

Transportation Information Update*

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AIR TRANSPORTATION

1. Air Canada and ACPA Receive Arbitrator's Final Offer Selection

Air Canada said on August 1, 2012 that it along with the Air Canada Pilots Association (ACPA) have received the decision of the arbitrator, Mr. Douglas Stanley, in the final offer selection arbitration conducted in accordance with the *Protecting Air Service Act*. The arbitrator's selection of Air Canada's final offer concludes a new collective agreement with ACPA following negotiations and mediated talks that took place over a period of 19 months. The five-year collective agreement is in effect until April 1, 2016.

2. Air Canada labour settlement could lead to wider industry shake-up

Air Canada received positive news when the arbitrator selected Air Canada's final-offer in the dispute between Air Canada and its union. This is expected to have an impact not only on Air Canada but could shake up the industry as a whole, an analysts said. It opens the possibility of a new regional carrier for Air Canada. At the heart of it all are changes to so-called "scoping" clauses contained in the contract, which put restrictions on the type of flying Air Canada and its partners can do.

3. WestJet reports record second quarter net earnings

WestJet reported record second quarter earnings of 42.5 million or 0.31 cents per diluted share up from 25.6 million or 0.18 cents per share for the same period a year ago. This marks WestJet's twenty-nine consecutive quarter of profitability. WestJet's CEO said "It was another record quarter we set new second quarter highs for both earnings and load factor." He indicated he was pleased with the results.

4. WestJet announces premium economy seating

WestJet announced premium economy seating across its entire fleet of aircraft where four rows of seats will be provided for extra leg room. The re-configuration of seats will begin in August 2012 and end in December 2012.

5. Statement - IATA Welcomes Positive Global Push for Tackling Aviation Emissions

The International Air Transport Association (IATA) welcomed the positive outcome of the Washington meeting (31 July -1 August) where 17 of the world's largest aviation powers convened to discuss constructive steps towards a global deal under the International Civil Aviation Organization (ICAO) to address international aviation emissions. They reaffirmed their continued strong opposition to the EU's unilateral and extra-territorial inclusion of international aviation in the European Union Emissions Trading Scheme (EU ETS). The 17 non-EU governments agreed to pursue the goals of the ICAO

AIR TRANSPORTATION

Canada

1. Air Canada and ACPA Receive Arbitrator's Final Offer Selection, August 1, 2012, www.aircanada.ca
2. Air Canada labour settlement could lead to wider industry shake-up, July 31, 2012, www.nationalpost.ca
3. WestJet reports record second quarter net earnings, August 1, 2012, www.westjet.ca
4. WestJet announces premium economy seating, August 1, 2012, www.westjet.ca
5. Statement - IATA Welcomes Positive Global Push for Tackling Aviation Emissions, August 2, 2012, www.iata.org
6. Slowing Passenger Growth Trend Continues - Cargo Markets Remain Weak, August 2, 2012, www.iata.org
7. Harper government invests in safety at Greater Sudbury Airport, August 3, 2012, www.tc.gc.ca
8. Eight Air Cargo Carriers Get Court Approval for Price-Fixing Settlement, August 6, 2012, www.joc.com
9. WestJet reports record July load factor of 85.3 percent, August 7, 2012, www.westjet.ca
10. Air Canada Reports July Load Factor, August 8, 2012, www.aircanada.ca
11. Air Canada Reports Second Quarter 2012 Results, August 8, 2012, www.aircanada.ca
12. Porter Airlines sets record July load factor of 70.1%, August 7, 2012, www.flyporter.com
13. Canadian airlines report strong demand for summer flights, August 7, 2012, www.nationalpost.ca
14. Porter Airlines unveils its interline deal with Qatar Airlines, August 8, 2012, www.flyporter.com
15. Security: Front of the Queue, August 9, 2012, www.iata.org
16. Harper government announces more choices for air travel to the Caribbean and Central America, August 8, 2012, www.tc.gc.ca
17. Harper government announces more choices for flights to Colombia, August 8, 2012, www.tc.gc.ca
18. Porter adds fourth daily Sault Ste. Marie flight, August 9, 2012, www.flyporter.com

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

Assembly's 2010 Resolution, including the aspirational goal of carbon-neutral growth from 2020. The group reconfirmed its desire to continue to explore the feasibility of a global market based measures (MBM) scheme.

6. Slowing Passenger Growth Trend Continues - Cargo Markets Remain Weak

The International Air Transport Association (IATA) announced global traffic results for June 2012 showing a continued slowing of growth in the demand for air transport. This is in line with weakness in business and consumer confidence. Demand for air travel in June 2012 expanded by 6.2% compared to June in 2011. Capacity grew by a much more cautious amount of 4.5% leaving load factors at 81%. While this appears to be a healthy growth rate, the growth trend since early 2012 has seen a slowdown. Year to date (January to June 2012) data indicate demand, capacity and load factor at 6.5%, 4.7% and 78.1.

7. Harper government invests in safety at Greater Sudbury Airport
Foreign Affairs Minister John Baird, on behalf of the Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, on August 3, 2012 announced funding for the Greater Sudbury Airport to make an important safety improvement.

8. Eight Air Cargo Carriers Get Court Approval for Price-Fixing Settlement

British Airways and Chile's LAN Cargo were among eight airlines that got final court approval for a settlement in a six-year-long class action lawsuit in New York by shippers over the carriers' involvement in a cartel that fixed fuel surcharges for air cargo. Under the agreement, approved by a court in New York, British Airways will pay \$89.5 million and LAN \$66 million. Air Canada, El Al, Emirates, Saudi Arabian Airlines, South African Airways and Malaysia Airlines will pay a combined \$27.5 million. This is the third settlement in the lawsuit and brings total payments so far to \$485 million.

9. WestJet reports record July load factor of 85.3 percent

On August 7, 2012, WestJet reported record load factor of 85.3 percent for July 2012 an increase of 3.7 points for the same period a year ago. Revenue passenger miles (or traffic) increased 6.6% to 1.621 billion and available seat miles (or capacity) increased 2% to 1.899 billion in July 2012 compared to July 2011. CEO Gregg Saretsky said "Demand remains strong and momentum continues at WestJet with another record load factor and strong year-over-year traffic growth."

10. Air Canada Reports July Load Factor

For the month of July 2012, Air Canada reported a system load factor of 85.9 per cent, versus 86.4 per cent in July 2011, a decrease of 0.5 percentage points. System traffic (5.546 billion) decreased 1.1 per cent on a system-wide capacity (6.454 billion) decrease of 0.5 per cent in July 2012 compared to a year ago.

11. Air Canada Reports Second Quarter 2012 Results

Air Canada recorded earnings before interest, taxes, depreciation, amortization and impairment, and aircraft rent (EBITDAR) of \$314 million in the second quarter of 2012 compared to EBITDAR of \$338 million in the second quarter of 2011. Operating income of \$63 million decreased \$10 million from the same quarter in 2011. "We reported passenger revenue growth of 3.3 per cent in the quarter on traffic growth and an overall yield improvement. Our Pacific performance was especially strong, with a revenue increase of 18.5 per cent year-over-year," said Calin Rovinescu, President and Chief Executive Officer. "We continued to effectively manage capacity with a load factor of 83.5 per

19. Union to fight Air Canada maintenance deal that could ship jobs overseas, August 10, 2012, www.nationalpost.ca

20. Only One Month Remaining for Public to Submit Comments on Proposed Regulatory Amendments Pertaining to Air Services Price Advertising, August 13, 2012, www.cta-otc.gc.ca

21. Aircraft movement statistics: Small airports, May 2012, August 17, 2012, www.statcan.gc.ca

22. BAA to sell London Stansted, August 20, 2012, www.joc.com

23. WestJet Vacations rated # one in customer survey, August 22, 2012, www.westjet.ca

24. UPS extends time to conclude TNT buy, August 22, 2012, www.americanshipper.com

25. Aircraft Movement Statistics: Major Airports, July 2012, August 24, 2012, www.statcan.gc.ca

26. Special Report - The Price of Loyalty, August 28, 2012, www.iata.org

27. Quarterly civil aviation statistics, fourth quarter 2011, August 28, 2012, www.statcan.gc.ca

28. Air Canada's Year-Long Anniversary Celebrations Continue with Launch of Fare Promotion to Mark Inaugural Flight, August 30, 2012, www.aircanada.ca

29. Growth Slows Again in July, August 30, 2012, www.iata.org

30. Mergers: Commission opens in-depth investigation into proposed acquisition of Aer Lingus by Ryanair, August 29, 2012, www.europa.eu

US

1. DOT Fines Three Companies for Violating DOT Airline Consumer Protection Rules, August 2, 2012, www.dot.gov

2. Airlines Set Records for First Half of 2012 in On-Time Performance, Fewest Cancellations and Tarmac Delays, Lowest Mishandled Baggage Rate, August 9, 2012, www.dot.gov

3. U.S. Department of Transportation Fines JetBlue for Not Informing Passengers of Opportunity to Leave Aircraft During Delay at Gate, August 20, 2012, www.dot.gov

4. DOT Fines Three Airlines for Violating Airline Consumer Protection Rules, August 21, 2012, www.dot.gov

5. May 2012 Airline System Traffic Down 0.3 Percent from May 2011, August 23, 2012, www.bts.gov

6. DOT Fines Aerolineas Argentinas

cent in the quarter our liquidity position remained strong with cash and cash equivalents of almost \$2.4 billion at the end of June, an increase of \$124 million from the previous year. We also made ongoing progress in improving our balance sheet and reduced adjusted net debt by \$353m.

for Violating DOT Price Advertising Rule, August 29, 2012, www.dot.gov
7. June 2012 Employment Rose 1.4 Percent from June 2011, August 29, 2012, www.dot.gov

in the first six months of the year.” Load factor, available seat miles and revenue passenger miles were up for the second quarter and for the first six months of 2012 compared to the same periods a year ago.

12. Porter Airlines sets record July load factor of 70.1%

Porter Airlines carried over 240,000 passengers in July 2012, the most for any month in its history, while also setting a record July 2012 load factor of 70.1 per cent. Figures for the month show 130.7 million Available Seat Miles (ASMs) and 91.6 million Revenue Passenger Miles (RPMs). ASMs grew 12.9 per cent from 115.8 million and RPMs increased 18.3 per cent from 77.4 million last year.

13. Canadian airlines report strong demand for summer flights

Canadian airlines reported strong passenger demand in July 2012 but analysts cautioned the news was not all good for Air Canada. The country’s largest carrier appeared to be losing market share to WestJet on its U.S. transborder and domestic routes, and experiencing weakness across the Atlantic. Both WestJet and Porter Airlines set new July 2012 records in filling their planes last month, while Air Canada came just shy of the record it set for the month last year. As a result, the domestic market as a whole saw traffic grow in the low single digits in July 2012, said Fadi Chamoun, BMO Capital Markets analyst.

14. Porter Airlines unveils its interline deal with Qatar Airlines

Porter Airlines is implementing its first interline partnership with Qatar Airways. The deal is effective immediately, providing expanded travel options for customers of both carriers. Qatar’s Doha service to Montreal and Washington-Dulles are both available for Porter interline flights. Montreal connections are available three times weekly to Billy Bishop Toronto City Airport and Halifax. Washington service is available daily to Toronto City Airport.

15. Security: Front of the Queue

Security is one of the most important objectives for the air passenger industry. However, improving security could cost the industry an additional \$85 billion a year, according to IATA. “But there is a lot of work that has been done. PreCheck and other programs are proving enormously valuable. “Perhaps what is most important is that we have acceptance of the need to screen passengers differently,” says Ken Dunlap, director of IATA security. Further “Regulators understand that one-size-fits-all is not an appropriate way forward for global aviation security. A risk-based approach is being followed by all Trusted Traveler programs. The Checkpoint of the Future is getting closer and I’m confident we will achieve our goals.”

16. Harper government announces more choices for air travel to the Caribbean and Central America

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, on August 8, 2012 announced the designations of Air Transat and WestJet to operate scheduled international air services between Canada and several destinations in the Caribbean and Central America, providing more choice and convenience to travellers. The Minister designated Air Transat to make scheduled flights to Costa Rica, Sint Maarten, Barbados, Antigua/Barbuda, and Nicaragua. WestJet was designated to serve Costa Rica and Curaçao. The agreements with Costa Rica, Sint Maarten, Barbados, and Nicaragua are of the Open Skies-type and were negotiated under the Blue Sky policy.

17. Harper government announces more choices for flights to Colombia

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, on August 8, 2012 announced the designation of Air Transat to operate scheduled international air services between Canada and Colombia, providing travelers with direct flight choices between the two countries.

18. Porter adds fourth daily Sault Ste. Marie flight

Porter Airlines is adding a fourth weekday roundtrip between Sault Ste. Marie and Billy Bishop Toronto City Airport. The new flights begin October 1, 2012. It began flights to this airport in 2011.

19. Union to fight Air Canada maintenance deal that could ship jobs overseas

The International Association of Machinists and Aerospace Workers plans to mount a legal challenge to oppose Lufthansa Technik being awarded a contract to maintain the engines on Air Canada’s narrowbody fleet stemming from the bankruptcy of the airline’s former maintenance unit, Aveos Fleet Performance Inc., in March 2012. The machinists’ union has thrown its support behind a competing bid from Germany’s MTU Aero Engines Holding AG which, unlike Lufthansa, has promised to keep the work in Canada.

20. Only One Month Remaining for Public to Submit Comments on Proposed Regulatory Amendments Pertaining to Air Services Price Advertising

The Canadian Transportation Agency informs stakeholders that there is only one month remaining to review and comment on the proposed regulatory amendments to the *Air Transportation Regulations* (ATR) pertaining to the advertisement of the price of air services.

21. Aircraft movement statistics: Small airports, May 2012

In May 2012, the number of take-offs and landings for 123 airports without air traffic control towers in Canada reached 65,789 movements. Of the 121 airports for which year-over-year comparisons were possible, 69 reported increases.

22. BAA to sell London Stansted

Airport operator BAA has opted to sell London Stansted airport, ending a long-running legal battle to retain ownership of the U.K.'s second largest cargo hub. BAA said it has decided not to make a final appeal in the U.K.'s Supreme Court against a ruling by competition regulators in 2009 that it must sell Stansted, London Gatwick and either Glasgow or Edinburgh airports to ease its monopoly over the nation's airport market.

23. WestJet Vacations rated # one in customer survey

WestJet indicates that as a result of a study it was rated the best (satisfaction and loyalty) by customers among the top six tour operators in Canada. The study was conducted in June and July 2012.

24. UPS extends time to conclude TNT buy

UPS on August 22, 2012 said it would give more time to finalize its \$6.28 billion deal to acquire rival TNT Express because European Union competition authorities have not finished their review of antitrust issues. The Atlanta-based parcel carrier will extend its cash offer until Nov. 9, 2012. The original deadline was Aug. 31, 2012. Formal documents to extend the closing will be filed with regulators on Sept. 5, 2012.

25. Aircraft Movement Statistics: Major Airports, July 2012

Aircraft take-offs and landings at the 93 Canadian airports with NAV CANADA air traffic control towers and flight service stations increased 1.2% in July 2012 from July 2011. These airports reported 571,002 movements in July 2012.

26. Special Report - The Price of Loyalty

After 30 years of frequent flyer programs (FFP), most estimates suggest that there are at least 130 airline loyalty programs and more than 150 million members. It generates significant cash from credit card. Most airlines have recognized that the programs could be operated as profit centers in their own right rather than appearing on the books as marketing costs. This has raised the question of whether short-term cash or long-term loyalty will be the driving force going forward by airlines. The larger carriers are expected to continue to focus on the cash generation aspect of FFPs while smaller carriers will differentiate by using them much more as a true Customer Relationship Management (CRM) tool. It is hard for airlines to ignore the money-spinner effect of FFPs and the evidence suggests that FFPs can make a big difference to the bottom line of the company's balance sheet. A well-run frequent flier program has the ability to reinforce brand loyalty by helping to attract and retain good customers, and increase customer satisfaction. It is thus an important marketing tool and can provide data useful for understanding consumer behaviour, product differentiation and for other purposes such as security. It can also be a deterrent to competition as most small airlines cannot afford such programs. It may force smaller airlines to be more innovative and force others out.

27. Quarterly civil aviation statistics, fourth quarter 2011

Operational and financial data on civil aviation are now available for the fourth quarter of 2011 from CANSIM. See Statistics Canada's website.

28. Air Canada's Year-Long Anniversary Celebrations Continue with Launch of Fare Promotion to Mark Inaugural Flight

In celebration of the 75th anniversary of its inaugural flight, Air Canada on August 30, 2012 launched a special promotion offering a 15 per cent discount off Tango and Tango Plus fares for travel this fall to 75 destinations within North America including its entire Canada-wide network and select transborder routes to the United States.

29. Growth Slows Again in July

The International Air Transport Association (IATA) announced global traffic results for July 2012 showing slower growth in both air travel and freight, but with considerable variation by region and market. The July figures are lower than the year-to-date figures for passengers and freight indicating a declining trend. The finding is the same when compared to the figures for the same month a year ago.

30. Mergers: Commission opens in-depth investigation into proposed acquisition of Aer Lingus by Ryanair

On August 29, 2012, the European Commission indicated that it has opened an in-depth investigation (phase II) under the EU Merger Regulation into the proposed acquisition of Aer Lingus by the low cost carrier Ryanair, which was notified to the Commission on 24 July 2012. Both are major players in the Irish passenger air transport services market.

WATER TRANSPORTATION

1. Antitrust: Commission closes investigation in P&I Clubs case

The European Commission announced on August 1, 2012 that it has closed its antitrust investigation into certain provisions accompanying claim-sharing and joint reinsurance agreements in the marine insurance sector. The investigation focused on the International Group Agreement (IGA) and the Pooling Agreement between the P&I Clubs that contain rules on the sharing of insurance claims and joint reinsurance as well as rules on the contractual relationships between the P&I Clubs and their members. The lessening of competition between P&I Clubs and other insurers was not found.

2. Government of Canada announces business case contract for the new bridge for the St. Lawrence

The Government of Canada on July 31, 2012 announced that it has selected a PricewaterhouseCoopers-led consortium to provide expert financial, technical and engineering services for the construction of the new bridge for the St. Lawrence, including the development of the business case for the project.

3. Harper Government introduces *Administrative Monetary Penalties Regulations* to support the *International Bridges and Tunnels Act*

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, announced on August 1, 2012 that under new regulations, the Government of Canada has established an efficient and effective method outside of the courts to address violations under the *International Bridges and Tunnels Act*. These new regulations improve the Government of Canada's ability to efficiently oversee international bridges and tunnels.

4. FMC Report: Statement by ACPA Chair Robin Silvester

Robin Silvester, as chair of the Association of Canadian and Ports Association (ACPA) said that he views the U.S. FMC Report which found that carriers shipping cargo through Canadian and Mexican ports violate no U.S. law, treaty, agreement, or FMC regulation. It is a step in the right direction, as it underscores the importance of ongoing free trade between Canada and the U.S. ACPA will move forward with cautious optimism that healthy competition, as well as close co-operation, will continue to take place between Canada and the U.S., as it has for many years.

5. Global Containerized Shipping and Logistics Industry Market Research Report Now Available from IBISWorld

The Global Containerized Shipping and Logistics industry has spent the past two years at a major crossroads, where years of rapid growth appear to be at an end and future demand is contingent on ongoing economic recovery. According to IBISWorld industry analyst Caroline Finch, industry revenue is estimated to increase from \$151 billion in 2007 to \$155.5 billion in 2012, representing a 0.6% annualized increase, including 0.1% expected for 2012. In contrast, industry revenue grew an annualized 11.5% in the five years through 2007. After years of easy growth, global operators faced difficulty

WATER TRANSPORTATION Canada

1. Antitrust: Commission closes investigation in P&I Clubs case, August 1, 2012, www.europa.eu
2. Government of Canada announces business case contract for the new bridge for the St. Lawrence, July 31, 2012, www.tc.gc.ca
3. Harper Government introduces *Administrative Monetary Penalties Regulations* to support the *International Bridges and Tunnels Act*, August 1, 2012, www.tc.gc.ca
4. FMC Report: Statement by ACPA Chair Robin Silvester, July 30, 2012, www.portmetrovancover.com
5. Global Containerized Shipping and Logistics Industry Market Research Report Now Available from IBISWorld, August 3, 2012, www.portmontreal.ca
6. Crowley fined \$17 million for Puerto Rico price-fixing, August 3, 2012, www.americanshipper.com
7. Port of Prince Rupert Monthly Traffic Summary – July 2012-08-06, August 3, 2012, www.portprincerupert.com
8. Global container fleet grow 8.5% in 2011, August 8, 2012, www.americanshipper.com
9. Panama Canal will increase tolls October 1st, August 8, 2012, www.americanshipper.com
10. Great Lake shipments of iron dip in July, August 13, 2012, www.americanshipper.com
11. Port Miami gets FTZ status, August 13, 2012, www.americanshipper.com
12. Shipper confidentiality raised over FMC index proposal, August 14, 2012, www.americanshipper.com
13. Port Metro Vancouver – Accumulated Container Traffic (YTD-July 2012-08-17), August 17, 2012, www.portmetrovancover.com
14. Port Metro Vancouver – Container Traffic July 2012, August 17, 2012, www.portmetrovancover.com
15. Fednav adds six vessels to fleet, August 17, 2012, www.citl.ca
16. Drewry: 800 million TEUs in global throughput expected by 2017, August 21, 2012, www.americanshipper.com

after 2008. With global recovery, the market will improve in the long run. The one market that is expected to do reasonably well in the short run in this industry is the cruise market.

6. Crowley fined \$17 million for Puerto Rico price-fixing

Crowley Liner Services pleaded guilty and was sentenced to pay a \$17 million criminal fine for its role in a conspiracy to fix prices in the trade between the U.S. mainland and Puerto Rico, the U.S. Justice Department said. According to a one-count felony charge filed in the U.S. District Court for the District of Puerto Rico, Crowley Liner Services engaged in a conspiracy to fix base rates for ocean transport of certain freight between the continental United States and Puerto Rico.

7. Port of Prince Rupert Monthly Traffic Summary – July 2012

The Port of Prince Rupert Port Authority reported total container traffic of 48,977 TEUs (twenty-foot equivalent units) for the month of July 2012, an increase of 5.5% compared to the same month a year ago. Year-to-date total container traffic (TEUs) increased by 62%. This suggests a slowing down in the growth of container traffic. For the month of July 2012, imports increased by 6.4% and exports increased by 4.4% in terms of TEUs.

8. Global container fleet grow 8.5% in 2011

The container equipment fleet grew by 8.5 percent during 2011, despite demand significantly tailing off from the second quarter through the rest of the year, according to a new report from Drewry Maritime Research. The report, *Container Census 2012 – Survey and Forecast of Global Container Units*, projects that up to 70 percent of 2011 net additions to the global container fleet were made in the first six months of 2011. The fleet at the end of 2011 was 31.3 million TEUs.

9. Panama Canal will increase tolls October 1st

The Panama Canal Authority said that Panama's Cabinet Council on August 7, 2012 approved a proposal to raise tolls in October 2012 and October 2013. The plan also restructures the canal's pricing system so that there is a separate toll structure for 10 different categories of ships: full container, reefer, dry bulk, passenger, vehicle carrier and ro-ro, tanker, chemical tanker, LPG carrier, general cargo and others.

10. Great Lake shipments of iron dip in July

Limestone shipments on the Great Lakes increased 11.9 percent in July 2012 compared to 2011 while iron ore volume decreased 2.2 percent, the Lake Carriers' Association reported on August 13, 2012. The 57-vessel U.S.-flag fleet that plies the Lakes hauled 4.1 million tons of limestone from U.S. and Canadian ports. Loadings were also more than 8 percent ahead of the month's five-year average. Year-to-date, limestone trade is up 14 percent on annual basis to 14 million tons.

11. Port Miami gets FTZ status

The U.S. Commerce Department has approved a new foreign trade zone (FTZ) in Miami-Dade County at Port Miami. "The new Foreign Trade Zone in Miami will provide Florida businesses with new opportunities as they seek to export their products around the world," said Commerce Assistant Secretary for Import Administration Paul Piquado, in a statement. Florida businesses have a powerful new tool: those that use the zone will now save substantially on import duties, etc.

12. Shipper confidentiality raised over FMC index proposal

The nation's largest shipper group, the National Industrial Transportation League, says data from confidential shipping contracts should not be used by the Federal Maritime Commission to develop container freight rate indexes for agricultural exports. In its newsletter *Notice*, the NIT League said a survey of its members "exhibited a range of views" on how or whether the FMC should develop such an index.

13. Port Metro Vancouver – Accumulated Container Traffic (YTD- July 2012)

Accumulated container traffic for the period from January 2012 to July 2012 increased 7.5% in TEUs to 1,546,868 compared to the same period a year ago. Exports increased by 2% and imports increased by 12.6% for this period

14. Port Metro Vancouver – Container Traffic July 2012

Total container traffic (TEUs) at the Port of Vancouver for July 2012 was 246,140. The number of containers for July exceeded the number shipped for the earlier months of this year reversing the dip in June 2012 from May 2012.

15. Fednav adds six vessels to fleet

17. Liners withdraw objections to APMT Virginia Proposal, August 22, 2012, www.americanshipper.com

US

1. Port of NY/NJ sees growth in container rail traffic, August 1, 2012, www.americanshipper.com
2. Port Metro Vancouver, Newsletter, August 13, 2012, www.portvancouver.com

Fednav has added six new “environmentally-advanced” vessels to its fleet. In partnership with Sumitomo Corporation and Oshima Shipyard, the vessels are to be built in Japan. The six ocean-going bulker vessels will carry cargo such as grain, steel, iron ore and sugar through the St. Lawrence

16. Drewry: 800 million TEUs in global throughput expected by 2017

A new report from the London-based research and consultancy company Drewry examines the development of the container terminal operator market over the last decade. The report, *Global Container Terminal Operators Annual Review & Forecast 2011*, finds that global port throughput has more than doubled since 2002, aided in no small part from China’s accession to the World Trade Organization in 2001. Nearly one in three TEUs on a global basis is now handled at a Chinese port.

17. Liners withdraw objections to APMT Virginia Proposal

The world’s second and third largest liner carriers have withdrawn their objections to a proposal by APM Terminals to operate a number of terminals at the Port of Virginia. APMT is a subsidiary of the A.P. Moller Maersk Group and sister company to Maersk Line, the biggest container line in the world. In May 2012, the operator made an unsolicited offer to the Virginia Port Authority under Virginia’s Public-Private Transportation Act to operate the authority’s facilities in Hampton Roads.

RAIL TRANSPORTATION

1. US Domestic Intermodal Growth Slows, But International Moves Rise

U.S. domestic intermodal growth slackened slightly as the economy slowed in the second quarter of 2012, but the transport of international containers on the rails has its healthiest showing in the period since 2008, according to the Intermodal Association of North America. Domestic intermodal volume rose 12.5 percent year-over-year in the second quarter and international traffic increased 3.9 percent. Total intermodal traffic rose 5.2 percent in the second quarter and up 5.5 percent in the first half of 2012.

2. CN secures support of mining companies for feasibility study of proposed rail line in Quebec/Labrador iron ore range

On August 10, 2012, CN announced that a customer group of mining companies – Cliffs Natural Resources Inc., Labrador Iron Mines Holdings Ltd., New Millennium Iron Corp., Cap-Ex Ventures Ltd., and Alderon Iron Ore Corp. has committed to work with CN on a feasibility study into the construction of a proposed rail line and terminal handling facility to serve the Quebec/Labrador iron ore range. CN, its partner in the venture - - La Caisse de dépôt et placement du Québec -- and the customer group of mining companies will proceed immediately to fund a feasibility study to assess the cost and engineering parameters of the proposed rail network and its associated infrastructure.

3. CN to invest \$35 million in Wisconsin to serve Superior Silica Sands frac sand plant and other producers in future

CN and Superior Silica Sands on August 13, 2012 announced a multi-year agreement to move frac sand from a new processing plant now under construction in northern Wisconsin. CN this spring launched a \$35-million project to restore nearly 40 miles of track between Ladysmith and Barron, Wis. CN will upgrade rail and replace railroad ties, repair culverts and bridges, and restore rail service along the line. The Barron Subdivision will connect to CN’s North American rail network at Ladysmith and will be in service later in 2012. CN will provide rail service to the new plant, moving frac sand from northern Wisconsin to shale drilling areas across North America, including Western Canada.

4. Rail service is on the right track

A coalition of shippers has been lobbying the government for regulated service agreements since 2006. This led to the 2008 Rail Freight Service Review, then the appointment of Jim Dinning to facilitate discussions between rail customers and railways toward commercial outcomes. Mr. Dinning’s report, released in June 2012, makes it clear that commercial solutions are preferred over regulated agreements. In the meantime, a small minority of these shippers worked with the NDP to introduce a private member’s bill that would regulate service. President and CEO of Railway Association of Canada says that many myths about railway service are not true and that the government should heed Mr. Dinnings recommendation.

RAIL TRANSPORTATION Canada

1. US Domestic Intermodal Growth Slows, But International Moves Rise, August 6, 2012, www.joc.com

2. CN secures support of mining companies for feasibility study of proposed rail line in Quebec/Labrador iron ore range, August 10, 2012, www.cn.ca

3. CN to invest \$35 million in Wisconsin to serve Superior Silica Sands frac sand plant and other producers in future, August 13, 2012, www.cn.ca

4. Rail service is on the right track, August 9, 2012, www.nationalpost.ca

5. Crude on the Rails: in for the long haul, August 23, 2012, www.nationalpost.ca

5. Railway carloadings, June 2012, August 29, 2012, www.statcan.gc.ca

US

1. US Intermodal Volume Rises 3.2 Percent, August 16, 2012, www.joc.com

5. Crude on the Rails: in for the long haul

North American rail shipments of crude oil are estimated to have grown by 360,000 barrels per day within the past 12 months to reach 465,000 bpd (barrels per day) — equivalent to the addition of a major pipeline. It has also gone into transporting frac or drilling sand. Over the last three years, CN's frac sand market has grown nearly 70%, reaching 35,000 carloads and \$100-million in revenue in 2011, and it is believed that the rails end-to-end service focus will help it grow this market to become a \$300-million business in the next three-to-five year horizon. It has also made major investments to build up this business and observers believe that this is because it intends this business to be long term.

5. Railway carloadings, June 2012

Canadian rail freight traffic rose 6.8% from June 2011 to 27.2 million tonnes in June 2012. The gain was the result of increases in both domestic and international cargo loadings. Intermodal freight loadings rose 10.5% to 2.6 million tonnes. The increase occurred solely on the strength of containerized cargo shipments, as trailers loaded onto flat cars declined. At an international level, total rail traffic received from the United States advanced 22.2% to 3.4 million tonnes. This increase was driven by both non-intermodal and intermodal traffic.

HIGHWAY TRANSPORTATION

1. BC Transit centre opens in Kamloops

BC Transit's new state-of-the-art transit centre opened on July 31, 2012 in Kamloops to meet the growing demand for public transportation in the city. The \$15.6-million Transit Centre was funded by the Government of Canada through the Building Canada Fund, BC's Ministry of Transportation and Infrastructure and the City of Kamloops.

2. May 2012 Surface Trade with Canada and Mexico Rose 8.3 Percent From May 2011

Trade using surface transportation between the United States and its North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, was 8.3 percent higher in May 2012 than in May 2011, totaling \$83.8 billion, unadjusted for inflation, according to the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation. Adjusted for inflation and exchange rates, the May 2012 total was \$60.7 billion in 2004 dollars, up 11.7 percent from May 2011. U.S.-Canada trade reached \$48.1 billion, a 4.0 percent increase. In May, Michigan led All states in surface trade with Canada, at \$6.5 billion.

3. Trimac Transportation's revenue, profits both up in second quarter

Trimac Transportation's consolidated revenue, including fuel surcharges, was up \$3.7 million – or 4.5% - in the second quarter ended June 30, 2012. Officials say the increase was the result of incremental revenues earned from the Fortress Trucking acquisition of \$3.3 million and the Benson Tanklines acquisition of \$1.1 million. Profits in the second quarter of 2012 was \$9.7 million compared to \$8.0 million in the first quarter of 2012, an increase of 21.3%.

4. U.S. Xpress and Maritime-Ontario announce North American shipping partnership

U.S. Xpress Enterprises and Maritime-Ontario Freight Lines Limited (M-O) are partnering to launch a cross-border North American shipping solution. Under terms of the agreement, M-O will carry the freight across the Canada/ U.S. border crossing and U.S. Xpress will be responsible for Mexico/U.S. Border crossings.

5. Freight Shipments Fell 0.1% in June from May

The amount of freight carried by the for-hire transportation industry fell 0.1 percent in June 2012 from May 2012, following no change in the index from April 2012 to May 2012, according to the U.S.

HIGHWAY TRANSPORTATION Canada

1. BC Transit centre opens in Kamloops, July 31, 2012, www.tc.gc.ca
2. May 2012 Surface Trade with Canada and Mexico Rose 8.3 Percent From May 2011, July 31, 2012, www.dot.gov
3. Trimac Transportation's revenue, profits both up in second quarter, August 3, 2012, www.ctl.ca
4. U.S. Xpress and Maritime-Ontario announce North American shipping partnership, August 7, 2012, www.ctl.ca
5. Freight Shipments Fell 0.1% in June from May, August 8, 2012, www.dot.gov
6. June trucking index stays on downward trend, August 8, 2012, www.todaystrucking.com
7. McGuinty Government Creating Jobs, Building a Stronger Economy, August 8, 2012, www.mto.gov.on.ca
8. First SkyTrain faregate successfully installed, August 13, 2012, www.tc.gc.ca
9. TransCore Canadian Freight Index dips in July as summer slow periods begin, August 16, 2012, www.ctl.ca
10. FedEx Express expands early international delivery service to Canada, August 17, 2012, www.ctl.ca
11. Governments launch the Niagara Falls WEGO system into service, August 23, 2012, www.tc.gc.ca
12. Large Urban Transit, June 2012, August 23, 2012, www.statcan.gc.ca
13. Britton Transport acquires North Dakota trucking firm, August 24, 2012, www.ctl.ca
14. Wheels Group buys MSM Transportation, August 24, 2012, www.ctl.ca
15. June 2012 Surface Trade with Canada and Mexico Rose 6.6 Percent From June 2011, August 28, 2012, www.dot.gov
16. The cost of ground transportation for Canadian shippers drops in June: CGFI, August 29, 2012, www.ctl.ca
17. The Couriers and Messengers Services Price Index, July 2012, August 30, 2012, www.statcan.gc.ca
18. FMCSA Slates Big Regulatory Work

Department of Transportation's Bureau of Transportation Statistics' (BTS) Freight Transportation Services Index (TSI) released on August 8, 2012. The June 2012 index level (109.5) was 16.1 percent above the April 2009 low during the recession.

6. June trucking index stays on downward trend

FTR's Trucking Conditions Index for June 2012 continued its downward trend, declining a half point from May 2012 to a reading of 4.5.

7. McGuinty Government Creating Jobs, Building a Stronger Economy

Ontario is continuing to move forward with plans to build a new Highway 7 between Kitchener-Waterloo and Guelph that will improve traffic flow, create jobs and support local economic growth.

8. First SkyTrain faregate successfully installed

On August 13, 2012, the first SkyTrain faregate was installed at Marine Drive Station on Metro Vancouver's transit system. Faregates are part of the overall strategy to reduce fare evasion and increase security.

9. TransCore Canadian Freight Index dips in July as summer slow periods begin

TransCore Canadian Freight Index for the spot market dropped 21 percent in July 2012 as the traditional summer slowdown began. With the annual onset of summer construction, vacations and company shut-down periods, July experienced the third lowest volumes of any month this year; however, it was the fourth most active July on record finishing five percent behind July 2011.

10. FedEx Express expands early international delivery service to Canada

FedEx Express is expanding its "International First" early delivery service, nearly doubling the number of destination markets, by making it available to eight additional countries, including Canada. The additional seven countries are: Australia, Austria, Brazil, Denmark, Japan, Luxembourg, and Mexico.

11. Governments launch the Niagara Falls WEGO system into service

On August 23, 2012, government officials marked the launch into service of the Niagara Falls Visitor Transportation System - WEGO. Service officially began on August 20, 2012. The WEGO system will improve the overall experience for tourists travelling between the city and the Niagara Parks Commission's lands. Today's in-service launch of WEGO signifies a major milestone for Niagara's tourism industry. The Niagara Falls area is an iconic destination that attracts visitors from around the world.

12. Large Urban Transit, June 2012

Total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit systems (which represents 80% of all transit systems) rose 4.7% from June 2011 to \$269.1 million in June 2012. Over the same period, ridership levels increased 1.6% to 139.0 million passenger trips.

13. Britton Transport acquires North Dakota trucking firm

Britton Transport, a US subsidiary of Bison Transport, has acquired Scott's Express and Scott's Transportation Services, located in Grand Forks, N.D. Scott's is a nationwide trucking and truck brokerage company, specializing in agribusiness throughout the US and parts of Canada. The acquisition builds upon Britton's customer relationships and capabilities as a logistics service provider in the Red River Valley.

14. Wheels Group buys MSM Transportation

McCarron's MSM Transportation has been purchased by Mississauga Wheels Group in an \$18.6-million deal expected to wrap up by the end of September 2012. MSM has operations in Bolton, Ont. as well as in California. It boasts same-day service within southern California and has established high-volume consolidation lanes to major Canadian cities and certain US destinations.

15. June 2012 Surface Trade with Canada and Mexico Rose 6.6 Percent From June 2011

Trade using surface transportation between the United States and its North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, was 6.6 percent higher in June 2012 than in June 2011, totaling \$82.6 billion, unadjusted for inflation, according to the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation. Adjusted for inflation and exchange rates, the June 2012 total was \$61.0 billion in 2004 dollars, up 11.0 percent from June 2011. U.S.-Canada trade reached \$48.4 billion for June 2012, a 5.0 percent increase compared to June 2011. In June, Michigan led all states in surface trade with Canada, at \$6.5 billion, a 4.5 percent increase from June 2011.

16. The cost of ground transportation for Canadian shippers drops in June: CGFI

Order, August 29, 2012, www.cantruck.ca

US

1. USDOT Issues Advisory Bulletin Reminding Motorcoach Companies They Must Follow Safety Provisions that Prevent Tire Failures, August 16, 2012, www.dot.gov
2. U.S. Transportation Secretary Ray LaHood Announces Creation of Freight Policy Council, August 23, 2012, www.dot.gov
3. BTS Releases State Transportation Statistics 2011, August 24, 2012, www.dot.gov
4. DOT launches Freight Policy Council, August 24, 2012, www.joc.com

The cost of ground transportation for Canadian shippers decreased 1.3 % in June 2012 when compared with the May statistics, according to the latest results from the Canadian General Freight Index (CGFI). "Looking back, total freight costs have now registered close to the same level as June 2011," said Doug Payne, president and CEO of Nulogx, which facilitates the CGFI. "It appears that the combinations of downward pressures on base rates are being offset by higher fuel and accessorial charges from a year ago."

17. The Couriers and Messengers Services Price Index, July 2012

The Couriers and Messengers Services Price Index decreased 1.0% in July 2012 compared with June 2012. The courier portion fell 1.1% while the local messenger component was down 0.4%. The index increased 2.6% in July 2012 compared with the same month in 2011.

18. FMCSA Slates Big Regulatory Work Order

The Federal Motor Carrier Safety Administration (FMCSA) introduced plans to implement a new highway law, which includes 29 new rulemakings within the next 27 months. According to *Heavy Duty Trucking*, the requirements in the law, named MAP-21 (Moving Ahead for Progress in the 21st Century), sets an ambitious regulatory agenda for the FMCSA over the next two years.

GENERAL TRANSPORTATION

Canada

1. Canadian Wheat Board signs major grain-handling deal as monopoly ends

Federal legislation is now in effect that takes away the wheat board's monopoly on western wheat and barley sales. This means that western farmers can sell their grain to whomever they choose, whenever they choose. It also means the board, which does not own any of its own terminals, must sign contracts with companies that can handle farmers' grain. The wheat board now has more than 170 locations across the West where producers can deliver their crops. Winnipeg-based International Richardson says it will accept grain deliveries from farmers with wheat board contracts at all its locations in Western Canada. Wheat board president Ian White says the agreement will serve Prairie grain farmers who want the benefits of his agency's pool prices.

2. Shippers Index Neutral, Slow Growth in Freight Demand

FTR Associates says their Shippers Conditions Index (SCI) stayed relatively unchanged from May 2012 to June 2012, and remains in "near neutral territory" with a reading of -1.8. (A reading above zero means a favourable environment for shippers, below zero unfavourable.) That reading, said FTR, shows the "inability of carriers to increase rates in what is turning out to be a disappointing economic recovery."

3. Report: Border Delays, Rules Cost Canada \$19.1B

The myriad of post-Sept 11 security regulations and traffic bottlenecks at the Canada-US border are costing Canadians over \$19 billion a year, according to a new study. Researchers at the Fraser Institute calculated billions of dollars in lost trade and tourism as a result of increased security at the Canada-U.S. border since Sept. 11. Since 2001, the share of Canadian exports to the U.S. fell 11 percent.

4. Travel between Canada and other countries, June 2012

Travel by Canadians (to other countries – i.e. US and Overseas countries) increased in June 2012 by 3.8% from the previous month and travel to Canada (from other countries) increased in June 2012 by 0.5% from the previous month. Most of the increase to other countries came from Canadian travel to United States. Travel to Canada from overseas countries (excluding US) was the highest from China. The above increases also apply to a year-to-year comparison for the same month of June 2012.

5. International travel account, second quarter 2012

Canada's international travel deficit with the world increased by \$91 million to \$4.2 billion during the 2012 second quarter. This was the result of higher payments by Canadian travellers abroad, which more than offset the increase in receipts from foreign travellers in Canada. Canadian travellers spent \$8.5 billion outside the country during the second quarter of 2012, up 1.5% from the first quarter and 0.8% from the second quarter in 2011.

Canada

1. Canadian Wheat Board signs major grain-handling deal as monopoly ends, August 1, 2012, www.nationalpost.ca
2. Shippers Index Neutral, Slow Growth in Freight Demand, August 15, 2012, www.ctf.ca
3. Report: Border Delays, Rules Cost Canada \$19.1B, August 16, 2012, www.ontruck.ca
4. Travel between Canada and other countries, June 2012, August 21, 2012, www.statcan.gc.ca
5. International travel account, second quarter 2012, August 29, 2012, www.statcan.gc.ca