aviation Holdings Inc., Air Canada's parent company, will be required to maintain its head office in the greater Montreal area and provide bilingual services to the public.

25. Aircraft movement statistics: Small airports

The number of take-offs and landings at the 129 airports without air traffic control towers reached 79,248 movements in July 2011. Of the 125 airports for which year-over-year comparisons were possible, increases were reported by 61 of these airports.

26. News Brief: Simplified Interline Settlement is a Reality - Efficiency, financial and environmental savings

On October 18, 2011, the International Air Transport Association (IATA) launched Simplified Interline Settlement (SIS) which removes paper documents from the airline industry's interline billing and settlement process. When fully implemented in 2013, SIS is expected to: 1. Eliminate paper invoice creation and distribution between airlines; 2. Provide annual cost savings to the industry of \$450-700 million through the elimination of paper, mail charges, courier fees, lost documents, internal paper handling, and system and process efficiencies; and 3. Provide environmental benefits through the elimination of paper documentation and the need to transport it.

27. WestJet expands baggage waiver for military personnel

Effective October 19, 2011, WestJet has expanded baggage waiver for military personnel travelling in uniform of plain clothes.

28. Transat A.T. cutting 143 jobs

To restore profitability, tour operator Transat A.T. Inc. is eliminating 143 non-union positions across Canada, including 115 layoffs in a bid to save \$10-million a year. 60% of the lost jobs will occur in Quebec. Transat lost \$2.9-million, or 8 cents per share, for its third quarter 2010, down from a profit of \$20.9-million, or 55 cents per share, a year earlier. Revenue rose to \$937-million from \$867.3-million.

29. Air Canada and Flight Attendant Union Agree on CIRB Resolution Process for Contract Impasse

Following the federal Minister of Labour's referral to the Canada Industrial Relations Board of the dispute between Air Canada and the Canadian Union of Public Employees, representing the airline's 6,800 flight attendants, Air Canada confirmed on October 20, 2011 that both parties have achieved an agreement on a final and binding process to resolve the impasse under Section 79 of the Canada Labour Code.

30. Air Canada and SriLankan Airlines Codeshare Agreement will allow easy connections between Canada and Sri Lanka

On October 20, 2011, Air Canada and SriLankan Airlines announced a code share agreement that will make flying between Canada and Sri Lanka more convenient. This code sharing between the two national carriers opens up several key points in Canada in addition to the main cities of Toronto and Montreal.

31. Aircraft Movement Statistics: Major Airports – September 2011

Aircraft take-offs and landings at the 93 Canadian airports with NAV CANADA air traffic control towers and flight service stations increased 6.2% in September 2011 from the same month in 2010.

32. Porter Airline's Edge

On October 30, 2011, Porter Airlines will celebrate the fifth anniversary of its first flight. According to analysts this is a remarkable feat for an airline many didn't think would ever get off the ground, let alone stay there if it did.

33. Air Canada Comments on U.S. Government Fee for Travelers to the United States

On the U.S. Government's decision to apply an additional \$5.50 customs fee on travelers arriving in the United States by air from Canada, Air Canada indicated that it is disappointed to see an additional government fee levied on air travelers. First, it is at a time when the economy is sluggish and uncertain. Second, there is no indication that the money obtained from the fees will be used to improve custom clearance and airport security.

34. Air Canada Expands Montreal Call Centre, Creates more than 150 Jobs

On October 26, 2011, Air Canada announced that as a result of the expansion underway of its Montreal customer service call centre, the airline has created more than 150 new, full-time positions for qualified call centre agents.

35. Porter Airlines responds to demand with fourth daily Toronto-Sudbury flight

Porter Airlines is increasing service with the addition of a fourth daily roundtrip flight between Billy Bishop Toronto City Airport and Sudbury, beginning January 16, 2011.

36. Tourism Sault Ste. Marie names Porter Airlines Business of the Year

Porter Airlines was recognized as the 2011 Business of the Year at Tourism Sault Ste. Marie's 8th annual tourism awards, where industry leaders are acknowledged for their contribution to the community.

37. Air Canada dispute with pilots bound for conciliation

Air Canada's labour dispute with its 2,900 pilots will be heading to conciliation.

38. Air fare

The average domestic and international one-way air fare (all types) paid by passengers was \$243.50 in 2010, up 5.3% from \$231.20 in 2009. This increase was largely attributable to the gradual upturn of the global airline industry following the economic downturn of 2009. The large Canadian cities had airfare increases above the national average.

39. Air Canada to Inaugurate New Winnipeg Airport Terminal

On October 29, 2011, Air Canada is set to usher in a new era for Manitoban travelers by being the first carrier to operate from the newly opened terminal at Winnipeg James Armstrong Richardson International Airport. The first flight out of the terminal following its official opening was an AC256, an early morning departure for Toronto on October 29, 2010.

40. Divergent Trends - September Passenger Traffic Rises but Freight Declines

The International Air Transport Association (IATA) announced traffic results for September 2011 showing diverging trends for cargo and passenger traffic. Passenger traffic was 5.6% higher than the same month last year and stronger than the 4.6% year-on-year growth recorded in August 2011. Air freight on the other hand posted a 2.7% contraction for September 2011 compared to September 2010. This is a further deterioration from the 2.4% decline recorded in August 2011. Year-to-date data for passenger and cargo traffic, load factor and available seat miles are all positive compared to 2010.

WATER TRANSPORTATION

1. St. Lawrence Seaway Strike Averted

A tentative agreement between nearly 500 Canadian Auto Workers and Canada's St. Lawrence Seaway Management was reached early morning on October 3, 2011, averting a strike that would have shut down traffic between ports from Montreal to Duluth. Seaway traffic from March to August 2011 grew 3.5 percent year-over year, to 22 million metric tons.

2. U.S. mulls major levy on cargo coming from B.C. ports

The U.S. Federal Maritime Commission is considering a major new levy on cargo entering the United States from British Columbia ports, which could harm cross-border trade and impair Canadian efforts to capture more business from Asia. It is looking whether it should "level the playing field" on the West Coast, where modern Canadian ports are taking container-cargo business away from their run-down American counterparts.

3. Canada Defends Trade Policies Against FMC Study

The Canadian government said it will "vigorously defend" its trade policies and infrastructure investments against any of the findings of a Federal Maritime Commission study looking into the diversions of U.S. imports to Canadian ports. The FMC will focus on the effect of the Harbor Maintenance Tax on the diversion of cargo. Carriers pay the tax based on the value of their cargo each time a ship calls at a U.S. port. Further, cargo landing in Mexico or Canada for shipment to the U.S. does not pay the tax.

4. Harper government to proceed with new bridge over the St.

<p>WATER TRANSPORTATION Canada</p> <ol style="list-style-type: none">1. St. Lawrence Seaway Strike Averted, October 3, 2011, www.joc.ocm2. U.S. mulls major levy on cargo coming from B.C. ports, October 3, 2011, www.globeandmail.ca3. Canada Defends Trade Policies Against FMC Study, October 6, 2011, www.joc.com4. Harper government to proceed with new bridge over the St. Lawrence, October 5, 2011, www.tc.gc.ca5. Prince Rupert Port Authority – Monthly Traffic Summary, October 6, 2011, www.rupertport.com6. Ocean Carriers Consider New Capacity Cutbacks, October 12, 2011, www.joc.com7. Cumulative containerized traffic summary January to August – Port of Montreal, October 13, 2011, www.portofmontreal.ca8. Port 2050: Our anticipated future, October 13, 2011, www.portmetrovancover.com9. Port Metro Vancouver –
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Lawrence

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities and Minister of the Economic Development Agency of Canada for the Regions of Quebec, on October 5, 2011 announced that the Harper government will proceed with a new bridge across the St. Lawrence in Montreal. It is expected to bring substantial benefits.

5. Prince Rupert Port Authority – Monthly Traffic Summary

Containerized cargo moving through the Port of Prince Rupert for the month of September 2011 increased 40.7% to 45,424 TEUs compared to the same period a year earlier. Imports increased by 39.7% and exports increased by 41.9%. Containerized cargo is up 10% for the months of January to September 2011 compared to the same period a year ago.

6. Ocean Carriers Consider New Capacity Cutbacks

Several container line executives say they are starting to consider whether to lay up some vessels in a search for greater supply-demand equilibrium given sliding rates amid plentiful capacity on major world trade lanes.

7. Cumulative containerized traffic summary January to August – Port of Montreal

The cumulative containerized traffic at the Port of Montreal was 915,369 TEUs for the period January to August 2011, an increase of 4.2% compared to the same period in 2010. Imports increased by 4.3% and exports by 4.1%.

8. Port 2050: Our anticipated future

In 2010, Port Metro Vancouver embarked on a strategic visioning process called Port 2050. The results of the process, including four scenarios telling alternative stories of our future, are presented in a summary report released on October 13, 2011.

9. Port Metro Vancouver – Accumulated Traffic Report – Year to Date – September 2011

Accumulated traffic in terms of TEU, increased 1% from January 2011 to September 2011. Exports increased 1% and imports increased 2%. In terms of numbers, the TEUs were 989,389 for the first three quarters of 2011 compared to 972,005 for the first three quarters of 2010.

10. Port Metro Vancouver – Accumulated Traffic Report – Monthly Report – September 2011

The total number of containers moving through the Port of Vancouver for the month of September 2011 was 225,210 TEUs. This compares with 229,275 TEU for the month of September 2010. A slight slowdown from the previous year for the same month.

11. Study Says St. Lawrence Seaway Supports 226,800 Jobs

A study just released showed that the St. Lawrence Seaway system supports 226,800 jobs. It comes as maritime officials urge New York to prevent the shutdown of the waterway by easing the state's ballast water standard.

12. Halifax, Vancouver win \$33-billion in shipbuilding sweepstakes

Ottawa has awarded three decades of government shipbuilding work to just two yards – one in Halifax (Irving - \$25 billion) and one in Vancouver (Seaspan - \$8 billion). This means that Davie Shipyard in Quebec is the loser. It is expected that the two government contracts will create 15,000 jobs and keep the shipyards busy for a decade.

13. Port of Halifax – Third Quarter Report for 2011

The slowdown in economic activity in Canada and globally is being reflected in the statistics reported on October 25, 2011 by the Port of Halifax for the third quarter of 2011. This can be seen in the following results: overall port tonnage for the third quarter of 2011 was down by 10.8% as compared to Q3 2010; containerized cargo (measured in metric tonnes) experienced a 9.8% drop in Q3; breakbulk cargo (e.g.: machinery, metals, forest products) grew by 12.1% over the same period last year; bulk cargo (e.g.: refined oil imports and grain imports) declined by 11.7% over the same period in 2010; and roll-on/roll-off cargo (e.g.: vehicles) declined by 16.9% in the Q3 2011 compared to 2010

Accumulated Traffic Report – Year to Date – September 2011, October 17, 2011, www.portmetrovancover.com

10. Port Metro Vancouver – Accumulated Traffic Report – Monthly Report – September 2011, October 17, 2011, www.portmetrovancover.com

11. Study Says St. Lawrence Seaway Supports 226,800 Jobs, October 19, 2011, www.joc.com

12. Halifax, Vancouver win \$33-billion in shipbuilding sweepstakes, October 9, 2011, www.globeandmail.ca

13. Port of Halifax, - Third Quarter Report for 2011, October 25, 2011, www.porthalifax.ca

14. Port of Halifax – Container Traffic Third Quarter Report for 2011, www.portofhalifax.ca

15. Port of Halifax – Cruise Passengers Third Quarter Report for 2011, www.portofhalifax.ca

16. Port of Montreal - Cumulative Traffic Summary January to September 2011, October 28, 2011, www.portofmontreal.ca

17. Port of Metro Vancouver - Cumulative Traffic Summary January to September 2011, October 28, 2011, www.portofmontreal.ca

18. Canada signs important maritime convention to protect the environment, October 27, 2011, www.tc.gc.ca

19. Minister Ashfield meets with Atlantic Gateway Advisory Council, October 28, 2011, www.tc.gc.ca

US

1. Panama Canal Sets 2011 Tonnage Record, October 3, 2011, www.joc.com

2. West Coasts Imports Down 7 Percent, October 4, 2011, www.joc.com

3. Westbound Transpacific Rate Hike Announced, October 13, 2011, www.americanshipper.com

14. Port of Halifax – Container Traffic Third Quarter Report for 2011

Container traffic at the Port of Halifax for the third quarter of 2011 decreased 11.1% to 109,073 TEUs compared to the same quarter in 2010. The year to date statistics indicate that the decline was 2% to 321,492 TEUs.

15. Port of Halifax – Cruise Passengers Third Quarter Report for 2011

Cruise traffic at the Port of Halifax for the third quarter of 2011 decreased 9.9% to 140,451 passengers compared to the same quarter in 2010. The year to date statistics indicated that the decline was 1.2% to 175,318 passengers.

16. Port of Montreal - Cumulative Traffic Summary January to September 2011

Traffic for the first three quarters of 2011 at the Port of Montreal in terms of TEUs increased 3.6% to 1,030,349. Imports increased 2.8% and exports increased 4.4%.

17. Port of Metro Vancouver - Cumulative Traffic Summary January to September 2011

Traffic for the first three quarters of 2011 at the Port of Montreal in terms of TEUs increased 1.4% to 1,879,326. Imports increased 1.8% and exports increased .9%.

18. Canada signs important maritime convention to protect the environment

On October 25, 2011, Canada took part in a ceremony to sign a protocol that will establish a global liability regime and further protect our environment from the risks of marine transport. The *Protocol of 2010 to the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 1996* was signed at the International Maritime Organization in United Kingdom.

19. Minister Ashfield meets with Atlantic Gateway Advisory Council

On October 28, 2011, the Honourable Keith Ashfield, Minister for the Atlantic Gateway, met with the Atlantic Gateway Advisory Council. At the meeting, the Minister and the council discussed collaboration and the implementation of the Atlantic Gateway Strategy that was announced in March 2011, as well as issues affecting the global competitiveness of the Atlantic Gateway.

RAIL TRANSPORTATION

1. Government of Canada to improve rail safety for Canadians

To protect Canadians, Minister Lebel said the government re-introduced legislation on safety. The proposed amendments to the *Railway Safety Act* will encourage rail companies to create and maintain a culture of safety and penalize rule breakers by enabling the Government of Canada to: crack down on rule breakers with tough new monetary penalties and increased judicial penalties; strengthen safety requirements for railway companies; create whistleblower protection for employees who raise safety concerns; and require each railway to have an executive legally responsible for safety

2. CN and Quebec grain- and animal-feed company announce supply chain collaboration agreement to drive service and efficiency

On October 11, 2011 CN and Agri-Marché, Inc. announced that they have signed an agreement to promote greater efficiencies in the Quebec grain supply chain and to deliver better customer service.

3. Rail Traffic Outpaces 2010 in Latest Week

North America's major freight railroads hauled 2.1 percent more intermodal traffic than a year earlier in the week ending Oct. 8, 2011 while bulk carload traffic grew 3.3 percent. However, it has been tapering since late September 2011 according to North American Railway Association.

4. CP, Contrans Convert Flatbed Freight to Intermodal

Canadian Pacific Railway is partnering with truck and logistics provider Contrans by using collapsible containers to convert some flatbed-type shipments to double-stack rail intermodal service. CP and Contrans a large Canadian trucking firm, will deploy 53-foot, open-framed containers from Raildecks Intermodal that can easily load and secure piping and other industrial products that do not usually ride in

RAIL TRANSPORTATION Canada

1. Government of Canada to improve rail safety for Canadians, October 7, 2011, www.tc.gc.ca
2. CN and Quebec grain- and animal-feed company announce supply chain collaboration agreement to drive service and efficiency, October 11, 2011, www.cn.ca
3. Rail Traffic Outpaces 2010 in Latest Week, October 13, 2011, www.joc.com
4. CP, Contrans Convert Flatbed Freight to Intermodal, October 17, 2011, www.joc.com
5. CN acquires more energy-efficient intermodal equipment to improve service, reduce emissions, October 14, 2011, www.cn.ca
6. CSX in deal with Maersk, October 19, 2011, www.americanshipper.com
7. CN Workers on Three US Units Ratify Contract, October 20, 2011, www.joc.com
8. CN and specialty-grain exporter reach supply chain collaboration and continuous improvement agreement, October 21, 2011, www.cn.ca
9. Smiths Falls and VIA Rail officially open new station built through Government of Canada funding, October 21, 2011, www.tc.gc.ca
10. CN to Assist Grain Exporter with Supply Chain, October 24, 2011,

containers.

5. CN acquires more energy-efficient intermodal equipment to improve service, reduce emissions

On October 18, 2011, CN announced the purchase of 200 more efficient EcoTherm containers to increase customer efficiency and help reduce energy consumption in its fast-growing temperature-sensitive intermodal markets. Products such as food, beverages, paints and pharmaceuticals require protection against low temperatures. With this container acquisition, CN's EcoTherm fleet stands at almost 500 units, the largest in North America. CN also announced the purchase of 25 EcoRide chassis. They weigh 15 per cent less than conventional chassis and are equipped with aerodynamic features such as side skirts and low-rolling resistance tires. Containers delivered on EcoRide chassis consume eight to 11 per cent less fuel than containers delivered on traditional chassis.

6. CSX in deal with Maersk

CSX said it has reached a long-term agreement to haul containers for Maersk Line out of the East Coast ports of New York, Baltimore, Hampton Roads, Charleston and Savannah. The arrangement takes effect on January 1, 2012.

7. CN Workers on Three US Units Ratify Contract

About 430 employees at three U.S. subsidiaries of Canadian National Railway ratified a contract that will consolidate their Upper Midwest territories under a single collective bargaining agreement and allow CN to merge those units. The contract covers conductors and brakemen in the United Transportation Union work for the following CN rail lines —Wisconsin Central; Duluth, Winnipeg & Pacific; and Duluth Missabe and Iron Range.

8. CN and specialty-grain exporter reach supply chain collaboration and continuous improvement agreement

CN and Agri-Food Central Ltd. announced on October 20, 2011 an agreement to improve the service delivery performance and consistency of the supply chain for specialty grains moving from Western Canada to Mexico via rail and to other markets including those in Latin America through Atlantic, Pacific and Gulf coast ports served by CN.

9. Smiths Falls and VIA Rail officially open new station built through Government of Canada funding

On October 21, 2011, it was announced that "Smiths Falls and VIA Rail officially opened a new station built through Government of Canada funding" created by VIA Rail Canada in collaboration with Transport Canada.

10. CN to Assist Grain Exporter with Supply Chain

Agri-Food Central Ltd. has signed an agreement with Canadian National Railway whereby the two will work together to improve the performance of the supply chain for the company's products. Under the agreement, CN and Agri-Food Central, a specialty-grain exporter, will exchange information so they can jointly measure rail service and supply chain performance, cooperate on joint supply chain planning and establish a process to address any rail service issues. Over the 2011 summer, CN signed comprehensive supply chain agreement with more than 20 customers in the forest-products, grain, and metals and minerals segments.

11. Canadian Pacific announces third-quarter 2011 results

Canadian Pacific Railway Limited announced its third-quarter 2011 results on October 25, 2011. Compared to the same quarter in 2010 its results were as follows: Total revenues were \$1.3 billion, an increase of \$55.4 million; Operating expenses were \$1.0 billion, an increase of \$68.5 million; Average fuel price increased 47 per cent to \$3.44 U.S. dollars per U.S. gallon; Operating income was \$324.6 million, a decrease of \$13.1 million; Net income was \$186.8 million, a decrease of \$10.5 million; and Diluted earnings per share were \$1.10 per share, a decline of \$0.07 per share or a decline of \$0.03 per share exclusive of the early redemption of the 2013 Notes. Fred Green President and CEO stated "We currently see strength in our bulk franchise, but remain vigilant in monitoring economic signals from Asia, we are focused on sustaining and improving service and productivity through investments in locomotives, infrastructure, people and technology."

12. Canadian Pacific profit weakens

www.joc.com

11. Canadian Pacific announces third-quarter 2011 results, October 25, 2011, www.cpr.ca

12. Canadian Pacific profit weakens, Oct. 25, 2011, www.globeandmail.ca

13. Railway Carloadings, October 26, 2011, www.statscan.gc.ca

14. CN's Q3-2011 net income rises to C\$659 million, or C\$1.46 per diluted share, as the Company posts record carloadings and revenues, October 25, 2011, www.cn.ca

15. CN Profit Jumps 19 Percent on Record Loads, October 26, 2011, www.joc.com

16. CN announces new share repurchase program, declares fourth-quarter 2011 quarterly cash dividend, October 25, 2011, www.cn.ca

CP said net earnings were \$186.8-million or \$1.10 per share for the third quarter of 2011 indicating that its net earnings were weaker than those compared with the earnings of \$197.3-million or \$1.17 per share a year earlier. Bay Street expected earnings of \$1.11. Its operating ratio (75.8%) was off by 2 points indicating a decline in efficiency. The positive earnings were an improvement compared to the results reported in the previous quarter due to the bad winter.

13. Railway Carloadings [August 2011-Preliminary]

Total freight traffic carried by Canadian railways rose 10.8% from August 2010 to 27.8 million tonnes in August 2011 according to Statistics Canada. The gain was the result of increases in both domestic and international cargo loadings. The commodity groups with the largest increases in tonnage were coal, lumber and wood pulp. Intermodal freight loadings edged up 0.1% from a year earlier to 2.4 million tonnes in August. The increase occurred solely on the strength of containerized cargo shipments.

14. CN's Q3-2011 net income rises to C\$659 million, or C\$1.46 per diluted share, as the Company posts record carloadings and revenues

CN's highlights for the third quarter of 2011 were: net income increased 19 per cent from the year-earlier quarter to C\$659 million, with diluted earnings per share (EPS) rising 23 per cent to C\$1.46. The results included an after-tax gain of C\$38 million, or C\$0.08 per diluted share, on the sale of substantially all of the assets of IC RailMarine Terminal Company; excluding the gain on the sale, adjusted net income increased 12 per cent over the year-earlier quarter to C\$621 million, with adjusted diluted EPS rising 16 per cent to C\$1.38; revenues for third-quarter 2011 rose nine per cent to C\$2,307 million, while carloadings grew by four per cent and revenue ton-miles increased six per cent; operating income increased 12 per cent to C\$938 million; CN's operating ratio was 59.3 per cent, a 1.4-point improvement over the 60.7 per cent operating ratio for third-quarter 2010; free cash flow for the first nine months of 2011 was C\$1,328 million, compared with C\$938 million for the same period of 2010; and CN is to launch a new share repurchase program on Oct. 28, 2011, to buy back up to 17 million common shares.

15. CN Profit Jumps 19 Percent on Record Loads

Canadian National Railway's profit rose 19 percent to \$648 million (C\$659 million) in the third quarter from a year ago, as freight volume rose 4 percent to a record high. Shipments gains were recorded in all commodity groups except coal. President and CEO Claude Mongeau said that "despite growing concerns about the economy," he is "confident about our ability to finish the year on a positive note" in financial results.

16. CN announces new share repurchase program, declares fourth-quarter 2011 quarterly cash dividend

Besides a new share repurchase purchase agreement, CN announced on October 25, 2011 that its Board of Directors has approved a fourth-quarter 2011 dividend on the Company's common shares outstanding. A quarterly dividend of thirty-two and one-half cents (C\$0.325) per common share will be paid on Dec. 30, 2011, to shareholders of record at the close of business on Dec. 9, 2011.

HIGHWAY TRANSPORTATION

1. Quarterly Trucking Survey (First Quarter 2011)

Trucking companies earned operating revenue of \$10.1 billion in the first quarter of 2011, up 5.2% from the same quarter a year earlier. During the same period, these firms reported operating expenses of \$9.2 billion compared with \$8.6 billion in the first quarter of 2010. Fuel expenses increased 15.2%, mostly as a result of higher prices as consumption rose 2.5%. Their operating profits were \$392 million in the 2011 first quarter, down from the \$527 million in profits they earned during the same quarter a year earlier.

2. Ground transportation costs rise 1.2% in July: CGFI report

The cost of ground transportation for Canadian shippers increased 1.2% in July 2011 when compared to June 2011, according to results published by the Canadian General Freight Index (CGFI).

3. Alberta heavy-hauler acquires two fleets

Heavy-hauler Entrec Transportation Services has announced it is acquiring Alberta trucking firms Trak Equipment Haulers and Jay Reid Trucking. Trak is based in Edmonton and specializes in the

HIGHWAY TRANSPORTATION Canada

1. Quarterly Trucking Survey (First Quarter 2011), October 3, 2011, www.statcan.gc.ca
2. Ground transportation costs rise 1.2% in July: CGFI report, September 30, 2011, www.ctl.ca
3. Alberta heavy-hauler acquires two fleets, October 4, 2011, www.ctfc.ca
4. Ambassador Bridge owner slams plan for public crossing, October 5, 2011, www.globeandmail.ca
5. Manitoba livestock haulers merge, October 5, 2011, www.ctl.ca
6. Flatbed, truckload see rising rates and demand, October 7, 2011, www.cantruck.ca
7. TransCore's Canadian Freight Index steady in September, best third quarter in 10 years, October 11, 2011, www.ctl.ca
8. Survey Says: The Future of Brokers 'being debated, October 11, 2011, www.ctl.ca

transportation of oversized and overweight equipment for the oil and gas and construction industries. The fleet operates in Alberta, B.C. and Saskatchewan. Jay Reid Trucking is based in Bonnyville, Alta., and is also a transporter of oversized and overweight equipment, operating in Alberta and Saskatchewan.

4. Ambassador Bridge owner slams plan for public crossing

On September 3, 2011, Ambassador Bridge supporters voiced their opposition of Ottawa's plans to lend \$550-million (U.S.) to Michigan to help build a new crossing at North America's busiest trade corridor. They claim that the statistics do not support their case and the government will lose money. They maintain that traffic is down from its peak in 1999, despite claims by users of continued traffic congestion on the bridge.

5. Manitoba livestock haulers merge

Steve's Livestock Transport has announced an acquisition of Funk's Livestock Transport. Steve's Livestock Transport is considered to be one of the largest livestock haulers. The two companies collectively move the majority of the hogs produced in Manitoba.

6. Flatbed, truckload see rising rates and demand

Research firm Stifel Nicolaus, indicated that tight capacity in flatbed is ratcheting up prices more than other trucking sectors. Flatbed trucking rates are expected to rise by 6 percent this year on top of the 6-percent average they climbed in 2010. The industrial freight sector has rebounded stronger than other transport segments. This report comes after the American Trucking Associations' latest Trucking Activity Report noted that the truckload turnover rate for over-the-road drivers rose to a whopping 79 percent in the second quarter of 2011.

7. TransCore's Canadian Freight Index steady in September, best third quarter in 10 years

TransCore's Canadian Freight Index recorded strong load volumes in September 2011 with a 12 percent increase year-over-year, down slightly from August 2011. September 2011 figures were the highest in six years. Third-quarter volume in 2011 was the highest since TransCore began recording data in 2001, it was 9% up compared to the quarter a year ago.

8. Survey Says: The Future of Brokers 'being debated'

Carriers are using brokers less often than they previously did, according to the latest Business Expectations Survey by Transport Capital Partners (TCP). TCP found that 81 percent of carriers interviewed relied less on brokers in the past three months, and only 15 percent used them more compared to 65% in the first quarter of 2009. Overall, smaller carriers report having used brokers more often than larger carriers.

9. What Recession? Truck sales point to stability

Despite all the doom'n gloom of economic forecasts south of the border, heavy- and medium-duty new truck sales are holding up quite well, according to the truck market analysts at ACT Research. This casts doubt on views about the recession.

10. Schneider National launches cross-border intermodal service

Schneider National has launched Canada Direct, a service that pre-clears customers' loads to help increase the speed of cross-border rail moves. It is a partnership with CN rail. Canada Direct already has heavy usage by Canadian shippers moving their products cross-border in and out of the US.

11. The Top 10 Issues Facing Trucking

According to the American Research Institute of Trucking, the top ten issues facing trucking for 2011 are: 1. Economy; 2. Hours-of-Service; 3. Driver Shortage; 4. Compliance, Safety, Accountability (CSA); 5. Fuel Issues; 6. Congestion; 7. Transportation Funding; 8. Tort Reform; 9. Onboard Truck Technologies; and 10. Truck Size and Weight.

12. Large urban transit (August 2011)

Total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit (i.e. 80% of total) properties rose 6.5% from August 2010 to \$226.1 million in August 2011. Ridership levels rose to 114.5 million passenger trips in August 2011, a 5.4% increase from the same month a year earlier.

13. Proposed Detroit-Windsor Bridge Denied

9. What Recession? Truck sales point to stability, October 11, 2011, www.ctl.ca

10. Schneider National launches cross-border intermodal service, October 12, 2011, www.ctl.ca

11. The Top 10 Issues Facing Trucking, October 17, 2011, www.todaystrucking.com

12. Large urban transit (August 2011), October 24, 2011, www.statcan.gc.ca

13. Proposed Detroit-Windsor Bridge Denied, October 21, 2011, www.todaystrucking.ca

14. Smaller Carriers Consider Getting out of Trucking Game, October 26, 2011, www.todaystrucking.ca

15. Truck tonnage up 5.9 % in September. October 26, 2011, www.americanshipper.com

16. Couriers and Messengers Services Price Index, October 28, 2011, www.statcan.gc.ca

17. Cnd freight rate index increases, October 28, 2011, www.ota.ca

18. M&A activity busiest in years: Report, October 28, 2011, www.cantruck.ca

US

1. Freight Shipments Rose 0.4% in August [2011] from July [2011], October 13, 2011, www.dot.gov

2. Ceridian-UCLA Index Points Toward Recession, October 14, 2011, www.joc.com

3. The Commission Adopts a package for a new transportation infrastructure policy, October 19, 2011, www.europa.eu

The proposal to build a new bridge across the Detroit River was denied in the Michigan Senate on October 20, 2011 — twice.

14. Smaller Carriers Consider Getting out of Trucking Game

According to Transport Capital Partners' (TCP) Third Quarter 2011 Business Expectation Survey, if volumes don't increase in the next six months, 15 percent of fleets will consider getting out of the trucking game. Twenty percent of fleets with under \$25 million in revenues would consider leaving, while 11.8 percent of fleets over \$25 million in revenues would also think about leaving.

15. Truck tonnage up 5.9 % in September.

Truck tonnage in the United States improved 5.9 percent in September 2011 from a year earlier while increasing 1.6 percent from August 2011, a sign that the traditional peak shipping season is beginning at a moderate level, according to the American Trucking Associations.

16. Couriers and Messengers Services Price Index (September 2011)

The Couriers and Messengers Services Price Index decreased 0.4% in September 2011 compared with August 2011. The courier portion fell 0.4%, while the local messenger component remained unchanged. On a year-to-year basis it advanced 9.5%

17. Cnd freight rate index increases

According to results published by the Canadian General Freight Index (CGFI), the Base Rate Index, which excludes the impact of fuel surcharges assessed by carriers, has increased for six consecutive months including a .6 percent increase in August 2011. However, base rates remain 4.8 percent below the same period a year ago.

18. M&A activity busiest in years: Report

There's been a 32-percent spike in North American truck, leasing, transport-services and rail purchases in 2011 compared to last year, signifying fresh interest in mergers and acquisitions of ground transportation companies. According to a report by Bloomberg, at least \$2.7 billion involving North American buyers or targets were announced in 2011 so far.

GENERAL TRANSPORTATION

Canada

1. Airports Welcome Federal Tourism Strategy

Canada's airports welcomed the launch on October 6, 2011 of the federal government's new tourism strategy. It is a positive effort to coordinate policy for the benefit the Canada's competitiveness as a world tourist destination. One of the key components of the Federal Tourism Strategy is a commitment by government to form a committee across 15 departments and agencies with a role in tourism. The aim is to implement an integrated approach to the federal government's role with industry and other levels of government to the support of an internationally competitive tourism sector. Tourism is a \$74 billion industry in Canada and an important source of employment.

2. Industry experts explain why green logistics are smart logistics

Adopting sustainable supply chain practices is no longer an option, it's what you have to do to stay in business was the message delivered at an SCL (supply chain logistics) breakfast meeting addressing sustainability issues on October 13, 2011. It is smart because it saves you money. Some may call green logistics lean management techniques that lead to cutting down waste.

3. Merchandise imports and exports increase, Statscan

Canada's trade deficit with the world went from \$539 million in July 2011 to \$622 million in August 2011 as a result of a 0.7 percent increase in merchandise imports and a 0.5 percent increase in exports, according to a report by Statistics Canada.

4. Travel between Canada and other countries

Canada

1. Airports Welcome Federal Tourism Strategy, Oct 6, 2011, www.cacairports.ca
2. Industry experts explain why green logistics are smart logistics, October 13, 2011, www.cfl.ca
3. Merchandise imports and exports increase, Statscan, October 13, 2011, www.todaystrucking.ca
4. Travel between Canada and other countries, October 19, 2011, www.statcan.gc.ca
5. Sluggish growth, but no recession: Conference Board, October 21, 2011, www.globeandmail.ca
6. State Transportation Statistics 2010, October 24, 2011, www.bts.dot.gov
7. U.S. economy accelerates 2.5% , Oct. 28, 2011, www.americanshipper.com

US

1. Congress Passes Three Free Trade Pacts, October 13, 2011, www.joc.com
2. Weekly Newsletter on Mobility and Transport in Europe, October 28, 2011, www.europa.eu

American residents took 1.6 million trips to Canada in August 2011, down 1.1% from July 2011. Canadian residents took 4.2 million trips to the United States in August 2011, down 0.5% compared with July 2011. Residents from abroad took 2.0 million trips to Canada in August, down 1.0% compared with July. In the other direction, Canadian residents took 5.0 million trips abroad in August, edging down 0.3% from a month earlier.

5. Sluggish growth, but no recession: Conference Board

A new outlook from the Conference Board says Canada may avoid a recession next year, but it won't be pumping out strong growth and jobs. Canada's economy is expected to grow by only 2.1 per cent this year (2011), with next year coming in a little stronger at 2.4.

6. State Transportation Statistics 2010

The U.S. Department of Transportation's Bureau of Transportation Statistics, on October 21, 2011 released *State Transportation Statistics 2010 (STS)* – a web-only reference guide to transportation data by state.

7. U.S. economy accelerates 2.5%

The U.S. economy grew 2.5 percent in the third quarter of 2011 according to the US Commerce Department.