

Transportation Information Update*

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AIR TRANSPORTATION

1. Passenger Demand Grew as Air Cargo Declined in 2012

The International Air Transport Association (IATA) announced full-year traffic data for 2012 showing a 5.3% year-on-year increase in passenger demand and a 1.5% fall for cargo. The 5.3% increase in passenger demand was slightly lower than 2011 growth of 5.9% but above the 5% twenty-year average. Load factors for the year were near record levels at 79.1%. Demand in international markets expanded at a faster rate (6.0%) than domestic travel (4.0%). In both cases emerging markets were the main drivers of growth.

2. The Government of Canada continues to expand opportunities for Canada's air industry to the benefit of consumers

On January 31, 2013, government officials announced that Canada has reached new or expanded air transport agreements with Turkey, Pakistan, Kenya, Sierra Leone, Rwanda, the Gambia, Bahrain, Uruguay and Paraguay. "The conclusion of these agreements will allow Canadian and foreign airlines to launch new or expanded air services, providing travellers and shippers with more choice and convenience," said Minister Lebel. "The Government of Canada is committed to creating more business opportunities for Canada's air industry through the conclusion of new or expanded air transport agreements."

3. ABX settles price fixing lawsuit

ABX Logistics Worldwide, now part of DSV, has settled in a class action lawsuit alleging anti-competitive practices for \$3.5 million. According to Financial Recovery Services, the class action lawsuit involves 63 freight forwarders who allegedly conspired to fix, maintain or raise prices of forwarding services. The firm states shippers who purchased services directly from a forwarder starting in January 2001 may be a party to the lawsuit.

4. Aircraft movement statistics: Major airports, November and December 2012

Data on aircraft take-offs and landings at the 93 Canadian airports with NAV CANADA air traffic control towers and flight service stations are now available for November and December 2012 on Statistics Canada website.

5. WestJet reports record load factor for January 2013 of 80.9 percent

On February 5, 2013, WestJet reported a record load factor of 80.9 for January 2013, 1 point above the same statistic for the same month a year ago. Revenue passenger miles or traffic was 7.7 percent higher and available seat miles or capacity increased 6.4 percent over the same month in 2012.

6. Unprecedented show of solidarity

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1. Passenger Demand Grew as Air Cargo Declined in 2012, January 31, 2013, www.iata.org
2. The Government of Canada continues to expand opportunities for Canada's air industry to the benefit of consumers, January 31, 2013, www.tc.gc.ca
3. ABX settles price fixing law suit, Jan. 31, 2013, www.americanshipper.com
4. Aircraft movement statistics: Major airports, November and December 2012, February 5, 2013, www.statcan.gc.ca
5. WestJet reports record load factor for January 2013 of 80.9 percent, February 5, 2013, www.westjet.ca
6. Unprecedented show of solidarity, February 5, 2013, www.atac.ca
7. WestJet reports record full year earnings of 1.78 per share up 68 percent, February 5, 2013, www.westjet.ca
8. WestJet profit surges, hikes dividend, February 5, 2013, www.westjet.ca
9. Air Canada Reports Record January Load Factor, February 5, 2013, www.aircanada.ca
10. Porter Airlines releases January statistics, February 5, 2013, www.flyporter.com
11. Air Canada to Introduce International Premium Economy Cabin; Adds Five New Boeing 777-300ER Aircraft to Mainline Fleet, February 7, 2013, www.aircanada.ca
12. Tailwind lifts Air Canada to Profit, February 7, 2013, www.globeandmail.ca
13. Air Canada posts first yearly profit in 5 years, Feb. 7, 2013, www.aircanada.ca
14. Securing the Air Cargo Supply Chain, February 7, 2013, www.iata.org
15. Air Canada's profitability could be short-lived without Ottawa's help on pensions, February 7, 2013, www.nationalpost.ca
16. Aircraft movement statistics: Small airports, September and October 2012, February 11, 2013, www.statcan.gc.ca
17. WestJet announces news destinations, February 11, 2013, www.westjet.ca
18. WestJet to serve Fort St. John, BC, February 11, 2013, www.westjet.ca

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

Nine air Associations joined forces to reject the Recommendations contained in the Fatigue Risk Management Working Group Report submitted to the CARAC Technical Committee on November 7, 2012.

7. WestJet reports record full year earnings of 1.78 per share up 68 percent

On February 5, 2013, WestJet reported quarterly net earnings of \$60.9 million or 0.46 for 2012. For the entire 2012 it reported \$242.4 million or \$1.78 per share up from \$148.7 million for 2011 or \$1.06 per share. Total revenues for the 2012 fourth quarter were \$860.6 million or \$3427.4 for the full year of 2012 up 11.6% from the full year of 2011.

8. WestJet profit surges, hikes dividend

Showing no ease in demand among air travellers, WestJet Airlines Ltd. announced fourth-quarter earnings and year-end profit for 2012 which largely beat analysts' predictions. "We are very pleased with the positive momentum generated in 2012 that culminated with us reporting record annual earnings, record high load factors and for the second consecutive quarter, we surpassed our return on invested capital target of 12 per cent by achieving 13.7 per cent for the year," said WestJet President and CEO Gregg Saretsky. With WestJet diversifying its business and products – the launch of its regional subdivision WestJet Encore later this year, new fare bundles and options such as WestJet Plus aimed at the business class – the company said it sees "positive momentum" in the future.

9. Air Canada Reports Record January Load Factor

For the month of January 2013, Air Canada reported a record system load factor of 79.4 per cent, versus 79.1 per cent in January 2012, an increase of 0.3 percentage points. System traffic increased 0.3 per cent on a system-wide capacity decrease of 0.1 per cent.

10. Porter Airlines releases January statistics

Porter Airlines completed January 2013 with a traffic increase of 0.8 per cent, representing passenger growth of 1.2 per cent for the month. Capacity grew by 4.7 per cent, which resulted in a load factor of 53.6%, a decline of 2.1 points from last year. Figures for January 2013 show 116.9 million Available Seat Miles (ASMs) and 62.7 million Revenue Passenger Miles (RPMs), compared to 111.6 million ASMs and 62.2 million RPMs last year.

11. Air Canada to Introduce International Premium Economy Cabin; Adds Five New Boeing 777-300ER Aircraft to Mainline Fleet
Air Canada announced on February 7, 2013 that it will introduce a new International Premium Economy cabin for customers seeking enhanced comfort and service on international flights as it continues to modernize its widebody fleet with the addition of five new Boeing 777-300ER aircraft.

12. Tailwind lifts Air Canada to Profit

Air Canada reported fourth-quarter and 2012 year-end profits on February 7, 2013. The carrier's profit hit \$131-million, or 45 cents per diluted share for 2012, which was a turnaround from the loss of \$249-million, or 92 cents per share in 2011. In the fourth quarter, Air Canada saw a small net income of \$8-million, or 3 cents a share, compared with a loss in the same period last year of \$60-million, or 22 cents a diluted share.

13. Air Canada posts first yearly profit in 5 years

Air Canada said on February 7, 2013 that it had returned to the black in 2012 by recording its first annual profit in five years last year. Air Canada reported an adjusted net loss of \$6-million, or 2¢ a share, for the

19. Nanaimo lands new WestJet service, Feb. 11, 2013, www.westjet.ca

20. WestJet unveils its Encore, February 11, 2013, www.westjet.ca

21. WestJet connects Victoria and Vancouver, February 11, 2013, www.westjet.ca

22. Air Canada Introduces Lowest Price Guarantee to Assure Customers of Best Available Price On-Line, February 12, 2013, www.aircanada.ca

23. American Airlines US Airways unveil \$11-billion merger, February 13, 2013, www.globeandmail.ca

24. Bring on the blimp: MPs say time to test airships for remote communities, Feb. 16, 2013, *Winnipeg Free Press*

25. Star Alliance introduces enhanced Asia pass, February 19, 2013, www.aircanada.ca

26. WestJet Q400s to connect Western cities, Feb. 19, 2013, www.westjet.ca

27. Civil aviation operating statistics, December 2012, February 20, 2013, www.statcan.gc.ca

28. Government of Canada invests in safety at Lloydminster Municipal Airport, February 22, 2013, www.fc.gc.ca

29. ATAC Seeks a Level Playing Field, February 26, 2013, www.atac.ca

30. Aviation needs a global agreement on market-based measures, February 26, 2013, www.iata.org

31. Porter Airlines increases Windsor flights, Feb 27, 2013, www.flyporter.ca

32. WTO trade agreement crucial, air cargo group says, February 26, 2013, www.americanshipper.com

US

1. [US] Airlines Report Lowest Mishandled Baggage Rate in 25 Years in 2012, Feb. 12, 2013, www.dot.gov

2. Freight Shipments Rose 1.0% in December from November, February 13, 2013, www.dot.gov

3. Driving ATM Improvements, Delivering the Single European Sky, February 13, 2013, www.iata.org

4. IATA Applauds ICAO-CAEP Agreement on a More Stringent Noise Standard for Aircraft and Progress on Aircraft CO2 Standard, February 14, 2013, www.iata.org

5. November 2012 Airline System Passengers (US) Up 0.8% from November 2011, February 22, 2013, www.dot.gov

6. Mergers: Commission prohibits Ryanair's proposed takeover of Aer Lingus, February 27, 2013, www.europa.eu

7. BTS Releases December Passenger Airline Employment Data; December 2012 Employment Down 2.6percent from December 2011, February 27, 2013, www.dot.gov

fourth quarter, an improvement over the \$60-million, or 60¢ a share, it lost a year ago for the same period. This beat analysts expectations. The news comes as the country's largest carrier embarks on a dramatic reconfiguration of its widebody fleet that will see 109 more seats added on five new high-density Boeing 777s it will take delivery of over the next 12 months.

14. Securing the Air Cargo Supply Chain

The International Air Transport Association (IATA) identified four priorities to make air cargo more secure and urged stakeholders to move forward on the implementation of the Secure Freight principles. Secure Freight was initiated by IATA to promote global security standards in order to facilitate safe, secure and efficient operations of air cargo. "Governments and industry share the goal of keeping air cargo secure. That is the common ground for closer cooperation, harmonization of regulations, global capacity building and the long-term commitment that is needed," said Tyler, CEO of IATA.

15. Air Canada's profitability could be short-lived without Ottawa's help on pensions

Air Canada says it has charted a path to sustained profitability after turning in its first annual profit in five years in 2012. It has been pointed out that unless it gets a little help from the government on its pension funding obligations at the start of next year it may not be successful.

16. Aircraft movement statistics: Small airports, September and October 2012

Data on aircraft take-offs and landings at airports without air traffic control towers are now available on the Statistics Canada website for September and October 2012.

17. WestJet announces new destinations

On February 11, 2013, WestJet announced new destinations from Toronto to Myrtle Beach, South Carolina and between Calgary and Dallas, Texas. The new services will begin May 2, 2013 and April 29, 2013, respectively.

18. WestJet to serve Fort St. John, BC

WestJet announced on February 11, 2013 the start of new non-stop service from Fort St. John, BC to Vancouver beginning February 11, 2013.

19. Nanaimo lands new WestJet service

WestJet announced on February 11, 2013 the start of new service between Nanaimo, BC and Calgary, Alberta starting February 11, 2013.

20. WestJet unveils its Encore

WestJet announced on February 11, 2013 the start of new service between Nanaimo, BC and Fort St. John, BC starting February 11, 2013.

21. WestJet connects Victoria and Vancouver

WestJet announced on February 11, 2013 the start of new daily service between Victoria and Vancouver starting in June 2013.

22. Air Canada Introduces Lowest Price Guarantee to Assure Customers of Best Available Price On-Line

On February 12, 2013, Air Canada expanded its Lowest Price Guarantee to give customers added assurance they are getting the lowest price available on-line within a 24-hour period when they book flights on Air Canada. The guarantee applies to any destination Air Canada serves for tickets bought in Canada on aircanada.com.

23. American Airlines US Airways unveil \$11-billion merger

American Airlines and US Airways Group said they plan to merge to form the world's biggest airline with a combined equity value of \$11-billion. The widely expected merger caps a wave of consolidation that has helped put U.S. airlines on more solid financial footing. The merged airline will be majority owned by creditors, unions and employees of American parent, AMR Corp., which filed for Chapter 11 bankruptcy in November, 2011. The airline – to carry the American Airlines name – would be 2 per cent larger than current No. 1 United Continental Holdings Inc. in traffic, as measured by the number of miles flown by paying passengers worldwide.

24. Bring on the blimp: MPs say time to test airships for remote communities

It's time to rethink the blimp, a House of Commons committee suggests in a new report. The committee's look at airships was part of a broader study examining more creative ways to address some of the shortfalls in Canada's transportation sector. When it comes to airships, a number of barriers exist to putting them into more widespread use, the committee heard. Among them is a lack of infrastructure, trained personnel and licensing regimes, said Barry Prentice. Do we wish to solve the problems of the North – food supplies to remote areas, disappearance of ice roads, etc.? The committee recommended a pilot project be launched via Public Works and Government Services to see whether the airships could work. It recognized that

funding is important. One government department, Natural Resources Canada announced a funding of \$2.2 million on February 15, 2013 to support one airship company. The Committee also recommended that we should think of other channels for funding such as prizes for innovative ideas. Prizes were offered by the US government to promote the development of airships.

25. Star Alliance introduces enhanced Asia pass

Star Alliance is launching an enhanced Asia Airpass for travel across the Asian continent, which in addition to the 15 countries and territories already offered, now includes Bangladesh, Nepal, Pakistan and Sri Lanka. Its scope has further been extended to include all Star Alliance destinations in Japan and additional flights to India. Airpasses can be purchased in conjunction with any international return ticket for travel into the area on a Star Alliance member airline.

26. WestJet Q400s to connect Western cities

On January 19, 2013, WestJet announced that it will use its new fleet of Bombardier Q400s NEXGen to enhance service to more cities in Saskatchewan and Alberta beginning this coming spring.

27. Civil aviation operating statistics, December 2012

Operational data on civil aviation are now available for December 2012 on Statistics Canada website.

28. Government of Canada invests in safety at Lloydminster Municipal Airport

Leon Benoit, Member of Parliament for Vegreville—Wainwright, on behalf of the Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, on February 22, 2013 announced \$538,406 in funding for the Lloydminster Municipal Airport to make important safety improvements.

29. ATAC Seeks a Level Playing Field

On February 26, 2013, the Air Transport Association of Canada (ATAC) appealed to the government for a level playing field for the air transport industry in Canada. Faced with a \$4.2 billion deficit of its Defined Benefits Pension Fund, Air Canada has filed a request to the Canadian Government for a \$150 million cap on its annual funding obligations for the next ten years starting in 2014. This would affectively mean \$700 million in relief per year for the next five years.

30. Aviation needs a global agreement on market-based measures

The International Air Transport Association (IATA) called for governments to agree on a global approach to market-based measures (MBMs) to help aviation manage the 2% of global manmade carbon emissions for which it is responsible. IATA also stressed the need for governments and industry to align on all four pillars of the aviation industry's strategy on climate change: investment in new technology, more efficient operations, better infrastructure and positive economic measure or MBMs.

31. Porter Airlines increases Windsor flights

Porter Airlines is adding a fourth weekday roundtrip flight between Windsor International Airport and Billy Bishop Toronto City Airport, starting April 15, 2013.

32. WTO trade agreement crucial, air cargo group says

A trade facilitation agreement by the World Trade Organization (WTO) would benefit the supply chain by reducing trade blockages at borders, according to the Global Air Cargo Advisory Group (GACAG). Customs procedures are at the heart of such an agreement, and organizational changes are too important to be left alone, GACAG officials said. The WTO had been considering an agreement during its latest round of negotiations in Doha, but discussions broke down.

WATER TRANSPORTATION

1. Container Shipping profits set to improve

Container shipping profits will improve this year and could make a major jump in 2014 and 2015 if lines do not start placing major orders for new vessels, according to one analyst. A new report from Nomura — Trends in Transport — said liner efforts to reduce supply and return to profitability from the second quarter of last year boded well for 2013

2. EU drops investigation into ship cooperatives

The European Union closed an antitrust investigation into a German container feeder ship cooperative after its members agreed to abandon a compensation system for laying-up vessels and an information exchange scheme. Regulators also ended their probe into a flanking cooperative for mini bulk carriers after it won similar concessions from its members. The EU said it feared the lay-up compensation scheme operated by Container Feeder eG would give shipowners an incentive to withdraw capacity from the market in a bid to drive up vessel charter rates.

3. Harper government announces pan-Canadian risk assessment study on marine safety

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, on February 4, 2013 announced that Transport Canada, in collaboration with the Canadian Coast Guard and Environment Canada, is commissioning a pan-Canadian risk assessment study on readiness to respond to ship-source spills in Canadian waters. “Our government is working to protect the safety of Canadians and the environment,” said Minister Lebel. “Canada depends on marine shipping for jobs, economic growth and long-term prosperity. While the current system has served Canada well, it is essential that we have a system in place that can meet future needs.”

4. Study: Great Lakes/Seaway marine transportation greenest

A study released on February 5, 2013 has defined the modal and environmental advantages of using marine shipping to transport goods in the Great Lakes-St. Lawrence Seaway region. The Environmental and Social Impacts of Marine Transport in the Great Lakes-St. Lawrence Seaway Region was conducted by Ontario transportation consultants Research and Traffic Group, and reviewed by independent experts in the United States and Canada. The study also found that Great Lakes ships are more fuel-efficient.

5. Prince Rupert Port Authority – Monthly Traffic Summary – January 2013

On February 7, 2013, the Port of Prince Rupert reported its monthly traffic statistics for January 2013. Total container traffic in terms of TEUs (51,923) was 16.74% higher in January 2013 than the same month a year ago. Imports recorded an increase of 18.32 and exports recorded an increase of 14.62 compared to January 2012.

6. New bridge for the St. Lawrence - The federal government will continue to consult with its partners

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities and Minister of the Economic Development Agency of Canada for the Regions of Québec, announced that the 36th formal meeting on the project between representatives of the two governments is taking place on February 7, 2013. The objective of this working session is to discuss the technical aspects of public transit that must be taken into consideration in order to advance the business case and the preliminary design. This is part of the process leading to construction of a new bridge for the St. Lawrence to replace the Champlain Bridge.

7. U.S. Lines to Hike Rates on Westbound Trade From Canada

U.S. Lines will hike rates on its Columbus service loading in Vancouver, British Columbia, to all destinations, effective March 1, 2013. The increase will be \$160 per 20-foot container and \$200 per 40-

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1. Container Shipping profits set to improve, January 30, 2013, www.joc.com
2. EU drops investigation into ship cooperatives, January 31, 2013, www.joc.com
3. Harper government announces pan-Canadian risk assessment study on marine safety, February 4, 2013, www.tc.gc.ca
4. Study: Great Lakes/Seaway marine transportation greenest, February 5, 2013, www.americanshipper.com
5. Prince Rupert Port Authority – Monthly Traffic Summary – January 2013, February, 2013, www.princerupert.com
6. New bridge for the St. Lawrence - The federal government will continue to consult with its partners, February 7, 2013, www.tc.gc.ca
7. U.S. Lines to Hike Rates on Westbound Trade From Canada, February 11, 2013, www.joc.com
8. APTA: Bad Time For Marine Atlantic Rate Hike, February 14, 2013, www.cantruck.ca
9. Port of Metro Vancouver – Cargo Statistics Report 2012 vs 2011, February 15, 2013, www.portmetrovancooover.com
10. Port Metro Vancouver: Continuing Growth Building Common Interest, Feb 15, 2013, www.portvancouver.com
11. Minister Lebel meets with design experts to discuss the new bridge for the St. Lawrence, February 18, 2013, www.tc.gc.ca
12. Quest Navigation Prepares for Canada-Maine Ferry Service, February 20, 2013, www.joc.com
13. Port Metro Vancouver – Accumulated Container Report (January 2013), February 21, 2013, www.portmetrovancooover.com
14. Helping grow Canada’s exports to fast-growing Asian markets through Vancouver’s South Shore Trade Area, February 21, 2013, www.tc.gc.ca
15. Port Metro Vancouver introduces trucking initiative, February 22, 2012, www.joc.com

foot and 40-foot high-cube container. The rate hike will apply to dry containers only. It will not be applicable for refrigerated, open top and flat rack cargo.

8. APTA: Bad Time For Marine Atlantic Rate Hike

The Atlantic Provinces Trucking Association reports that the Atlantic trucking industry is faced with another fee increase -- this time a new 4-percent rate hike for all Marine Atlantic traffic. "While the APTA intends to appeal this increase, our industry has no other choice but to pass on the increase to its customers," Jean-Marc Picard, APTA executive director, said in a press release. The increase represents about \$3.5 million additional cost to transport goods to and from Newfoundland and Labrador.

9. Port of Metro Vancouver – Cargo Statistics Report 2012 vs 2011

The Port of Metro Vancouver reported its cargo statistics on February 14, 2012. The highlights for 2012 compared to 2011 were as follows: total tonnage increase of 1.1%; container increase (TEU) 8.2%; and cruise passenger increase 0.4% .

10. Port Metro Vancouver: Continuing Growth Building Common Interest

Canada's largest and most diverse port - Port Metro Vancouver - has released its 2012 year-end results that show continuing growth, including new records in the container and bulk sectors. The year also marks the advancement of several capacity building infrastructure projects, new sustainability initiatives and extensive community engagement including participation in more than 600 community events.

11. Minister Lebel meets with design experts to discuss the new bridge for the St. Lawrence

On February 18, 2012, the Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, and Minister of the Economic Development Agency of Canada for the Regions of Quebec, met with engineering, business and design experts to discuss the new bridge for the St. Lawrence.

12. Quest Navigation Prepares for Canada-Maine Ferry Service

Quest Navigation has leased a ship in anticipation of restarting ferry service between Portland, Maine, and Yarmouth, Nova Scotia, and could, if awarded the contract, begin offering ferry service as early as this summer, according to Maine's Bangor Daily News. The Eliot, Maine-based company is one of only two companies that met Nova Scotia's Jan. 24, 2013 deadline to submit a proposal to restart the ferry service. The other company is Baltimore-based engineering firm Maritime Applied Physics, which also has an office in Brunswick.

13. Port Metro Vancouver – Accumulated Container Report (January 2013)

The Port of Metro Vancouver reported its container report for January on February 21, 2013. Total TEUs for the month of January 2013 was 225,965 TEUs up 1.4% compared to January 2012. Imports declined by 1.5% and exports increased by 5.8% for this month compared to the same month a year ago.

14. Helping grow Canada's exports to fast-growing Asian markets through Vancouver's South Shore Trade Area

Construction of the South Shore Corridor Project, an important investment at Port Metro Vancouver, was celebrated February 21, 2013 by the Honourable Ed Fast (Canada's Minister of International Trade and Minister for the Asia-Pacific Gateway) and Robin Silvester (President and CEO of Port Metro Vancouver), as well as other terminal and railway partners.

15. Port Metro Vancouver introduces trucking initiative

Port Metro Vancouver in British Columbia has introduced its Smart Fleet trucking strategy, a three-year action plan to improve the efficiency and reliability of the container truck sector and reinforce the port's ongoing collaboration with supply chain partners.

RAIL TRANSPORTATION

1. CN's 2012 Annual Financial Statements and Annual Information Form available on Company website

CN announced on February 1, 2013 that the Company's 2012 Annual Financial Statements, Notes thereto and Management's Discussion and Analysis, etc are available on its website.

2. Canadian Pacific hires Creel as President, COO

Class I railroad Canadian Pacific has appointed Keith Creel as president and chief operating officer, effective Feb. 5, 2013. E. Hunter Harrison will remain CEO of the company.

3. CN targets C\$1.9 billion in 2013 capital investments to improve service, raise network efficiency and grow the business

CN announced on February 5, 2013 a 2013 plan to invest approximately C\$1.9 billion to maintain and upgrade its railway network, grow the business efficiently, and continue to improve customer service.

4. North American Intermodal Container Volume Sets Record High

Intermodal container volume reached a record high in 2012 with 13.1 million moves, surpassing the previous year by 5.9 percent and the former high in 2007 by 9.8 percent, according to the Intermodal Association of North America's Intermodal Market Trends & Statistics report. Total intermodal shipments rose 4 percent in 2012 and 2 percent in the fourth quarter of 2012.

5. CN and union representing signals and communications employees in Canada announce labour contract ratification

CN and the International Brotherhood of Electrical Workers (IBEW) System Council 11 announced on February 6, 2013 the ratification of a new four-year collective labour agreement by IBEW members. The union represents approximately 700 CN signals and communications employees in Canada. The agreement – providing improvements in wages and benefits to IBEW members – is retroactive to Jan. 1, 2013.

6. NIT League continues effort for rail reform

The National Industrial Transportation League said in its current newsletter that a proposal it submitted in 2011 to increase direct rail-to-

rail competition "represents one of the best efforts to achieve rail regulatory reform since the passage of the Staggers Act over 30 years ago." The league said it has been preparing its response to the Surface Transportation Board (STB) inquiry on whether to consider its proposal for a new rule to govern competitive switching.

7. CN announces Tender Offer and Consent Solicitation for 4.40% Notes due 2013

CN on February 11, 2013 announced that its wholly-owned subsidiary, CNLX Canada Inc., has commenced a cash tender offer for all of the outstanding US\$400,000,000 aggregate principal amount of 4.40% Notes due 2013 issued by CN (the "Notes") on the terms and subject to the conditions set forth in its Offer to Purchase and Consent Solicitation Statement, dated Feb. 11, 2013, and the related Letter of Transmittal and Consent.

8. CN suspends feasibility study of proposed rail line in Quebec/Labrador iron ore range

CN suspended the feasibility study for the construction of its proposed rail line and terminal handling facility to serve the Quebec/Labrador iron ore range.

9. ESC wants more from railway package

The European Shippers Council (ESC) agrees that the European Union's 4th Railway Package, which was released in January 2013 and is now up for debate, will do much to liberalize and provide wider access to the rail market. However, the ESC thinks it needs to address additional issues. The Brussels-based organization is calling for a "holistic approach" and a unified approach to discussions of the railway package.

10. Canadian Pacific Railway Limited declares dividend

The Board of Directors of Canadian Pacific Railway Limited on February 22, 2013 declared a quarterly dividend of thirty-five cents (\$0.35) Canadian per share on the outstanding Common Shares.

RAIL TRANSPORTATION Canada

1. CN's 2012 Annual Financial Statements and Annual Information Form available on Company website, February 1, 2013, www.cn.ca
2. Canadian Pacific hires Creel as President, COO, February 4, 2013, www.joc.com
3. CN targets C\$1.9 billion in 2013 capital investments to improve service, raise network efficiency and grow the business, February 5, 2013, www.cn.ca
4. North American Intermodal Container Volume Sets Record High, February 7, 2013, www.joc.com
5. CN and union representing signals and communications employees in Canada announce labour contract ratification, Feb. 6, 2013, www.cn.ca
6. NIT League continues effort for rail reform, Feb. 11, 2013, www.joc.com
7. CN announces Tender Offer and Consent Solicitation for 4.40% Notes due 2013, Feb. 11, 2013, www.cn.ca
8. CN suspends feasibility study of proposed rail line in Quebec/Labrador iron ore range, February 12, 2013, www.ctl.ca
9. ESC wants more from railway package, February 21, 2013, www.americanshipper.com
10. Canadian Pacific Railway Limited declares dividend, February 22, 2013, www.cpr.ca
11. Railway carloadings, December 2012, February 27, 2013, www.statcan.gc.ca

11. Railway carloadings, December 2012

Canadian railways carried 26.0 million tonnes of freight in December 2012, up 0.7% from December 2011. Freight loaded domestically as well as traffic received from United States connections both rose during the month, with the United States traffic providing the strongest growth. Intermodal freight increased 1.4% to 2.2 million tonnes. The gain was solely the result of higher volumes of containerized cargo shipments as trailers loaded on flat cars fell during the month.

HIGHWAY TRANSPORTATION

1. The Daily - Couriers and Messenger Services Price Index December 2012

The Couriers and Messengers Services Price Index decreased 0.7% in December 2012 compared with November 2012. The courier portion fell 0.8% while the local messenger component declined 0.6%. The index increased 3.7% in December 2012 compared with the same month in 2011.

2. Transforce acquires Superior Driver Force

Truck driver staffing firm TransForce has acquired Superior Driver Source and Superior Driver Source of the Carolinas. Terms of the transaction were not disclosed. Superior provides commercial truck drivers in the southeastern U.S., with operations in Tennessee, North Carolina, Kentucky, Georgia, Mississippi and South Carolina. The company's senior management has joined TransForce's leadership team and will assume key regional management roles.

3. November 2012 U.S. Surface Transportation Trade with Canada and Mexico Totaled \$81.5 Billion

According to the US Bureau of Transportation Statistics, trade using surface transportation between the United States and its North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, rose 6.2 percent in November 2012 compared to November 2011, totaling \$81.5 billion. Adjusted for inflation and exchange rates and presented in January 2004 dollars, the November 2012 total was \$59.5 billion, up 7.6 percent from November 2011. U.S.-Canada surface trade was \$46.7 billion in current dollars in November 2012. Michigan led all states in surface trade with Canada.

4. Study shows low rolling resistance tires perform well in winter conditions, increase fuel economy and reduce greenhouse gas emissions

Transport Canada today released the results of a study on the safety and environmental performance of low rolling resistance tires. Low rolling resistance tires are designed to improve vehicle fuel efficiency. They are made of advanced materials and have treads, dimensions and weights that help to minimize the energy lost as the tire rolls across the road surface. The study, *Packed Snow Performance of Low Rolling Resistance Class 8 Heavy Truck Tires*, examined several brands of tires to assess their performance in packed snow winter conditions.

5. "511 Alberta" road reports put you on road to safer travel

Improved, up-to-date road information is a click or phone call away, with the launch of the new 511 Alberta Traveller information service.

6. Transforce acquires Velocity Express

TransForce, one of the largest North American trucking operators, has completed the acquisition of all shares of same-day and expedited carrier Velocity Express and its subsidiaries. The

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1. The Daily - Couriers and Messenger Services Price Index December 2012, January 31, 2013, www.statcan.gc.ca
2. Transforce acquires Superior Driver Force, January 30, 2013, www.joc.com
3. November 2012 U.S. Surface Transportation Trade with Canada and Mexico Totaled \$81.5 Billion, January 31, 2013, www.dot.gov
4. Study shows low rolling resistance tires perform well in winter conditions, increase fuel economy and reduce greenhouse gas emissions, February 1, 2013, www.tc.gc.ca
5. "511 Alberta" road reports put you on road to safer travel, February 4, 2013, www.tc.gc.ca
6. Transforce acquires Velocity Express, February 4, 2013, www.joc.com
7. Study: Truckers Waste Billions in Traffic Jams, February 5, 2013, www.ontruck.org
8. 2012 Transport Acquisitions Highest in Three Years, Feb. 8, 2013, www.ontruck.org
9. Study Highlights Lack of Truck Stops in Canada, February 8, 2013, www.todaystrucking.com
10. Vitran divests its Supply Chain Operation for US\$97 Million; will concentrate on LTL business, February 12, 2013, www.ctl.ca
11. Canada strengthens vehicle safety standards, February 14, 2013, www.tc.gc.ca
12. Travel between Canada and other countries, December 2012, February 19, 2013, www.statcan.gc.ca
13. TransCore Canadian Freight Index Hits Record High in January, February 20, 2013, www.joc.com
14. Canadian trucking industry could be short 33,000 drivers by 2020: report, February 21, 2013, www.ctl.ca
15. Multimodal Transportation Indicators - February 2012, February 22, 2013, www.dot.gov
16. Large Urban Transit, December 2012, February 25, 2013, www.statcan.gc.ca
17. Canada to align GHG regs with US, February 25, 2013, www.ctl.ca
18. New GHG Regs Practical, But Can Be Improved, says Bradley, February 26, 2013, www.todaystrucking.ca
19. Ground transportation costs for Canadian shippers up in December: CGFI, February 27, 2013, www.ctl.ca
20. Truckers Worried About Impact of Impeding US Cuts at Border, February 27, 2013, www.ontruck.ca

transaction is expected to generate annual revenue of about \$160 million and to be accretive for TransForce.

7. Study: Truckers Waste Billions in Traffic Jams

Traffic congestion and delays in the U.S. are costing the trucking industry an estimated \$27 billion worth of time and wasted fuel by trucks alone. According to the Urban Mobility Report (UMR) conducted by the Texas A&M Transportation Institute (TTI), congestion in U.S. cities has remained relatively stable in recent years but is still heavily costing transporters and commuters.

8. 2012 Transport Acquisitions Highest in Three Years

Worldwide merger and acquisition activity in the transportation industry in 4Q12 was the highest quarterly volume in three years, according to PwC's quarterly analysis of global deal activity. There were 68 transportation and logistics transactions worth \$50 million or more during the three-month period ending -- a 35 percent increase over 2011. "Our overall outlook for global transportation and logistics M&A is positive due in part to economic performance in emerging and developing markets," Jonathan Kletzel, U.S. transportation and logistics leader for PwC, said. "Based on our analysis, we are forecasting 22 percent growth in announced volume and 15 percent growth in announced value in 2013, compared with 2012 as strategic and financial investors continue to consider M&A as part of their growth strategies."

9. Study Highlights Lack of Truck Stops in Canada

Results from a Transport Canada study on rest stops in Canada is pointing to what many drivers and companies already know: there isn't that many, service is lacking, and security and safety is a concern. The study, titled *Rest Area Research Project*, was prepared by Polytechnique Montreal in consultation with the Canadian Trucking Alliance (CTA). The lack of rest stops, CTA noted, affects driver behaviour and can cause drivers to run over their allowable hours-of-service.

10. Vitran divests its Supply Chain Operation for US\$97 Million; will concentrate on LTL business

Vitran has reached an agreement to divest its Supply Chain Operation (SCO) division to Legacy Supply Chain, based in Portsmouth, New Hampshire, for U.S. \$97 million in cash, subject to certain working capital adjustments.

11. Canada strengthens vehicle safety standards

On February 14, 2013, the Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities and the Honourable Leona Aglukkaq, Minister of Health, announced on February 11, 2013 important safety regulations requiring new vehicles in Canada to include shoulder belts in the rear centre seat. "Ensuring the safety of Canadian families is very important to our government. That's why our government is enhancing vehicle safety standards to better protect the travelling public," said Minister Lebel. "Making shoulder belts mandatory in the rear centre seat will reduce the number of deaths and serious injuries on our roads." The amendments to the *Motor Vehicle Safety Regulations* include a significant update to Standard 208, *Occupant Restraint Systems in Frontal Impact*.

12. Travel between Canada and other countries, December 2012

Travel from Canada to the United States rose 1.8% in December 2012 to 4.7 million trips. Travel to overseas countries from Canada in December 2012 remained unchanged from November 2012 at 808,000 trips. In the opposite direction, travel to Canada from the United States rose 1.7% to 1.7 million trips. Travel from overseas countries to Canada increased 0.8% from November 2012 to 393,000 trips. The greatest increase in travel from other countries to Canada was from India and China.

13. TransCore Canadian Freight Index Hits Record High in January

TransCore's Link Logistics Canadian Freight Index showed load volumes in January 2013 increased 25 percent from December 2012 and 4 percent from January 2012, surpassing the record set for the month in January 2011 by 3 percent. Intra-Canada loads represented 24 percent of the total load volumes, and cross-border postings represented 71 percent of the overall load postings.

14. Canadian trucking industry could be short 33,000 drivers by 2020: report

Though tens of thousands of truck drivers are approaching retirement age, very few young people and immigrants are entering the industry, according to a new report from the Conference Board of Canada (CBC). According to the report, funded by the Canadian Trucking Alliance and titled "Understanding the Truck Driver Supply and Demand Gap and Implications for the Canadian Economy," the gap between the supply of drivers and the demand for them -- estimated at 25,000 by 2020 -- could be costly to the Canadian economy.

US

1. Trucking Industry Started 2013 'With a Bang,' ATA Says, February 19, 2013, www.joc.com

15. Multimodal Transportation Indicators - February 2012

This Multimodal Transportation Indicator report provides timely, easily accessible information for the transportation community. It was developed by the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation (DOT), and is updated on a regular basis on the BTS website.

16. Large Urban Transit, December 2012

Total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit systems (80% of total) rose 7.3% from December 2011 to \$278.5 million. Over the same period, ridership levels increased 1.4% to 140.6 million passenger trips.

17. Canada to align GHG regs with US

Federal Environment Minister Peter Kent visited Bison Transport's on February 25, 2013, to announce that Canada will adopt the US greenhouse gas emissions standards for model years 2014-2018 heavy trucks. Kent said "With these tough new measures, GHG emissions from 2018 model year heavy-duty vehicles will be reduced by up to 23%. The regulations will also lead to improved efficiency. For example, a semi-truck operator driving a 2018 model year vehicle will save up to \$8,000 per year in fuel."

18. New GHG Regs Practical, But Can Be Improved, says Bradley

The new GHG regulations by the federal government on heavy duty vehicles are a move in the right direction according to the Canadian Trucking Association (CTA). CTA president and CEO David Bradley said "With diesel fuel prices as high as they are, it makes sense that fuel efficiency, which is the way to reduce GHG, is a priority for the industry." And while there is no question that the CTA is supporting the new regulations — which they see as "practical and effective measures" — they would like to see a labelling requirement included "so truck buyers would know which units were 'GHG compliant'." "The federal government could also introduce accelerated capital cost allowance rates to accelerate the penetration of these vehicles into the fleet."

19. Ground transportation costs for Canadian shippers up in December: CGFI

The total cost of ground transportation for Canadian shippers was up 1.14% in December 2012 compared with November 2012 results, according to results published on February 27, 2013 by the Canadian General Freight Index.

20. Truckers Worried About Impact of Impeding US Cuts at Border

The Canadian trucking industry is worried about how budget cuts on customs and border protection in the US would affect them. The Canadian trucking industry moves about two-thirds of Canada's trade with the United States and border operations could severely impact them – longer waits, delays, etc. In testimony before the Senate Committee on Appropriations on Feb. 14, Janet Napolitano, Secretary of the U.S. Department of Homeland Security said the automatic budget cuts that would be imposed on the US Customs and Border Protection (CBP) agency "would make four to five hour wait times (at the border) commonplace and cause the busiest ports to face gridlock situations at peak periods." She explained how front line CBP staff responsible for processing trucks will be furloughed and overtime budgets to meet peak and unplanned demand will be slashed. The Canadian Trucking Association says that Canada should be concerned about the budget cuts.

GENERAL TRANSPORTATION

Canada

1. EU, U.S. strive for trade deal

Officials from the United States and European Union have agreed to launch negotiations for a comprehensive trade agreement. Forming the talks from recommendations from the U.S.-EU High Level Working Group on Jobs and Growth, parties from both nations will try to hammer out a Transatlantic Trade and Investment Partnership. It's been reported that both sides want an agreement in place by 2015.

2. Minister Fast holds pre-budget consultation with B.C. business leaders

On February 20, 2013, the Honourable Ed Fast, Minister of International Trade and Minister for the Asia-Pacific Gateway, met with stakeholders and local business leaders for a pre-budget consultation and also to highlight the many ways the Harper government's Asia-Pacific Gateway and Corridor Initiative is helping

Canada/US

1. EU, U.S. strive for trade deal, Feb. 15, 2013, www.americanshipper.com
2. Minister Fast holds pre-budget consultation with B.C. business leaders, February 20, 2013, www.tc.gc.ca
3. International travel account, fourth quarter 2012, February 27, 2013, www.statcan.gc.ca

grow Canada's trade with high-growth Asian markets. Minister Fast also announced that he will be leading a trade mission to China and Japan from April 7-12, 2013 that will focus on the communications and information technologies sector.

3. International travel account, fourth quarter 2012

Canada's international travel deficit with the world increased by \$49 million to \$4.6 billion during the 2012 fourth quarter. While the travel deficit with overseas countries narrowed during this period, this was more than offset by a growing deficit with the United States. Canadian travellers spent just under \$9.0 billion outside the country during the fourth quarter, up 1.8% from the third quarter. At the same time, receipts from foreign travellers in Canada increased 2.6% to \$4.4 billion. On an annual basis, Canada's international travel deficit reached \$17.8 billion in 2012, up \$1.5 billion from 2011. During the course of the year, payments by Canadians travelling abroad grew 6.7% to \$35.2 billion, while receipts from foreign visitors in Canada increased 4.4% to \$17.3 billion.