Transportation Information Update*

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AIR TRANSPORTATION

1. Air Canada Gift Cards Now Taking Off - First Airline in Canada to offer the Gift of Travel through a genuine and convenient Gift Card

Air Canada made freedom of travel easier with the launch on May 30, 2013 of its Gift Card. Available in both the traditional plastic gift card or in electronic form, Air Canada Gift Cards can be purchased in Canadian or US dollars with values starting as low as \$25.

2. IATA: Global air freight up slightly in April

Global air cargo activity ticked up in April 2013 by 1.4 percent, year over year, after a 2.6-percent decline in March 2013, according to the International Air Transport Association. Capacity rose by 1.2 percent. In the first four months of 2013, activity has declined 0.6 percent, year over year, and capacity has basically been flat. The small improvement in April means that economic conditions have not deteriorated.

3. Quarterly civil aviation statistics, second quarter 2012

Operational and financial data on civil aviation are now available for the second quarter of 2012 on Statistics Canada website.

4. IATA boosts airlines' profit forecast despite challenges

The International Air Transport Association has upgraded its global outlook for the airline industry to \$12.7-billion profit from the \$10.6-billion forecast in March 2013, a marked improvement on the \$7.6-billion posted in 2012. Margins are still very thin due to weak economic outlook and high fuel prices.

5. Aircraft Movement Statistics: Major airports - Annual Report, 2012

For 2012, the fourth consecutive year, the number of aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations decreased slightly compared with 2011. These 93 airports reported almost 5.6 million movements in 2012, down 0.2% from 2011.

6. West, Jet reports record May traffic

On June 5, 2013 WestJet reported record traffic for May 2013. Load factor, available seat miles and revenue per passenger miles were: 78.5%, 1.926b and 1.512b. This represented changes of -0.7points, 9.1% and 8.2% from the same month a year ago. Gregg Saretsky, CEO said "We are pleased with the strong year over year traffic growth as more and more guests are choosing to fly with us."

7. Air Canada Reports May Load Factor

For the month of May 2013, Air Canada reported a system load factor of 81.8 per cent, versus 81.7 per cent in May 2012, an increase of 0.1 points. System traffic increased 2.9 per cent on a system-wide capacity increase of 2.8 per cent. "I am pleased Air Canada is reporting solid traffic results for the month of May, led by strong gains of more than six per cent in the Atlantic market..."

AIR TRANSPORTATION

Canada

- 1. Air Canada Gift Cards Now Taking Off First Airline in Canada to offer the Gift of Travel through a genuine and convenient Gift Card, May 30, 2013, www.aircanada.ca
- 2. IATA: Global air freight up slightly in April, May 30, 2013, www.americanshipper.com
- 3. Quarterly civil aviation statistics, second quarter 2012, May 31, 2013, www.statcan.gc.ca
- 4. IATA boosts airlines' profit forecast despite challenges, June 3, 2013, www.globeandmail.ca
- 5. Aircraft Movement Statistics: Major airports Annual Report, 2012, June 4, 2013, www.statcan.gc.ca
- 6. WestJet reports record May traffic, June 5 2013, www.westjet.ca
- 7. Air Canada Reports May Load Factor, June 6, 2013, www.aircanada.caa
- 8. Air New Zealand drops price-fixing challenge, June 5, 2013, www.americanshipper.com
- 9. WestJet flies new turboprops over Toronto Island airport in hint that it covets access, June 7, 2013, www.nationalpost.ca
- 10. Aircraft movement statistics: Major airports, April 2013, June 10, 2013, www.statcan.gc.ca
- 11. Air Canada pushes ahead with costcutting, aims to slash pension deficit by 2020Air, June 11, 2013, www.nationalpost.ca
- 12. Responsible, balanced approach for the future of the Pickering Lands ends decades of uncertainty: Lands are being committed for an airport, economic development and a national urban park, June 11, 2013, www.tc.gc.ca
- 13. Air Canada plan to reduce flight attendants on planes likely to fly despite union opposition, June 11, 2013, www.nationalpost.ca
- 14. A Step Toward the Single European Sky, June 11, 2013, www.iata.org
- 15. WestJet Encore gets its ticket to ride, June 12, 2013, www.westjet.ca
- 16. CTA orders WestJet to compensate customers denied boarding, revise rules, June 12, 2013, www.nationalpost.ca

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

8. Air New Zealand drops price-fixing challenge

Air New Zealand has dropped its challenge against the New Zealand Commerce Commission and will plead guilty to price-fixing charges. The carrier had kept up its case while, over time, 10 carriers involved in the commerce commission's investigation, which began in December 2008, pleaded guilty to fixing prices and surcharges on cargo shipments to the country. Most recently, Cathay Pacific Airways, Thai Airways and MASkargo admitted fault, paying \$9.6 million in total for their criminal acts

9. WestJet flies new turboprops over Toronto Island airport in hint that it covets access

WestJet Airlines Ltd. got the keys to its first Bombardier Q400 turboprops in the first week of June 2013 and one of the first things it did was take the aircraft on a flyby over Toronto's Billy Bishop Toronto City airport. The flyby may have been a suggestion that it would like slots at Toronto's downtown airport. The new plane will be used by its subsidiary Encore.

10. Aircraft movement statistics: Major airports, April 2013

Aircraft take-offs and landings at the 93 Canadian airports with NAV CANADA air traffic control towers and flight service stations decreased 1.1% in April 2013 from April 2012. These airports reported 457,265 movements in April 2013.

11. Air Canada pushes ahead with cost-cutting, aims to slash pension deficit by 2020

Air Canada is aiming to eliminate its multibillion-dollar pension solvency deficit by 2020. The launch of its new low-cost carrier, *Rouge* in July 2013, and the addition of new high-density Boeing 777s, would see its capacity grow. Capacity is expected to swell by between 9% and 11% in 2014.

12. Responsible, balanced approach for the future of the Pickering Lands ends decades of uncertainty: Lands are being committed for an airport, economic development and a national urban park

On June 11, 2013, a responsible, balanced approach was unveiled by the Harper government for the development of the federally-owned Pickering Lands, which sets aside land for a future airport, some economic development and the creation of Rouge National Urban Park.

13. Air Canada plan to reduce flight attendants on planes likely to fly despite union opposition

Air Canada has filed for exemption from the present regulations that require one flight attendant for every 40 passengers on its narrow body airlines and to permit it to use one attendant for every 50 passengers. The flight attendant's union opposes such a plan. International regulations permit one flight attendant for every 50 passengers. Reducing the number of flight attendants could reduce cost, improve competitiveness and have a marginal impact on safety.

14. A Step Toward the Single European Sky

The International Air Transport Association (IATA) welcomed European Commission (EC) proposals to strengthen the legislative basis for the Single European Sky (SES). The EC proposals are in response to the failure of European states to make progress toward the SES and its important goals. The efficiencies generated will be a catalyst for jobs and growth—critical to Europe as it struggles to revive its stagnating economy.

15. WestJet Encore gets its ticket to ride

WestJet Encore received its operating authority from the Canadian Transport Agency. This will enable it to commence flying operations. It begins service in Western Canada on June 24, 2013.

16. CTA orders WestJet to compensate customers denied boarding, revise rules

- 17. Agenda for Cooperation Between Airlines and Airports, June 12, 2013, www.iata.org
- 18. Aircraft movement statistics: Small airports, March 2013, June 13, 2013, www.tc.gc.ca
- 19. Agency Decision Orders Swiss International Air Lines to Provide Compensation to Passengers, June 18, 2013, www.cta-otc.gc.ca
- 20. Civil aviation operating statistics, April 2013, June 18, 2013, www.statcan.gc.ca
- 21. Air Canada Named 'Best Airline in North America' in Skytrax Global Survey of More than 18 Million Air Travellers, June 19, 2013, www.aircanada.ca
- 22. News Brief: e-Cargo Conference Calls for Industry Partnerships to Drive Cargo Competitiveness, June 20, 2013, www.iata.org
- 23. Government of Canada invests in safety at North Bay Jack Garland Airport, June 21, 2013, www.tc.gc.ca
- 24. WestJet takes stage for Encore, June 24, 2013, www.westjet.ca
- 25. FedEx's Profit Dropped 23 Percent in FY2013, June 24, 2013, www.joc.com
- 26. Air Canada rouge Service Expands to More Holiday Destinations with 2013-2014 Winter Schedule, June 25, 2013, www.aircanada.ca
- 27. WestJet expands service to Hawaii, June 27, 2013, www.westjet.ca

US

- 1. March 2013 Passenger Airline Employment Down 2.7 Percent from March 2012, May 30, 2013, www.bts.gov
- 2. Airlines Report Two Tarmac Delays Over Three Hours on Domestic Flights, No Tarmac Delay Longer Than Four Hours on International Flights in April, June 13, 2013, www.dot.gov
- 3. March 2013 U.S. Airline System Passengers Up 1.0% from March 2012, June 20, 2013, www.dot.gov
- 4. Largest Airlines [US] Report Smaller Net Loss in 1st Quarter of 2013, June 27, 2013, www.dot.gov

The Canadian Transportation Agency (CTA) says WestJet must provide compensation to customers who are denied boarding on flights to and from Canada. The agency was responding to a complaint alleging that WestJet's international service has several "unreasonable and conflicting" rules for customers denied boarding. It also ordered the Calgary-based airline to revise its rules for international travel. The Agency is banning provisions that exempt WestJet from liability for overbooking a flight.

17. Agenda for Cooperation Between Airlines and Airports

IATA called for a unified agenda between airlines and airports to address the mutual challenges of growth and sustainability. IATA Director General and CEO proposed a unified agenda and partnership between airlines and airports based on: 1. A mutual understanding that long-term sustainability is an issue for both airlines and airports; 2. Recognition that the solution to our common challenges is not to take each other in an Anaconda-like grip to squeeze out every last penny from one another; 3. Working together to help airports find mutually beneficial efficiencies; 4. Removing capacity constraints, particularly in Europe where 98 airports have insufficient capacity and require slot coordination; 5. Seeking opportunities for cooperation to enable process improvements and new value added commercial opportunities such as through providing universal access to Wi-Fi; and 6. Scoping out potential for joint business development.

18. Aircraft movement statistics: Small airports, March 2013

The number of take-offs and landings for 128 airports without air traffic control towers reached 45,128 movements in March 2013. Peterborough, Ontario (3,495 movements) and Goose Bay, Newfoundland and Labrador (2,345 movements) were the most active sites.

19. Agency Decision Orders Swiss International Air Lines to Provide Compensation to Passengers In a decision released on June 18, 2013, the Canadian Transportation Agency ruled on the reasonableness and clarity of the international tariff applied by Swiss International Air Lines (Swiss), and if it was properly

and clarity of the international tariff applied by Swiss International Air Lines (Swiss), and if it was properly applied. This decision is in response to seven complaints alleging that Swiss improperly cancelled on-line purchased tickets. Although the passengers were refunded for the tickets, the Agency has ordered the carrier to: compensate one complainant for all expenses incurred as a result of the cancellation, by July 18, 2013; and allow all other complainants to be transported on the same conditions, at the same price as the ticket originally booked by them, by June 18, 2014.

20. Civil aviation operating statistics, April 2013

Operational data on civil aviation are now available for April, 2013 on the Statistics Canada website.

21. Air Canada Named 'Best Airline in North America' in Skytrax Global Survey of More than 18 Million Air Travellers

Air Canada has been named Best Airline in North America by the Skytrax 2013 World Airline Awards announced at the Paris Air Show. It is the fourth consecutive year Air Canada has been recognized as a leader in North America and ranked among the best airlines in the world. The survey is based on more than 18,000 global passengers.

22. News Brief: e-Cargo Conference Calls for Industry Partnerships to Drive Cargo Competitiveness IATA called for strong partnerships to promote air cargo competitiveness through e-commerce technology at the IATA e-Cargo conference held in Geneva on June 18-19, 2013. The centerpiece of IATA's e-cargo program is the e-freight initiative. E-freight offers the opportunity to improve shipment times by up to 24 hours, and remove 7,800 tonnes of paper documents annually. The efficiency and reliability of shipments will increase as multiple data entry is removed. And regulatory authorities seeking greater security oversight of air freight will also benefit from swifter and more accurate access to electronic information on shipments.

23. Government of Canada invests in safety at North Bay Jack Garland Airport

Government officials announced \$299,892 in funding for two safety improvement projects at the North Bay Jack Garland Airport. The projects include the replacement of a runway sweeper and the rehabilitation of a sand storage building. The new sweeper will ensure the timely and effective removal of snow, slush and ice from runways and taxiways while the rehabilitated sand storage building will protect the sand used for ice control from moisture.

24. West, Jet takes stage for Encore

WestJet on June 24, 2013 launched WestJet Encore, Canada's newest regional airline, with service to Fort St. John, Nanaimo, Vancouver, and Victoria, British Columbia and Saskatoon, Saskatchewan. WestJet Encore features a new fleet of Bombardier Q400 NextGen aircraft.

25. FedEx's Profit Dropped 23 Percent in FY2013

FedEx reported net income in the fourth quarter of fiscal year 2013, ending May 31, 2013, was \$303 million, down from \$550 million in the fourth quarter of the previous year, ending May 31, 2012. The

quarterly drop included an impairment charge of \$100 million to retire 10 aircraft, as well as business realignment costs and aircraft impairment charges. As a result, adjusted net income in the fourth quarter was \$679 million, rising year-over-year from \$634 million. Meanwhile, total quarterly revenue for the transportation company was \$11.4 billion, improving from \$11.0 billion in the same period last year.

26. Air Canada rouge Service Expands to More Holiday Destinations with 2013-2014 Winter Schedule

Air Canada on June 25, 2013 said that growth of its leisure carrier subsidiary, Air Canada rouge, is on track to expand to a total of 23 holiday destinations in the Caribbean, Mexico, Florida and Las Vegas for its 2013-2014 winter season.

27. WestJet expands service to Hawaii

WestJet on June 27, 2013 announced new, daily service between Vancouver and Hawaii Island (Kona) and between Vancouver and Kauai (Lihue), starting December 2013. On December 12, 2013, service between Vancouver and Hawaii Island increases to daily from four times last. Service from Vancouver and Kauai also increases daily.

WATER TRANSPORTATION

1. Canadian fleets expand on Great Lakes

The expansion of Canadian Great Lakes shipping fleets continues. The Montreal-based Fednav Limited announced the planned addition of six new vessels capable of international trade and work on the Great Lakes. Fednav currently operates more than 80 vessels. This announcement was the latest in a string of such announcements since Canada's 2010 repeal of a 25 percent duty on ships built abroad. In August 2011, the Algoma Central Corp. christened the 740-foot-long Algoma Mariner. Seven additional Equinox-class vessels are expected to join the Algoma fleet by the end of 2014. Canada Steamship Lines is also having a new class of vessels built overseas. The Americans are not expanding given the *Jones Act* which requires that all cargo carried must be on American built ships.

2. Government of Canada launches a call for tenders for the new bridge for the St. Lawrence project

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, Minister of the Economic Development Agency of Canada for the Regions of Quebec and Minister of Intergovernmental Affairs, on June 4, 2013 announced that the Government of Canada has launched a call for tenders for the construction of a temporary causeway-bridge between île des Sœurs and Montreal as part of the new bridge for the St. Lawrence project.

3. Port Metro Vancouver releases 2012 Economic Impact Study

On June 4, 2013, Port Metro Vancouver released its 2012 Economic Impact Study, showing a significant increase in the total value of cargo handled annually through the Port. Other findings demonstrate considerable growth in the average port-related wage as well as in the number of full-time positions since the last study, released in 2008.

4. Port of Prince Rupert Authority – Monthly traffic report, May 2013

On June 7, 2013, the Port of Prince Rupert reported its monthly traffic results for May 2013. The total container traffic in terms of TEUs for May 2013 was 41,249, a 10% decline compared to the same month a year earlier (i.e. 46,043 TEUs). Imports declined by 12% and exports declined by 8%. The year-to-date traffic in terms of TEUs (January to May 2013) for 2013 indicates no change compared to the same period a year ago.

5. Drewry says transatlantic trade 'continues to disappoint'

Cargo volumes moving from North America to North Europe picked up in the 2013 first quarter, but are

WATER TRANSPORTATION

Canada

- 1. Canadian fleets expand on Great lakes, June 3, 2013, www.portofmontreal.ca
- 2. Government of Canada launches a call for tenders for the new bridge for the St. Lawrence project, June 4, 2013, www.tc.gc.ca
- 3. Port Metro Vancouver releases 2012 Economic Impact Study, June 4, 2013, www.portvancouver.com
- 4. Port of Prince Rupert Authority Monthly traffic report, May 2013, June 7, 2013, www.rupertport.com
- 5. Drewry says transatlantic trade 'continues to disappoint', June 10, 2013, www.americanshipper.com
- 6. Ship Reform Process Advances in New Zealand, June 13, 2013, www.joc.com
- 7. World's 3 Biggest Shipping Operators Unite, June 18, 2013, www.portofmontreal.ca
- 8. Pacific Northwest Ports Collaborate for Clean Air, June 20, 2013, www.portvancouver.com
- 9. Government of Canada invests in Wood Islands Caribou ferry service, June 21, 2013, www.tc.gc.ca
- 10. Governments of Canada and Nova Scotia invest in safety, June 26, 2013, www.tc.gc.ca

US

1. MARAD Report: Nation's Shipyards Support \$36 Billion in Gross Domestic Product, June 20, 2013, www.dot.gov

"unsustainable due to the austerity measures being taken by most European governments," according to an article in the current edition of Drewry's *Container Insight Weekly*. Changes in trade volumes have a major effect on shipping volumes.

6. Ship Reform Process Advances in New Zealand

The first major reform of regulations governing liner collusion in the Asia-Pacific is expected to be completed in the next nine months after a bill to amend New Zealand's competition rules took another major step toward becoming law.

7. World's 3 Biggest Shipping Operators Unite

The world's three biggest shipping container operators have entered an alliance to reduce fuel consumption and improve service and operations. MSC Mediterranean Shipping Company S.A. and CMA CGM of France will form the P3 alliance with Maersk Line. It will mean "even more efficient and competitive" operations. The alliance will be an independently operated network with 255 vessels and is to start operations next year, depending on regulatory approvals.

8. Pacific Northwest Ports Collaborate for Clean Air

Port Metro Vancouver, the Port of Seattle, the Port of Tacoma, along with regulatory partners on both sides of the border, are updating the 2007 Northwest Ports Clean Air Strategy (NWPCAS) and setting new goals that aim to reduce diesel particulate emissions by 75 per cent per tonne of cargo by 2015, and 80 per cent by 2020.

9. Government of Canada invests in Wood Islands - Caribou ferry service

On June 21, 2013, government officials announced an investment totaling close to \$13 million in the Wood Islands, P.E.I. - Caribou, N.S. ferry service. "Ferries support trade and tourism and connect people and business throughout the region and today's investment will ensure that residents and visitors will continue to benefit from the safe and reliable operation of this ferry service."

10. Governments of Canada and Nova Scotia invest in safety

Government officials on June 26, 2013 announced joint funding for the deployment of an inshore weather buoy at Herring Cove. The data transmitted from the buoy will be used to generate real time, high resolution weather and wave forecasting for the Halifax Port Authority that will help keep mariners safe. Data will also be used for education and scientific research.

RAIL TRANSORTATION

1. Harper Government moves to a more efficient rail freight service The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, on May 30, 2013 welcomed the passage of the *Fair Rail Freight Service Act* Bill by the House of Commons. Once adopted, the *Fair Rail Freight Service Act* will encourage shippers and railways to negotiate service agreements. If these negotiations are not successful, shippers will be able to trigger a fast and efficient arbitration process to establish terms of service through the Canadian Transportation Agency. The goal of the legislation is to encourage railways and shippers to work together. Through enhanced collaboration, shippers and railways can increase the efficiency of the supply chain. The Act will help strengthen the Canadian economy and make Canada more competitive in international trade. The administrative monetary penalty could reach \$100,000 for each violation.

2. Railway Sector, local governments unveil railway proximity guidelines

The Railway Association of Canada (RAC) and the Federation of Canadian Municipalities (FCM) have unveiled brand new land use guidelines and a website intended to promote best practices and awareness about the issues associated with developments near railway operations. Using input from various stakeholders, the updated guidelines address issues concerning noise, vibration and safety and focus on the increasing challenges associated with new residential development.

3. CP Rail freight cars plunge into Ontario river after train derails

RAIL TRANSPORTATION Canada

- 1. Harper Government moves to a more efficient rail freight service, May 30, 2013, www.tc.gc.ca
- 2. Railway Sector, local governments unveil railway proximity guidelines, May 31, 2013, www.ctl.ca
- 3. CP Rail freight cars plunge into Ontario river after train derails, June 3, 2013, www.nationalpost.ca
- 4. Railroads, shippers spar over competitive shipping, June 3, 2013, www.americanshipper.com
- 5. Swimming in profits, Ackman to sell down CP stake, June 3, 2013, www.globeandmail.ca
- 6. Transport Canada releases final report on locomotive voice and video recorders, June 7, 2013, www.tc.gc.ca
- 7. CP Rail names former cabinet minister Prentice to board of directors, June 7, 2013, www.nationalpost.ca
- 8. EC Transport Panel Seeks to Enhance Rail Operations, June 11, 2013, www.joc.com
- 9. CP offers faster Toronto-Calgary intermodal rail service, June 19, 2013, www.americanshipper.com
- 10. North American Intermodal Traffic Reaches Seven-Month High, June 20,

CP says one of the rail cars derailed and as a result struck a trestle bridge near the community of Wanup. The bridge collapsed and a number of cars carrying containers fell into the Wahnapitae River. Canadian Pacific says there is no indication that a freight train derailment east of Sudbury on June 2, 2013 poses a danger to the public or the environment.

4. Railroads, shippers spar over competitive shipping

The American Association of Railroads (AAR) and National Industrial Transportation League (NIT League) in last week of May 2013 sparred over proposed changes in railroad regulation. The AAR, which represents the country's "Class 1," or largest freight railroads, claimed they "could lose revenue up to 80 percent of their entire annual capital budgets if a forced competition scheme" proposed by the NIT League was adopted.

2013, www.joc.com

- 11. CN disappointed with passage of Canadian rail service legislation: CEO, June 21, 2013, www.ctl.ca
- 12. Shippers concerned of possible change to rail cost measure, June 24, 2013, www.americanshipper.com
- 13. Railway carloadings, April 2013, June 25, 2013, www.statcan.gc.ca
- 14. Harper Government's new legislation in place to strengthen rail freight service, June 26, 2013, www.tc.gc.ca
- 15. Shippers still concerned with how effective Bill C-52 will prove in practice, June 27, 2013, www.ctl.ca

5. Swimming in profits, Ackman to sell down CP stake

After sparking a dramatic overhaul at Canadian Pacific Railway Ltd., activist investor Bill Ackman is taking some of his money off the table. Mr. Ackman's Pershing Square Capital Management LP said on June 3, 2013 it plans to sell up to seven million shares in the railway (30% of its holdings) on the open market, a process that will take six to 12 months. The closing price of those shares would be worth \$950-million. The firm acquired most of its stake in late 2011 for a little more than \$1-billion. The price of CP shares has more than tripled in value. In addition, Ackman claimed that their holdings of CP in their portfolio was too large.

6. Transport Canada releases final report on locomotive voice and video recorders

On June 7, 2013, the Government of Canada released a study by the Advisory Council on Rail Safety's Working Group on Locomotive Voice and Video Recorders (LVRs), which calls for the voluntary installation of voice/video recording devices on locomotives by railway companies. It should be noted that VIA Rail has committed to installing voice recorders on all its locomotives.

7. CP Rail names former cabinet minister Prentice to board of directors

Former cabinet minister Jim Prentice has joined Canadian Pacific Railway's board of directors. The Calgary-based railway says the appointment is effective as of June 7, 2013.

8. EC Transport Panel Seeks to Enhance Rail Operations

The European Commission's Transport Council has plans to introduce a single European authority for placing railway vehicles in the European Union market and reinforce the central role of the European Railway Agency. The move follows the EC's proposal to reorganize a rail interoperability directive to enhance Europe-wide rail services by removing technical and administrative obstacles. The directive is part of the Fourth Railway Package adopted by the EC in January 2013, which aims to increase economies of scale for railway undertakings across the EU, decrease administrative costs, accelerate administrative procedures and avoid discrimination.

9. CP offers faster Toronto-Calgary intermodal rail service

Canadian Pacific has launched a new, faster intermodal rail service between Toronto and Calgary, cutting 20 hours from previous schedules.

10. North American Intermodal Traffic Reaches Seven-Month High

North American carload and intermodal volume saw moderate year-over-year increases in the week ending June 15, 2013 according to the Association of American Railroads. North American intermodal volume hit its highest level since October 2012.

11. CN disappointed with passage of Canadian rail service legislation: CEO

Claude Mongeau, president and chief executive officer of CN said he was disappointed with Canadian government rail service legislation that completed passage through Parliament following Senate approval June 21. "It is unfortunate that the government has passed this legislation because it is not consistent with a sound public policy agenda that encourages increased productivity and innovation in Canada," Mongeau said.

12. Shippers concerned of possible change to rail cost measure

Several shipper groups are expressing concerns about the U.S. Surface Transportation Board's proposal to modify the Uniform Rail Costing System (URCS). The URCS is the STB's general purpose costing system that is used to estimate variable and total unit costs for Class I railroads. It's used for several purposes, including determinations on whether a railroad's rates are reasonable.

13. Railway carloadings, April 2013

The Canadian railway industry saw double-digit growth in commodity loadings in April 2013 as freight traffic carried rose 11.0% from the same month in 2012 to 30.2 million tonnes. The growth was spurred by a strong increase in domestic non-intermodal loadings, which helped offset a decline in shipments received from the United States. Intermodal freight loadings increased 2.4% to 2.5 million tonnes. Both containerized cargo shipments and trailers loaded onto flat cars contributed to the gain.

14. Harper Government's new legislation in place to strengthen rail freight service

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, announced on June 26, 2013 that the new *Fair Rail Freight Service Act* is now law. The bill received Royal Assent on June 26. Rail companies in Canada will now be required to offer a service agreement to companies shipping goods by rail, if the shipper requests one. In the event that rail companies and shippers cannot reach an agreement through commercial negotiations, shippers can use the new arbitration process created by this bill to establish the terms of service to which they are entitled. For each violation of an arbitrated service agreement, a penalty of up to \$100,000 could be issued against the rail company by the Canadian Transportation Agency.

15. Shippers still concerned with how effective Bill C-52 will prove in practice

Although pleased with the passing of Bill C-52 as the *Fair Rail Freight Service Act*, shipper groups remain skeptical about how effective the new law will be in actual practice. The shipper group made six recommendations to clarify the amendments but the government did not accept them. Canadian Industrial Transportation Association (CITA) and its member companies will be looking for quick implementation of the third commitment in the government's announcement of March 18, 2011, specifically to: "establish a Commodity Supply Chain Table, involving supply chain partners that ship commodities by rail, to address logistical concerns and develop performance metrics to improve competitiveness".

HIGHWAY TRANSPORTATION

1. Canada and the United States announce first-ever binational border infrastructure investment plan

On May 30, 2013, government officials announced the first-ever joint Canada-United States Border Infrastructure Investment Plan (BIIP). The development and release of this initiative fulfills a commitment made under the 2011 Canada–United States *Beyond the Border Action Plan*. It adopts a collaborative approach to planning.

2. Couriers and Messengers Services Price Index, April 2013

The Couriers and Messengers Services Price Index increased 0.8% in April 2013 compared with March 2013. The courier portion rose 1.1%, while the local messenger component was unchanged. The index increased 3.0% in April 2013 compared with the same month in 2012.

3. Tunnel Boring Begins on Eglinton Crosstown

Ontario is moving forward with the construction of the Eglinton Crosstown LRT -- the province's largest public transit construction project in more than half a century -- to help ease congestion and create thousands of jobs. The new LRT line will run about 19 kilometres along Eglinton Avenue and will include up to 25 stations. More than 10 kilometres, from approximately Keele Street to Laird Avenue, will be underground.

4. Vitran Goes Interline, Partners with Unnamed Carriers

Vitran has announced two new partnerships that it says will improve and expand its services to west coast states. One interline partnership, with a "prominent west coast carrier" will allow Vitran to service customers in California, Arizona, Nevada. Vitran has also partnered with a second carrier to provide transport to Colorado. Names of the partners were not disclosed.

5. Diesel Fuel Taxes Should Go to Roads, Not Transit

The Ontario Trucking Association (OTA) is objecting to the proposal

HIGHWAY TRANSPORTATION Canada

- 1. Canada and the United States announce first-ever binational border infrastructure investment plan, May 30, 2013, www.tc.gc.ca
- 2. Couriers and Messengers Services Price Index, April 2013, May 31, 2013, www.statcan.gc.ca
- 3. Tunnel Boring Begins on Eglinton Crosstown, June 5, 2013, www.mto.gov.on.ca
- 4. Vitran Goes Interline, Partners with Unnamed Carriers, June 10, 2013, www.todaystrucking.ca
- 5. Diesel Fuel Taxes Should Go to Roads, Not Transit, June 11, 2013, www.ontruck.org
- 6. Freight Shipments Fell 1.2% in April from March, June 12, 2013, www.dot.gov
- 7. Trucking Conditions Strong, Rate Increases on Horizon, June 12, 2013, www.todaystrucking.com
- 8. Canada enhances safety of built-in child seats for larger and older children, June 19, 2013, www.tc.gc.ca
- 9. U.S., Canada to expand cargo pre-clearance to Peace Bridge, June 19, 2013, www.americanshipper.com
- 10. Bumper Fiscal 4th Quarter for FedEx, June 19, 2013, www.americanshipper.com
- 11. TransCore's Canadian Freight Index for trucking spot market rebounds in May, June 20, 2013, www.ctl.ca
- 12. Survey: Large and Small carriers Expect Rate Increases, June 20, 2013, www.ontruck.ca
 13. Large Urban Transit, April 2013, June 24, 2013, www.statcan.gc.ca
- 14. Trucks Transported 60.6% of U.S.-NAFTA Trade in April 2013, June 26, 2013,

from Metrolinx for a special 5-cent a litre tax on diesel fuel to help pay for the regional transportation agency's \$20 billion transit plan for the Greater Toronto and Hamilton Area. "The trucking industry believes in paying its fair share for the infrastructure it uses.

www.dot.gov
15. East Coast Truckers Targeting Industry
Labour Issues, June 27, 2013,
www.todaystrucking.com

However, Metrolinx is a transit plan; it does not address the equally compelling need to maintain and upgrade the region's or the province's network of roads, highways and bridges," says OTA's president and CEO, David Bradley. OTA objects to cross-subsidization between transport modes.

6. Freight Shipments Fell 1.2% in April from March

The amount of freight carried by the U.S. for-hire transportation industry fell 1.2 percent in April 2013 from March 2013, declining after five consecutive monthly increases, according to the U.S. Bureau of Transportation Statistics' (BTS) Freight Transportation Services Index (TSI). The April 2013 index level (112.4) was 18.5 percent above the April 2009 low during the most recent recession.

7. Trucking Conditions Strong, Rate Increases on Horizon

FTR's Trucking Conditions Index (TCI) for April 2013 is showing a "strongly favorable environment for trucking," and sitting at 13.8. A reading above 10 means good news for volumes, prices and margins. Those modest rate increases are expected to be driven by volume growth as well as reduced trucking productivity resulting from new and more stringent regulations. The new regulations are forecasted to take a 3 percent bite out of trucking capacity.

8. Canada enhances safety of built-in child seats for larger and older children

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, Minister of the Economic Development Agency of Canada for the Regions of Quebec and Minister of Intergovernmental Affairs, on June 19, 2013 announced changes to safety regulations for built-in child seats that will allow the seats to be designed and tested for use by larger children. These regulations will allow children to continue to use child restraints for a longer period of time, before graduating to booster seats and eventually, to the vehicle's seat belts.

9. U.S., Canada to expand cargo pre-clearance to Peace Bridge

A new test in the Pacific Northwest by U.S. Customs authorities to see how effectively and efficiently southbound trucks from Canada can be pre-cleared before crossing the border is limited to participants in the voluntary FAST security program, but will be open to all truck drivers when the pilot program switches after six months to a major crossing near Niagara Falls, the official in charge of the initiative said.

10. Bumper Fiscal 4th Quarter for FedEx

FedEx secured fourth quarter fiscal year operating profits of \$1.1 billion, an increase of 11 percent over the same period in 2011, the company reported on June 19, 2013. For its full fiscal year ending March 31, FedEx had operating profits of 3.2 billion, marginally lower than the previous year. Fourth quarter revenue was \$11.4 billion, up 3.6 percent year-on-year, while full year revenue was \$44.3 billion, up 3.7 percent on the previous year. FedEx had net income of \$679 m.

11. TransCore's Canadian Freight Index for trucking spot market rebounds in May

TransCore Link Logistics' Canadian Freight Index volume rebounded by 10% percent in May 2013 from the previous month's weak results. May load volumes, however, were 16% percent below results from a year ago.

12. Survey: Large and Small carriers Expect Rate Increases

Transport Capital Partners' latest survey bucks a three-year trend of lowering expectations for volume growth, says the consultancy. More carriers now report expecting volumes for the 2 quarter of 2013 to hold steady. Opinions diverge between larger carriers (over \$25 million in revenues) and smaller carriers.

13. Large Urban Transit, April 2013

In April 2013, total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit systems (80% of total) rose 6.2% from April 2012 to \$267.0 million. Over the same period, ridership levels increased 4.3% to 139.1 million passenger trips.

14. Trucks Transported 60.6% of U.S.-NAFTA Trade in April 2013

The Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation on June 26, 2013 released the April North American Free Trade Agreement (NAFTA) freight numbers showing that trucks carried 60.6 percent of the \$99.0 billion of freight moved in April 2013 between the United States and its NAFTA partners, Canada and Mexico. Trucks were followed by rail at 15.1 percent, vessels at 9.2 percent, pipelines at 6.8 percent and air at 3.8 percent. The surface transportation modes of truck, rail and pipeline carried 82.5 percent of the total NAFTA freight flows. For freight flows between US and Canada, trucks carried 55.2 percent of the \$54.7 billion of freight, followed by rail at 17.2 percent, pipelines at 11.7

percent, vessels at 6.0 percent and air at 4.6 percent. The surface transportation modes of truck, rail and pipeline carried 84.0 percent of the total U.S.-Canada freight flows.

15. East Coast Truckers Targeting Industry Labour Issues

The Atlantic Provinces Trucking Association (APTA) announced on June 27, 2013 that it is in the process of developing a plan to tackle not only the shortage of qualified drivers, but industry issues around training and retention.

GENERAL TRANSPORTATION

Canada

1. Canada Post's Pretax Profit Tied to Sale of Plant

The Canada Post Group of Companies (including Purolator, SCI Group and Innovapost) reported a profit before tax of \$51 million in the first quarter of 2013, compared with a pretax loss of \$73 million in the first quarter of 2012. The significant gain was driven by the sale of a mail processing plant in downtown Vancouver, British Columbia, for \$109 million. If not for the gain from the sale, the Group would have had a quarterly loss before tax of \$58 million. The core Canada Post segment would have reported a loss before tax of \$41 million in the first quarter if not for the sale of the Vancouver plant. Instead, the segment reported a profit before tax of \$68 million, compared with a loss before tax of \$59 million in the same period last year.

2. Federal government invests in infrastructure: Building Canada plan targets roads, bridges and municipal projects

The federal government has committed more funding towards infrastructure under the \$53 billion New Building Canada Plan. "Our Government recognizes that investments in Canada's public infrastructure create jobs, economic growth and provide a high quality of life for families in every city and community across the country," said Minister Lebel.

3. Travel between Canada and other countries, April 2013

Canadian residents took 4.6 million trips to the United States in April 2013, down 2.6% from March 2013. While travel by Canadian residents to the United States declined, travel from Canada to overseas countries increased 2.7% from March 2013 to 798,000 trips.

Canada

- 1. Canada Post's Pretax Profit Tied to Sale of Plant, May 30, 2013, www.joc.com
- 2. Federal government invests in infrastructure: Building Canada plan targets roads, bridges and municipal projects, Jun3 2, 2013, www.ctl.ca
- 3. Travel between Canada and other countries, April 2013, June 19, 2013, www.statcan.gc.ca
- 4. Harper Government highlights ways the Asia-Pacific Gateway is helping increase Canadian exports to fast-growing Asian markets, June 24, 2013, www.tc.gc.ca
- 5. National tourism indicators, first quarter 2013, June 27, 2013, www.statcan.gc.ca

US

Publications

- 1. Port releases 2012 Financial and Sustainability Reports, June 4, 2013, www.portvancouver.com
- 2. Moving Ahead, June 2013, June 7, 2013, www.ca-otc.gc.ca
- 3. Multimodal Transport Indicators June 2013, June 24, 2013, www.bts.gov

4. Harper Government highlights ways the Asia-Pacific Gateway is helping increase Canadian exports to fast-growing Asian markets

The government is undertaking a series of Asia-Pacific Gateway promotional events and meeting with key stakeholders that benefit from this key export facilitation initiative. "With one in five Canadian jobs generated by exports, our government understands that deepening our trade relationships with the largest, most dynamic and fastest-growing markets in the world is vital to the long-term prosperity of workers and families," said Minister Fast. "That is why we are pursuing the most ambitious trade expansion plan in Canada's history and why we will continue to build on the competitive advantages that have made our country the gateway of choice between Asia and North America."

5. National tourism indicators, first quarter 2013

Tourism spending in Canada rose 0.1% in the first quarter of 2013, as higher spending by international visitors in Canada offset lower spending by Canadians at home.