

Transportation Information Update*

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AIR TRANSPORTATION

1. WestJet launches service to Dallas-Fort Worth

On April 29, 2013, WestJet launched non-stop daily service between Calgary and Dallas-for Worth, Texas.

2. Air Canada Supports Keeping the International Civil Aviation Organization's (ICAO) Headquarters in Montreal

Air Canada announced on April 29, 2013 that it supports the efforts made by municipal, provincial and federal governments to convince representatives of the International Civil Aviation Organization (ICAO) to keep its headquarters in Montreal, a city with an international reputation for its expertise in civil aviation, whether in air travel, aeronautics, international organizations or various specialized training programs offered by Montreal universities.

3. Aircraft movement statistics: Small airports, January 2013

The number of take-offs and landings for 124 airports without air traffic control towers reached 35,346 movements in January 2013.

4. IATA: Worldwide air cargo loses steam

After showing relatively strong numbers toward the end of 2012, worldwide air cargo activity is down 1.1 percent for the first three months of 2013, according to recent data by the International Air Transport Association. In the month of March 2013, freight tons carried fell 2.3 percent worldwide, year over year, on a 0.3 percent capacity drop. Net activity declined, when capacity additions were taken into account, in nearly every region of the world except for the Middle East.

5. Passenger Traffic Shows Continued Strength

The International Air Transport Association (IATA) announced global passenger traffic results for March 2013 showing strong demand growth led by emerging markets with all regions showing gains. Total traffic rose 5.9% compared to March 2012.

6. Toronto will fly with leadership in Porter Airlines plan

Porter Airlines has announced its intention to acquire up to 30 new Bombardier C-series jets to serve a number of longer-haul destinations across North American. But before Porter can move down this path, it needs the approval of the Federal Government, the Port Authority and the City of Toronto to allow jets to operate at Billy Bishop Airport and to extend the runway by 168 meters on both ends. The Federal Government likely will support the requests because of the pro-competitive impacts this will have in the Toronto market. The Port Authority also will approve because of the revenue potential. It is expected that this could bring another \$2 billion in benefits to Toronto.

7. WestJet launches Myrtle Beach service

WestJet launched bi-weekly non-stop service between Toronto Pearson airport and Myrtle Beach, South Carolina beginning May 2, 2013.

AIR TRANSPORTATION

Canada

1. WestJet launches service to Dallas-Fort Worth, April 29, 2013, www.westjet.ca
2. Air Canada Supports Keeping the International Civil Aviation Organization's (ICAO) Headquarters in Montreal, April 29, 2013, www.aircanada.ca
3. Aircraft movement statistics: Small airports, January 2013, April 30, 2013, www.statcan.gc.ca
4. IATA: Worldwide air cargo loses steam, April 30, 2013, www.americanshipper.com
5. Passenger Traffic Shows Continued Strength, May 1, 2013, www.iata.org
6. Toronto will fly with leadership in Porter Airlines plan, May 1, 2013, www.nationalpost.ca
7. WestJet launches Myrtle Beach service, May 2, 2013, www.westjet.ca
8. Air Canada Reports First Quarter 2013 Results, May 3, 2013, www.aircanada.ca
9. Air Canada posts loss as demand for high-fare seats wanes, May 2, 2013, www.globeandmail.ca
10. Air Canada Reports Load Factor, May 3, 2013, www.aircanada.ca
11. Minister Fletcher addresses Western Canadian Aviation Forum, stresses the importance of a strong and competitive aviation sector to Canada's economy, May 3, 2013, www.tc.gc.ca
12. WestJet reports record net earnings of 91 million, up 33 percent, May 7, 2013, www.westjet.ca
13. WestJet posts 'best ever' quarter as profit climbs 33 per cent, May 7, 2013, www.globeandmail.ca
14. WestJet reports record load factor of 82.7 percent, May 7, 2013, www.westjet.ca
15. Transport Canada grants WestJet request regarding flight attendant requirements, May 6, 2013, www.tc.gc.ca
16. WestJet's record earnings fail to impress; CEO calls stock drop 'buying opportunity', May 7, 2013, www.nationalpost.ca
17. Air Canada Welcomes Automated Passport Control at YVR to Streamline Travel to the USA, May 7, 2013, www.aircanada.ca
18. Canada continues to align air

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

8. Air Canada Reports First Quarter 2013 Results

Air Canada disclosed its preliminary results for the first quarter of 2013, on May 3, 2013. In sum, these were: Adjusted net loss of \$143 million in the first quarter of 2013 versus an adjusted net loss of \$162 million in the first quarter of 2012; net loss of \$260 million versus a net loss of \$274 million in the first quarter of 2012; operating loss of \$106 million versus an operating loss of \$91 million in the first quarter of 2012; and EBITDAR (earnings before interest, taxes, depreciation, amortization and impairment, and aircraft rent) of \$145 million versus \$174 million in the first quarter of 2012.

9. Air Canada posts loss as demand for high-fare seats wanes

The airline confirmed that the first quarter results fell below expectations. However, its first quarter 2013 losses were less than the losses for the same quarter a year ago (2012). Higher costs associated with delays and deicing due to the winter weather continue to place pressure on revenue.

10. Air Canada Reports April Load Factor

For the month of April 2013, Air Canada reported a system load factor of 82.1 per cent, versus 83.0 per cent in April 2012, a decrease of 0.9 percentage points. System traffic decreased 0.2 per cent on a system-wide capacity increase of 1.0 per cent. Air Canada reports traffic results on a system-wide basis, including regional airlines from which Air Canada purchases capacity.

11. Minister Fletcher addresses Western Canadian Aviation Forum, stresses the importance of a strong and competitive aviation sector to Canada's economy

The Honourable Steven Fletcher, Minister of State (Transport) at the Western Canadian Aviation Forum on May 2-3, 2013 spoke on the theme of *Maximum Velocity – Unleashing the Power of Aviation*. He highlighted the growth and success of Western Canada's air industry and acknowledged the importance of a strong and competitive aviation sector to Canada's economy. He indicated that Canada's aviation sector accounts for approximately 100,000 jobs and \$6 billion in economic activity, and feeds a tourism sector that generates some \$18 billion in annual spending in Canada. He also recognized that Western Canadian airports' provide world-class services.

12. WestJet reports record net earnings of 91 million, up 33 percent

On May 7, 2013, WestJet reported net earnings for the first quarter of 2013 of \$91.1 million up from \$68.3 million for the same quarter a year ago. It marks WestJet's 32 consecutive quarter of profitability.

13. WestJet posts 'best ever' quarter as profit climbs 33 per cent

WestJet Airlines Ltd. reported a record quarterly profit for the first quarter of 2013, beating many analysts' expectations despite tough winter weather. WestJet said it expects the second quarter to continue strongly, despite some dampening factors such as more capacity and expansion costs due to the launch of its regional carrier WestJet Encore beginning in June 2013. The company has also declared a cash dividend of 10 cents a share for the second quarter of 2013, to be paid on June 28, for all shareholders on record on June 12.

14. WestJet reports record load factor of 82.7 percent

Westjet reported its results for April 2013 on May 7, 2013. Its load factor, available seat miles and revenue per passenger were: 82.7 points, 2.013 billion and 1.666 billion. This represented changes of -3.5 points,

emissions measures with the United States, May 8, 2013, www.tc.gc.ca

19. Air Canada to trim \$50-million in costs, May 10, 2013, www.globeandmail.ca

20. WestJet is Canada's most preferred airline, May 10, 2013, www.westjet.ca

21. Remarks of Tony Tyler at the Aviation Fuel Forum in Berlin, May 8, 2013, www.iata.org

22. WestJet Encore brings Brandon aboard, May 13, 2013, www.westjet.ca

23. Largest Airlines Report Reduced Net Loss in 4th Quarter of 2012, May 14, 2013, www.bts.gov

24. Remarks of Tony Tyler at the ATAG Environment Workshop in Montreal, May 14, 2013, www.iata.org

25. Aircraft movement statistics: small airports, February 2013, May 16, 2013, www.statcan.gc.ca

26. Minister Lebel will meet with officials from around the world to promote Montreal as the best city to host ICAO, May 17, 2013, www.tc.gc.ca

27. Aircraft Movement Statistics: Major Airports, March 2013, May 21, 2013, www.statcan.gc.ca

28. Civil aviation operating statistics, March 2013, May 22, 2013, www.statcan.gc.ca

29. Antitrust: Commission renders legally binding commitments from Star alliance members Air Canada, United and Lufthansa on transatlantic air transport passenger market, May 23, 2013, www.europa.eu

30. February 2013 U.S. Airline System Passengers Down 1.2% from February 2012, May 23, 2013, www.bts.gov

31. Framework for an expanded and modernized air transport agreement with Peru, May 22, 2013, www.tc.gc.ca

32. Air Fares, Second Quarter 2012 Final, May 24, 2013, www.statcan.gc.ca

33. Air Canada ordered to boost payout for bumping passengers off flights, May 28, 2013, www.nationalpost.ca

34. Air Freight Growth Stabilizes, May 29, 2013, www.iata.org

35. ICAO signs agreement with Canada, May 29, 2013, www.americanshipper.com

US

1. BTS Releases 4th-Quarter 2012 Air Fare Data; 4th-Quarter 2012 Domestic Air Fare Almost Unchanged from 4th Quarter 2011 (Adjusted for Inflation), May 6, 2013, www.dot.gov

2. US airlines Report No Tarmac Delays Over Three Hours on Domestic Flights, One Longer Than Four Hours on International Flights in March, May 15, 2013, www.dot.gov

7.4% and 3.2% compared to the same month in 2012. President and CEO of Westjet, Gregg Saretsky said ``We are pleased with the continued year-over-year growth in traffic...`

15. Transport Canada grants WestJet request regarding flight attendant requirements

Transport Canada on May 6, 2013 granted permission for WestJet to employ a ratio of one flight attendant for every 50 passenger seats onboard an aircraft. The *Canadian Aviation Regulations* currently require one flight attendant for every 40 passengers present on board an aircraft. However, for certain eligible aircraft configured with up to 50 passenger seats, only one flight attendant is required. This exemption aligns WestJet with international standards as airlines based in the United States and other jurisdictions operate with one flight attendant for every 50 passenger seats, and they are currently flying to and from Canada with this ratio.

16. WestJet's record earnings fail to impress; CEO calls stock drop 'buying opportunity'

Shares in WestJet Airlines Ltd. tumbled sharply on May 7, 2013 despite the company delivering a record first-quarter result for 2013, as fears mounted that its aggressive expansion plans in 2013 would drag on prices and profitability in the coming quarters. WestJet chief executive Gregg Saretsky tried to allay those fears, saying he was comfortable with the carrier's plans to increase its capacity by up to 8.5% this year, including the launch of new regional carrier Encore on June 24, 2013. "Sounds like a buying opportunity to me," Mr. Saretsky said on a conference call when asked about the 7.5% drop in the company's share price.

17. Air Canada Welcomes Automated Passport Control at YVR to Streamline Travel to the USA

On May 7, 2013, Air Canada welcomed the launch of Automated Passport Control (APC) at Vancouver International Airport (YVR), now giving U.S. passport holders options for streamlining their airport travel experience while pre-clearing U.S. Customs at YVR.

18. Canada continues to align air emissions measures with the United States

On May 8, 2013, government officials announced that the Government of Canada is adopting strict environmental standards to reduce air emissions from ships navigating in Canadian waters. These changes further align Canada's air emission standards with the United States. Minister Lebel also announced further measures to prevent other ship-source pollution in Canadian waters.

19. Air Canada to trim \$50-million in costs

Air Canada is hoping to cut \$50-million across the company in the current second 2013 quarter. Calin Rovinescu (in a memo obtained by the *Globe and Mail*) outlined measures to be taken immediately, including a hiring freeze, stopping the use of consultants and further efforts to trim costs with suppliers. On the one hand it is faced with additional costs from the launch of its new regional airline (*Rouge*) and on the other hand it is faced with additional competition from WestJet's new regional carrier (*Encore*) and Porter's plan to fly longer routes from downtown Toronto. Air Canada executives have approved the cost cutting measures in hopes that 2013 will be a profitable year for the airline.

20. WestJet is Canada's most preferred airline

WestJet has been named the most preferred airline and the most trusted airline in a national survey in April 2013 by Leger Marketing.

21. Remarks of Tony Tyler at the Aviation Fuel Forum in Berlin

Tony Tyler, CEO spoke at the Aviation Fuel Forum on May 8, 2013. He indicated that the industry fuel bill totaled \$209 billion in 2012, which was about \$33 billion higher than in 2011. In 2013, the bill is expected to be an additional \$7 billion. Fuel now represents 33% of IATA's operating budget and the consensus forecast in March 2013 was for jet fuel to average \$130 per barrel, which is \$3 more per barrel than in 2008. In recent weeks, IATA has seen some easing of prices, nevertheless, they remain worryingly high when measured against historical averages. His speech addressed several areas where fuel has its impact: safety (contamination problems), supply reliability (refinery closure concerns), environment (reduction in emission goals), aircraft technology (fuel efficient aircraft), and efficiency (efficient use and substitutability when on land for ground power).

22. WestJet Encore brings Brandon aboard

WestJet has begun new daily non-stop service between Brandon, Manitoba and Calgary, Alberta beginning May 13, 2013.

23. Largest Airlines Report Reduced Net Loss in 4th Quarter of 2012

The largest US scheduled passenger airlines reported a net loss of \$145 million in the fourth quarter of 2012, improved from a loss of \$602 million in the fourth quarter of 2011, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on May 14, 2013, in a release of preliminary data.

24. Remarks of Tony Tyler at the ATAG Environment Workshop in Montreal

Tony Tyler, CEO of IATA, on May 14, 2013 at the Workshop in Montreal said that it is focused on achieving challenging targets. These are: a 1.5% average annual improvement in fuel efficiency to 2020; carbon-neutral growth from 2020; and cutting our net emissions in half by 2050 compared to 2005. No industry has a long-term future if it is not sustainable. It is therefore no exaggeration to say that, for aviation, achieving our environment targets are a key element of our license to grow.

25. Aircraft movement statistics: small airports, February 2013

The number of take-offs and landings for 128 airports without air traffic control towers reached 35,880 movements in February 2013. Goose Bay, Newfoundland and Labrador and Peterborough, Ontario were the most active sites.

26. Minister Lebel will meet with officials from around the world to promote Montreal as the best city to host ICAO

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, will meet with officials from member countries of the International Civil Aviation Organization (ICAO) at the International Transport Forum Summit in Leipzig, Germany, to promote the benefits of keeping ICAO's headquarters in Montreal.

27. Aircraft Movement Statistics: Major Airports, March 2013

Aircraft take-offs and landings at the 93 Canadian airports with NAV CANADA air traffic control towers and flight service stations decreased 1.8% in March 2013 from March 2012. These airports reported 448,480 movements in March 2013.

28. Civil aviation operating statistics, March 2013

Civil aviation operating statistics are now available on Statistics Canada's website (www.statcan.gc.ca).

29. Antitrust: Commission renders legally binding commitments from Star alliance members Air Canada, United and Lufthansa on transatlantic air transport passenger market

The European Commission has accepted commitments offered by Air Canada, United and Lufthansa to address the Commission's concerns that the parties' cooperation under a revenue-sharing joint venture may be in breach of EU antitrust rules and harm premium passengers on the Frankfurt-New York route. Premium passengers are passengers travelling in the first, business and flexible economy classes. In order to address these concerns, the parties offered to make slots available at Frankfurt and New York airports and to enter into agreements with competitors, allowing them to offer more attractive services. As a result, competition on the Frankfurt-New York route will improve. After having consulted interested parties through a market test, the Commission has now made these commitments legally binding on the three airlines for a period of ten years.

30. February 2013 U.S. Airline System Passengers Down 1.2% from February 2012

The U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on May 23, 2013 that U.S. airlines carried 52.5 million scheduled systemwide passengers in February 2013, 1.2 percent less than in February 2012. The systemwide decrease was the result of a 1.5 percent decrease in the number of domestic passengers (45.7 million) and a 0.7 percent increase in international passengers (6.8 million).

31. Framework for an expanded and modernized air transport agreement with Peru

On May 22, Prime Minister Stephen Harper announced a framework for an expanded and modernized air transport agreement between Canada and Peru, which reflects growing bilateral relations. This framework is expected to replace the 1955 bilateral Air Transport Agreement. The successful conclusion of negotiations sets the stage for more flights, which will benefit passengers and businesses.

32. Air Fares, Second Quarter 2012 Final

Domestic and international air fares (all types) averaged \$245.30 in the 2012 second quarter, down 1.3% from the second quarter of 2011. During the same period, the average domestic air fare (all types) paid by passengers was \$191.60, down 2.1%. The average international air fare was \$315.70, down 0.8%. Average domestic air fares decreased in 8 of the 10 selected Canadian cities of enplanement in the second quarter compared with the second quarter of 2011.

33. Air Canada ordered to boost payout for bumping passengers off flights

Air Canada passengers who are bumped from overbooked domestic flights are entitled to higher compensation, a federal agency has ruled. The Canadian Transportation Agency has decided that the existing practice of paying \$100 cash or \$200 travel voucher is unreasonable. It has given the airline 30 days to submit new compensation guidelines.

34. Air Freight Growth Stabilizes

The International Air Transport Association (IATA) released figures for air freight markets in April 2013 which showed modest growth of 1.4% compared to April 2012. This small increase helped to offset the 2.6% decline recorded in March 2013 compared to the year-ago period. And it continues an 18-month trend of basically no growth in the cargo markets.

35. ICAO signs agreement with Canada

The International Civil Aviation Organization has signed a new agreement with Canada to keep the agency in its Montreal home through November 2036. The current agreement, signed in 1996, would have expired in 2016. "ICAO is very grateful to Canada and the local Quebec and Montreal governments for their continuing efforts to facilitate the work of our organization and its diplomatic missions," ICAO's secretary general, Raymond Benjamin, said in a statement.

WATER TRANSPORTATION

1. Drewry: Demise of Small Carriers Cuts Competition

The increasing dominance of super-post-Panamax ships in the major east-west trades is forcing smaller, niche carriers out of business on those lanes and raising the barrier to further entries. This means shippers will have less choice on the major trade lanes and will see less price competition, according to Drewry Maritime Research.

2. Prince Rupert Port Authority – Monthly Traffic Results

The Port of Prince Rupert published its monthly traffic results for April 2013 on May 7, 2013. Total TEUs for the month were 43,717, a decline of 5% compared to the same month in 2012 (45,894 TEUs). Notwithstanding the decline for this month, the accumulated traffic from the beginning of 2013 showed an increase of 3% compared to the accumulated traffic for the same period in 2012.

3. Port named to Canada's "Green 30"

Port Metro Vancouver has been named to the 2012 "Green 30" list of Canadian organizations whose employees are most positive about their record on environmental stewardship in May 2013. The list, compiled by Aon Hewitt, is based on employee opinion data collected as part of the annual Best Employers in Canada study and Best Small and Medium Employers study.

4. Harper government supports architectural quality in the design of the new bridge for the St. Lawrence

Government officials announced on May 14, 2013 that the Government of Canada is working with the City of Montreal to ensure the new bridge for the St. Lawrence has architectural quality.

5. Government of Canada practically doubles investment in boating safety

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 May 15, 2013 announced more than \$1.8 million in funding over the next three years for eleven boating safety awareness projects under Transport Canada's *Boating Safety Contribution Program* (BSCP).

6. Port of Montreal open to post-Panamax vessels

The Montreal Port Authority said the Canadian Coast Guard has authorized the passage of vessels up to 44 meters wide in the Quebec-Montreal section of the St. Lawrence navigation channel, which will allow post-Panamax vessels carrying 6,000 TEUs to reach Montreal. Previously, the maximum width of ships allowed to travel in the channel without restrictions was 32.1 meters.

7. Government of Canada invests in Atlantic Gateway efficiency and competitiveness in New Brunswick

On May 16, 2013, government officials announced funding to support safe, secure, efficient and environmentally responsible transportation in New Brunswick. Minister Ashfield said "The Government of Canada is committed to continue working with its provincial and private-sector partners to implement

<p>WATER TRANSPORTATION Canada</p> <ol style="list-style-type: none">1. Drewry: Demise of Small Carriers Cuts Competition, April 29, 2013, www.joc.com2. Prince Rupert Port Authority – Monthly Traffic Results, May 7, 2013, www.rupertport.com3. Port named to Canada's "Green 30", May 8, 2013, www.portvancouver.com4. Harper government supports architectural quality in the design of the new bridge for the St. Lawrence, May 14, 2013, www.tc.gc.ca5. Government of Canada practically doubles investment in boating safety, May 15 2013, www.tc.gc.ca6. Port of Montreal open to post-Panamax vessels, May, 15, 2013, www.americanshipper.com7. Government of Canada invests in Atlantic Gateway efficiency and competitiveness in New Brunswick, May 16, 2013, www.tc.gc.ca8. Drewry says container rates at 15 month low, May 15, 2013, www.americanshipper.com9. FMC proposes OTI reforms, May 17, 2013, www.americanshipper.com10. Study Demonstrates that BC Cruise Ports Continue to be an Economic Hub in Canada, May 15, 2013, www.portvancouver.com
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the Atlantic Gateway and Trade Corridor Strategy, which will help position Atlantic Canada as a key entry point into North America.”

8. Drewry says container rates at 15 month low

Average global freight rates have fallen to a 15-month low, according to Drewry’s new online Container Freight Rate Insight which was launched on May 15, 2013. Drewry said its global freight rate index fell 12 percent in April 2013 to reach its lowest level since February 2012, when container shipping was still recovering from the last ocean carrier price war.

9. FMC proposes OTI reforms

The Federal Maritime Commission (FMC) in the third week of May 2013 voted a proposed reformation of the rules governing ocean transportation intermediaries (OTIs), both domestic and foreign. Under the proposed rule, licensed OTIs, which include non-vessel-operating common carriers (NVOs) and freight forwarders, would have to renew their licenses every two years. Currently, OTIs have no requirement to renew once they have been granted a license.

10. Study Demonstrates that BC Cruise Ports Continue to be an Economic Hub in Canada

The BC port communities of Nanaimo, Port Alberni, Prince Rupert, Victoria and Vancouver will enjoy a total increase of 75% over 2012 in the number of cruise itineraries with two or more calls to BC ports, with cruise lines offering 35 different itineraries in total. Besides the increase, BC ports continue to be the largest cruise region in Canada, accounting for 57% of the Canadian cruise traffic and welcoming nearly 1.2 million passengers in 2012. Vancouver and Victoria are the first and second largest cruise ports in Canada, respectively. The study also found that BC accounted for approximately two thirds of the national economic impacts of the Canadian cruise industry in 2012, with \$1.56 billion in total industry outputs and 12,252 jobs paying \$532 million in wage income. Direct spending by cruise lines, passengers and crew amounted to \$790 million in BC in 2012.

RAIL TRANSPORTATION

1. Harper government launches Rail Safety Week with new funding for railway crossing improvements

The Honourable Steven Fletcher, Minister of State (Transport), on April 29, 2013 launched Rail Safety Week with a multi-million-dollar commitment to improve railway crossings. "A safe and secure national rail transportation system is important to local communities and to Canada's economic well-being," said Minister Fletcher. "While Canada has one of the safest rail systems in the world, improvements can still be made. This \$9.3 million investment of new funding will enhance safety for pedestrians and motorists at 523 locations across the country, and help to save lives."

2. Decrease in the Volume-Related Composite Price Index for Crop Year 2013-2014

The Canadian Transportation Agency has announced a 1.8 percent decrease in the Volume-Related Composite Price Index (VRCPI), which is used in determining the revenue caps for the Canadian National Railway Company (CN) and the Canadian Pacific Railway Company (CP) for the movement of western grain. Decision 161-R-2013 sets the index at 1.2691 for the 2013-2014 crop year beginning August 1, 2013. Essentially an inflation factor, the VRCPI reflects a composite of the forecasted prices for railway labour, fuel, material and capital purchases.

3. Canadian Pacific wary of betting on oil

Canadian Pacific Railway Ltd. isn't sure how long the growth in transporting crude oil by rail will last, so it will stay cautious on its capital spending. The Calgary-based railway's top executives said on May 1, 2013 that it will spend cautiously to upgrade tracks and infrastructure used by crude shipments, even though CP expects its number of carloads of crude to double from 70,000 this year to roughly 140,000 or more in 2015.

4. Canadian Pacific's Improved Cash Flow Accelerates Upgrades

Following a higher than expected 2013 cash flow projection, Canadian

RAIL TRANSPORTATION Canada

1. Harper government launches Rail Safety Week with new funding for railway crossing improvements, April 29, 2013, www.tc.gc.ca
2. Decrease in the Volume-Related Composite Price Index for Crop Year 2013-2014, April 30, 2013, www.cta-otc.gc.ca
3. Canadian Pacific wary of betting on oil, May 1, 2013, www.globeandmail.ca
4. Canadian Pacific's Improved Cash Flow Accelerates Upgrades, May 8, 2013, www.joc.com
5. North American rail traffic up, May 9, 2013, www.joc.com
6. CN tries out liquefied natural gas to power locomotives, May 13, 2013, www.globeandmail.ca
7. CP, CN should consider takeover of Kansas City Southern: analyst, May 14, 2013, www.globeandmail.ca
8. North American intermodal traffic was up year-over-year sixth straight week, May 13, 2013, www.joc.com
9. Unions flag safety concerns at CP Rail as railway ramps up efficiency efforts, May 21, 2013, www.nationalpost.ca
10. 'Get ready to deal with fear': CP Rail chief Harrison fires back at union critics over safety concerns, May 22, 2013, www.nationalpost.ca
11. Minister's Statement on Metrolinx Investment Strategy, May 27, 2013, www.mto.on.gc.ca
12. CN accelerating US\$33-million

Pacific will move some capital spending projects originally planned for 2014 into this year. The Class I railroad will invest an extra \$75 million to \$100 million into its 2013 capital investment program. In December 2012, CP announced 2013 capital spending of up to \$1.1 billion.

upgrade of Wisconsin branch line to accommodate ramped up frac sand production, May 28, 2013, www.cn.ca
13. Railways Carloadings, March 2013, May 29, 2013, www.statcan.gc.ca

5. North American rail traffic up

North American carload and intermodal traffic were up year-over-year in the week ending May 4, 2013 according to the Association of American Railroads. Combined North American carload volume, including all three North American Free Trade Agreement partners, climbed 2 percent from the same week in 2012 to 378,115 carloads and was also up 1.4 percent week-to-week. The total North American carload volume for 2013 year-to-date is 0.8 percent less than the same period in 2012, at 6,647,821 carloads.

6. CN tries out liquefied natural gas to power locomotives

On tracks between Edmonton and Fort McMurray, CN is testing two 3,000-horsepower locomotives retrofitted with engines that run on a fuel mix of 90-per-cent liquefied natural gas and 10-per-cent diesel. The route to the oil sands was chosen partly because of the difficult, rolling terrain and the high-tonnage trains locomotives typically pull on that route.

7. CP, CN should consider takeover of Kansas City Southern: analyst

Desjardins Securities analyst Benoit Poirier says an acquisition of Kansas City Southern, a smaller US based rival, would make a great deal of financial sense for either Canadian Pacific or Canadian National. They would both stand to gain huge economies of scale through a purchase. Shareholders of Kansas City would be rewarded handsomely, too, with a premium to the current stock price of about 20 per cent likely needed to get a deal done.

8. North American intermodal traffic was up year-over-year sixth straight week

North American [US] intermodal traffic was up year-over-year for the sixth consecutive week, according to the Association of American Railroads, in the week ending May 13, 2013. This pushed the volume to the highest level since March 2013.

9. Unions flag safety concerns at CP Rail as railway ramps up efficiency efforts

Concerns are being raised that efforts to improve efficiency at Canadian Pacific Railway Ltd. are contributing to a series of accidents at the railroad in recent months, including two more in the third week of May 2013. The work force has been cut by 4000 workers and questions are being raised by its unions whether this is the cause of the recent accidents.

10. 'Get ready to deal with fear': CP Rail chief Harrison fires back at union critics over safety concerns

In response to suggestions that the recent rail mishaps were a result of a cut back in CP's labour force, Mr Harrison, (CP's CEO) said at a Conference in New York that "Our culture as I see it is about accountability and consequences. People got a job to do, and if they do it well, they're going to be rewarded. That's part of the consequences," "If they don't follow the rules and instructions, and [don't] do what they're supposed to do, they ain't gonna like the consequences," he added. "Now if that's a culture of fear, they better get ready to deal with fear."

11. Minister's Statement on Metrolinx Investment Strategy

On May 27, 2013, Glen Murray, Minister of Transportation and Minister of Infrastructure, released the following statement on the Metrolinx investment strategy: "The Greater Toronto and Hamilton Area (GTHA) is facing a gridlock crisis that is costing our economy an estimated \$6 billion a year and is compromising the quality of life for residents. If not addressed, this problem will continue to grow as our population increases and further burden our economy. We accept the guiding principles of the Metrolinx funding strategy: revenue must be dedicated to specific outcomes; costs and benefits of transit expansion must be fairly distributed; all parts of the GTHA should benefit from transportation infrastructure investments; spending must be transparent; and, projects held to high standards of public accountability. The government will study funding options.

12. CN accelerating US\$33-million upgrade of Wisconsin branch line to accommodate ramped up frac sand production

CN announced on May 28, 2013 that it is accelerating work on the US\$33-million upgrading of its Whitehall Subdivision in Wisconsin to increase car-loading capacity and train velocity for the growing frac sand supply chains of Badger Mining Corporation, Preferred Sands of Wisconsin LLC, Atlas Resin Proppants LLC, and Taylor Frac LLC.

13. Railways Carloadings, March 2013

Canadian railways carried 28.2 million tonnes of freight in March 2013, a 5.3% gain from the same month in 2012. Rail freight loaded in Canada as well as that received from the United States contributed to the increase. Intermodal loadings decreased 4.8% to 2.4 million tonnes. Reduced containerized cargo shipments were the sole factor behind the drop as trailers loaded onto flat cars rose during the month.

HIGHWAY TRANSPORTATION

1. Canadian Freight Index volume surges 24% in March:

TransCore

TransCore's Link Logistics Canadian Freight Index has rebounded from February's 2013 low levels with a 24% increase in month-over-month volume in March. Year-over-year volume remained behind March 2012 levels by 11%.

2. EOBRs will force carriers to deal with driver issues: task force

An electronic onboard recorder (EOBR) mandate in Canada could be the "game-changer" that finally forces forcing some carriers to deal with driver issues, according to the CTA's Blue Ribbon Task Force. "An EOBR mandate, if enforced, would not only enhance highway safety through improved compliance with the hours of service regulations, it would also force more carriers to deal with driver issues."

3. Trucks transported 59% of U.S.-NAFTA trade in February 2013

Trucks carried 59.1 percent of the \$88.4 billion of freight moved in February 2013 between the U.S. and its North American Free Trade Agreement (NAFTA) partners, **Canada and Mexico**, followed by rail at 15.3 percent, vessels at 9.7 percent, pipelines at 7.7 percent and air at 3.6 percent, according to the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation. The surface transportation modes of truck, rail and pipeline carried 82.1 percent of the total NAFTA freight flows. BTS reported that in February 2013, for freight flows with **Canada**, trucks carried 54.4 percent of the \$48.9 billion, followed by rail at 17.0 percent, pipelines at 13.3 percent, vessels at 5.3 percent and air at 4.4 percent. The surface transportation modes of truck, rail and pipeline carried 84.7 percent of the total U.S.-Canada freight flows.

4. Bipolar Bear Market: Trucking Stable but Confidence Wanes

The results of the Ontario Trucking Association's second quarter survey of business conditions in the bellwether sector show motor carriers in the province continue to be uncertain about industry prospects despite recent improvements in volumes. In the survey, which was conducted electronically throughout the month of April 2013, Ontario motor carriers reported increased freight volumes in three of the four lane segments monitored by OTA (intra-Ontario, interprovincial, US southbound, US northbound) in the last three months. But it doesn't appear that the recent boost is translating into confidence that volume will continue to increase during the third and fourth quarters of 2013.

5. Trucking Related Highlights of 2013 Ontario Budget

Ontario Finance Minister Charles Sousa delivered his first budget today entitled "A Prosperous and Fair Ontario." The highlights from a trucking perspective were as follows: 1. A fundamental shift in dedicated taxes when it comes to new transportation and public transit investments, and the revenue that will be raised to pay for them; 2. The province is committing to converting select high-occupancy vehicle (HOV) lanes in the GTHA into high-occupancy toll (HOV/HOT) lanes, in which carpooling drivers would continue to drive

HIGHWAY TRANSPORTATION

Canada

1. Canadian Freight Index volume surges 24% in March: TransCore, April 29, 2013, www.ctl.ca
2. EOBRs will force carriers to deal with driver issues: task force, April 30, 2013, www.ctl.ca
3. Trucks transported 59% of U.S.-NAFTA trade in February 2013, May 1, 2013, www.dot.gov
4. Bipolar Bear Market: Trucking Stable but Confidence Wanes, May 1, 2013, www.cantruck.ca
5. Trucking Related Highlights of 2013 Ontario Budget, May 1, 2013, www.ontruck.com
6. Statement from the Minister of Transportation on The Big Move, May 2, 2013, www.mto.gov.on.ca
7. Truckers: Ontario market still volatile, May 3, 2013, www.americanshipper.com
8. Better Highway Access Coming to Port of Montreal, May 13, 2013, www.todaystrucking.com
9. "Market evolving dramatically" for transportation providers: Day & Ross COO, May 15, 2013, www.ctl.ca
10. North American spot market freight volumes soften in April, May 14, 2013, www.ctl.ca
11. Mullen buys Jay's Moving and Storage, May 17, 2013, www.ctl.ca
12. FedEx Freight Canada opens centre in British Columbia, May 17, 2013, www.joc.com
13. Highway improvements underway in Southwestern Ontario [Eastern Ontario and Greater Toronto Area], May 20, 2013, www.mto.on.gov
14. Smart Transport System Coming for Atlantic Truckers, May 21, 2013, www.todaystrucking.com
15. Large Urban Transit, March 2013, May 23, 2013, www.statcan.gc.ca
16. Transit Alone Not Solution to Ontario Congestion, says Bradley, May 27, 2013, www.todaystrucking.com
17. Major car carriers face price-fixing suit, May 29, 2013, www.joc.com
18. Trucks Transported 60% of U.S.-NAFTA Trade in March 2013, May 29, 2013, www.dot.gov

US

1. Freight Shipments Rose 0.3% in March (2013) from February (2013), May 8, 2013, www.dot.gov

for free, but other drivers would be able to choose to drive in these lanes for a toll (see below for future HOV expansion); 3. The Province plans to move forward with a number of new highway projects; 4. Ontario has withdrawn its tax exemption status for bio- diesel effective April 1 2014; and 5. The budget announced the reduction in auto insurance rates by 15 per cent on average.

6. Statement from the Minister of Transportation on The Big Move

On May 2, 2013, Glen Murray, Minister of Transportation and Minister of Infrastructure, issued the following statement on Metrolinx's *The Big Move* transit plan: "Our government is moving forward with *The Big Move*. This regional strategy for transportation and public transit will unlock gridlock, create jobs and get people and goods moving in the Greater Toronto and Hamilton Area (GTHA). We look forward to the recommendations in Metrolinx's investment strategy on how to pay for these important transit projects..."

7. Truckers: Ontario market still volatile

Uncertainty exists in the Ontario trucking market despite a recent uptick in volumes, according to the Ontario Trucking Association's second-quarter business conditions survey. According to carriers who filled out the April 2013 survey, freight volumes in lane segments covering traffic inside Ontario, between the provinces, and northbound from the United States all increased. The only lane that didn't show a traffic increase was U.S. southbound. Notwithstanding these results, the sentiment of truckers indicated uncertainty about the future.

8. Better Highway Access Coming to Port of Montreal

The Quebec Minister of Transport has signed off on road expansions that will let trucks at the Port of Montreal have easier access to the surrounding highways. L'Assomption Blvd. will be expanded so that trucks can have a direct exit from the port to Highway 40. Highway 25 will gain two new ramps. These two new projects will greatly increase access.

9. "Market evolving dramatically" for transportation providers: Day & Ross COO

Doug Harrison, COO, Day & Ross Transportation Group, at the Supply Chain annual conference in Mississauga on May 15 focused on the evolution of today's transportation provider. Harrison said that some of the old rules have gone by the wayside as carriers look to more global markets. "Our view is that the Canadian market has been slower to change than the global market, and our customers are demanding far more services, more information, more capabilities, than the market was able to provide today."

10. North American spot market freight volumes soften in April

North American spot market freight volumes fell in April, 2013, plunging 16% year-over-year. The drop affected all equipment types, with van volumes declining 20%, reefer loads 10% and flatbed freight dropping 15%, according to the DAT North American Freight Index compiled by TransCore.

11. Mullen buys Jay's Moving and Storage

Mullen Group announced on May 17, 2013 the acquisition of Jay's Moving & Storage in a deal expected to close on June 1, 2013. Jay's, owned by Dennis Doehl and based in Regina, Sask., has been in business since 1964 and operates more than 600 trucks and trailers and 11 full-service terminals, providing LTL transportation services.

12. FedEx Freight Canada opens centre in British Columbia

FedEx Freight Canada, a subsidiary of FedEx, has held an opening ceremony for its new service center for the Vancouver, British Columbia, area. Representing a multi-million dollar investment, the facility, located in Surrey, British Columbia, will connect Western Canada's less-than-truckload industry and customers through north-south, east-west and global shipping lanes. It handles FedEx Freight shipments coast-to-coast through Canada, intra-British Columbia and Alberta, as well as connecting international markets via road delivery and ocean networks, such as the Port of Vancouver. The center, situated on 16.42 acres, became operational in January 2013 and has a capacity of 77 cargo doors.

13. Highway improvements underway in Southwestern Ontario [Eastern Ontario and GTA]

Ontario is making major improvements to the province's highways, roads and bridges, which is supporting more than 20,000 construction jobs across the province and making travel easier for families and businesses.

14. Smart Transport System Coming for Atlantic Truckers

The government of Canada and the province of New Brunswick are each kicking in over \$200,000 to support new projects. The government says funding will streamline and speed up many day-to-day tasks, such as down time spent at inspection stations. The funding will make new technology available to east coast Canadian truckers with new Intelligent Transportation Systems (ITS) projects

15. Large Urban Transit, March 2013

In March 2013, total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit systems (80% of total urban transit) rose 4.7% from March 2012 to \$290.4 million. Over the same period, ridership levels decreased 1.4% to 150.0 million passenger trips.

16. Transit Alone Not Solution to Ontario Congestion, says Bradley

A new transportation plan is calling for fuel tax hikes and other levies in order to put \$20 billion towards transit funding in southern Ontario. While the Ontario Trucking Association (OTA) is supportive of the province's focus on addressing transit concerns, they want to see more support for highway infrastructure. OTA president David Bradley says that the plan, called The Big Move, is too focused on transit and not enough on supporting highway infrastructure. He is cognisant of the diversion argument to transit and therefore less congestion but that presumes that people will give up their cars.

17. Major car carriers face price-fixing suit

An American antitrust litigation firm, has filed a class action against some of the world's largest maritime vehicle shipping companies, alleging price fixing of carrier services, following raids against the carriers by competition authorities in Japan, the European Union and the U.S. Car buyers who shipped vehicles manufactured overseas to the U.S. allege that the defendants conspired to fix shipping prices, resulting in inflated charges, which automobile manufacturers and dealers passed on to buyers and lessees.

18. Trucks Transported 60% of U.S.-NAFTA Trade in March 2013

Trucks carried 60.0 percent of the \$95.6 billion of freight moved in March 2013 between the United States and its North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, followed by rail at 16.5 percent, vessels at 8.1 percent, pipelines at 7.0 percent and air at 3.7 percent, according to the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation. The surface transportation modes of truck, rail and pipeline carried 83.5 percent of the total NAFTA freight flows. For freight flows with Canada, trucks carried 55.1 percent of the \$54.3 billion, followed by rail at 17.9 percent, pipelines at 11.6 percent, vessels at 4.6 percent and air at 4.4 percent. The surface transportation modes of truck, rail and pipeline carried 84.6 percent of the total U.S.-Canada freight flows.

GENERAL TRANSPORTATION

Canada

1. Harper Government highlights the benefits of the *Beyond the Border Action Plan*

On May 6, 2013, government officials addressed the Canadian/American Border Trade Alliance Ottawa Conference on the benefits of and the progress made to date under the *Beyond the Border Action Plan*. "Our government continues to make the implementation of the *Beyond the Border Action Plan* a key priority, and we have made significant progress to date," said Minister Toews. "We are making the border more efficient by strengthening our security and facilitating trade. This will benefit both travellers and businesses."

2. Transport Ministers approve Funding Declaration at International Transport Forum

Ministers from the 54 member countries of the International Transport Forum are calling for more investment in strategic transport infrastructure and services. On May 23, 2013 they officially approved and released the joint Declaration From Ministers on Funding Trans-

port. "Funding transport is a major challenge for transport policy today. The demand for mobility through high-quality transport networks and services is growing fast. Transport infrastructure is much more than asphalt, concrete or steel; it is the backbone of national economies, providing connections for people and goods, access to jobs and services, and enabling trade and economic growth," stated Ministers in the Declaration.

3. Minister Fletcher discusses innovative technology and transportation

The Honourable Steven Fletcher, Minister of State (Transport) on May 27, 2013 addressed Canadian and international delegates and exhibitors at the Intelligent Transportation Systems Society of Canada's (ITS Canada) 16th Annual Conference and General Meeting, May 26-29, 2013. "ITS is a clear example of innovation in action," said Minister Fletcher. "The new and emerging technologies showcased provide exciting solutions to help Canada's transportation sector better move people and goods quickly, efficiently, safely and sustainably."

Canada

1. Harper Government highlights the benefits of the *Beyond the Border Action Plan*, May 6, 2013, www.tc.gc.ca
2. Transport Ministers approve Funding Declaration at International Transport Forum, May 23, 2013, www.ctl.ca
3. Minister Fletcher discusses innovative technology and transportation, May 27, 2013, www.tc.gc.ca

Publications

1. Multimodal Transport Indicators, April 2013, www.bts.gov
2. Competition: Annual report shows how competition policy helps unlock potential of EU Single Market, May 28, 2013, www.europa.eu