

# Transportation Information Update\*

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## AIR TRANSPORTATION

### 1. Air Canada's 2016 Corporate Sustainability Report Affirms Commitment to Responsible Business Practices

Air Canada on October 2, 2017 released the 2016 edition of *Citizens of the world*, the airline's sixth corporate sustainability report. The document details Air Canada's performance during the year in four key areas of sustainability: safety, the environment, employee well-being, and the company's community involvement. Highlights of Air Canada's 2016 CSR activities include: 1) A reduced incidence of Lost Time Injuries (LTIs) by 5.7 per cent, measured by LTIs per 100 full time equivalent employees for Air Canada mainline; 2) A fuel efficiency improvement of 4.3 per cent compared to 2015, with fuel efficiency projects combined saving over 13,800 tonnes of fuel or approximately 44,400 tonnes of CO<sub>2</sub>e (equivalent). Between 1990 and 2016, Air Canada has now improved fleet fuel efficiency by 40 per cent; 3) A completion of negotiations with the last of the company's main Canadian union groups, resulting in labour stability unprecedented for Air Canada and almost unheard of in the airline industry. Air Canada now has ratified, long-term contracts with union groups representing the majority of its 25,000 Canadian-based unionized employees; 4) The Air Canada Foundation donated money and in-kind goods and services, including aircraft for Dreams Take Flight, totaling approximately \$4.5 million.

### 2. The ski season lands in Vermont with Porter Airlines

Porter Airlines resumes winter service to Burlington, Vermont beginning December 21, 2017. Flights will operate twice weekly from Billy Bishop Toronto City Airport to Burlington International Airport until March 27, 2018.

### 3. Canadian Airports Safety Week Underway at Airports Across Canada Next Week

Canada's airports are working together in the first week of October 2017 to promote healthy and safe airports as part of Canadian Airports Safety Week. The initiative is being organized by the Canadian Airports Council (CAC), in collaboration with 29 participating airports across the country. Daniel-Robert Gooch, president of the CAC said "Safety is always the number one priority in aviation. Canadian Airports Safety Week brings thousands of airport workers together in their communities to focus attention on key areas of industry safety."

### 4. Airfreight industry flying high in 2017

The air cargo industry has been experiencing strong growth as the rising e-commerce sector and a stronger global economy have led shippers to increasingly turn to air transport, leaving many questioning how long this trend will continue, and what impact, if any, it will have on the ocean freight market. While air transport provides speed and reliability, consumers continue to increase their expectations for faster and faster delivery times.

## AIR TRANSPORTATION Canada

1. Air Canada's 2016 Corporate Sustainability Report Affirms Commitment to Responsible Business Practices, October 2, 2017, [www.aircanada.ca](http://www.aircanada.ca)
2. The ski season lands in Vermont with Porter Airlines, September 29, 2017, [www.flyporter.com](http://www.flyporter.com)
3. Canadian Airports Safety Week Underway at Airports Across Canada Next Week, September 29, 2017, [www.cacairports.ca](http://www.cacairports.ca)
4. Airfreight industry flying high in 2017, October 2, 2017, [www.americanshipper.com](http://www.americanshipper.com)
5. Dos Mäs? Si, Por Favor!, October 3, 2017, [www.westjet.ca](http://www.westjet.ca)
6. Air Canada partners with Amadeus to support international network and improvements to customer experience, October 5, 2017, [www.aircanada.ca](http://www.aircanada.ca)
7. Strong passenger growth in August, October 5, 2017, [www.iata.org](http://www.iata.org)
8. Double digit demand growth for freight continued in August: IATA, October 4, 2017, [www.iata.org](http://www.iata.org)
9. More than 7% increase in Air Travel Compared to Last Year, October 9, 2017, [www.iata.org](http://www.iata.org)
10. Double digit demand growth for air freight continues in August, October 10, 2017, [www.transportweekly.com](http://www.transportweekly.com)
11. Vancouver getting more island time, October 10, 2017, [www.westjet.ca](http://www.westjet.ca)
12. IATA-WCO Collaboration to Improve Air Cargo Efficiency and Security, October 10, 2017, [www.iata.org](http://www.iata.org)
13. WestJet reports record September load factor of 80.4 per cent, October 12, 2017, [www.westjet.ca](http://www.westjet.ca)
14. Statement by Minister of Transport about a drone incident with a passenger aircraft in Quebec City, October 15, 2016, [www.tc.gc.ca](http://www.tc.gc.ca)
15. WestJet launches Montreal-Boston, October 15, 2017, [www.westjet.ca](http://www.westjet.ca)
16. July 2017 U.S. Airline Traffic Data, October 13, 2017, [www.bts.gov](http://www.bts.gov)
17. E-commerce will transform air freight industry by 2020: Unisys, October 16, 2017, [www.ctl.ca](http://www.ctl.ca)

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

## 5. Dos Màs? Si, Por Favor!

WestJet announced October 3, 2017 that it has expanded its position as the Canadian airline with the most flights to Mexico by adding flights from Calgary and Vancouver to Mexico City. Nonstop, year-round flights will start March 2018 and are vital to further expanding trade and tourism between the two countries.

## 6. Air Canada partners with Amadeus to support international network and improvements to customer experience

Forward-thinking airlines understand that the critical combination of next-generation airline IT systems, along with the best global distribution capabilities and air travel content, are necessary to serve their customers and operate their business successfully. Under a new agreement announced on October 5, 2017 between Amadeus and Air Canada, Canada's largest airline is poised to harness the best of both in support of its business strategy to enhance customer experience, improve profitability and operational performance in support of its growing international network.

## 7. Strong passenger growth in August

The International Air Transport Association (IATA) announced global passenger traffic data for August 2017 showing that demand (measured in total revenue passenger kilometers or RPKs) climbed 7.2% compared to the year-ago period. At the same time, the upward trend in seasonally-adjusted traffic has eased from that seen at the end of 2016. August 2017 capacity (available seat kilometers or ASKs) increased by 6.3%, and load factor climbed 0.7 percentage points to 84.5%, which was just below the record for the month set in 2015.

## 8. Double digit demand growth for freight continued in August: IATA

The International Air Transport Association (IATA) released data for global air freight markets showing that demand, measured in freight tonne kilometers (FTKs), increased by 12.1% in August 2017, compared to the same period a year ago. This was the fifth time in six months of double-digit gains on the previous year's performance. Demand is growing at exceptional speed when compared to the five-year average growth rate of 4.4%. Freight capacity, measured in available freight tonne kilometers (AFTKs), grew by 4.7% year-on-year in August 2017. Demand growth continues to significantly outstrip capacity growth, which is positive for industry load factors, yields, and financial performance. The strong performance of air freight demand corresponds with the pick-up in global trade. World trade volumes grew 4.2% in the first seven months of 2017 compared to 2016, their strongest performance since 2011. This is consistent with rising export orders, which are currently around their highest levels since March 2011, and upbeat business confidence indicators.

## 9. More than 7% increase in Air Travel Compared to Last Year

The International Air Transport Association (IATA) announced industry performance statistics for 2016 showing that system-wide, airlines carried 3.8 billion passengers on scheduled services last year, an increase of 7% over 2015, representing an additional 242 million air trips. This information is included in the 2017 edition of the IATA World Air Transport Statistics (WATS), the yearbook of the airline industry's performance. Once again, airlines in the Asia-Pacific region carried the largest number of passengers. The top five international/regional passenger airport-pairs were almost the same as they were in 2015, and all were within the Asia-Pacific region. Further, the top five domestic passenger airport-pairs were also all in the Asia-Pacific region. Furthermore, Star Alliance maintained its position as the largest airline alliance in 2016 with 38% of total scheduled traffic (in RPK), followed by SkyTeam (33%) and oneworld (29%).

## 10. Double digit demand growth for air freight continues in August

The International Air Transport Association (IATA) says global air freight demand, measured in freight

18. Hamilton locks out with new Las Vegas service, October 17, 2017, [www.westJet.ca](http://www.westJet.ca)

19. August 2017 Airline On-Time Performance, Cancellations, Mishandled Baggage Data Similar to Previous Year, July 2017, October 17, 2017, [www.dot.gov](http://www.dot.gov)

20. 2nd-Quarter 2017 Air Fare Data, October 18, 2017, [www.dot.gov](http://www.dot.gov)

21. Quarterly civil aviation statistics, first quarter 2017, October 23, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)

22. Cargojet and Canada Post extend agreement, October 23, 2017, [www.cfl.ca](http://www.cfl.ca)

23. 2036 Forecast Reveals Air Passengers Will Nearly Double to 7.8 Billion, October 24, 2017, [www.iata.org](http://www.iata.org)

24. Passengers want technology to give them more control over their expenditures, October 24, 2017, [www.iata.org](http://www.iata.org)

25. Air Canada Reports Record Third Quarter 2017 Results, October 25, 2017, [www.aircanada.ca](http://www.aircanada.ca)

26. President Donald Trump and Secretary Elaine L. Chao Announce Innovative Drone Integration Pilot Program, October 25, 2017, [www.dot.gov](http://www.dot.gov)

27. DOT Enters Agreements with Airlines to Increase Availability of Accessible Airport Kiosks and Accessible Airline Mobile Websites, October 25, 2017, [www.dot.gov](http://www.dot.gov)

28. Air Canada establishes automatic share purchase plan, October 27, 2017, [www.aircanada.ca](http://www.aircanada.ca)

29. August 2017 Passenger Airline Employment Data, October 26, 2017, [www.bts.gov](http://www.bts.gov)

30. Monthly civil aviation statistics, August 2017, October 30, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)

31. Aircraft movement statistics: Major airports, August 2017, October 30, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)

32. Government of Canada investing in safety at North Bay Jack Garland Airport, October 27, 2017, [www.tc.gc.ca](http://www.tc.gc.ca)

tonne kilometres (FTKs), increased 12.1 per cent year on year in August 2017, according to Shipping Gazette. This was the fifth time in six months of double-digit gains on the previous year's performance. Demand is growing at exceptional speed when compared to the five-year average growth rate of 4.4 per cent. Freight capacity, measured in available freight tonne kilometres (AFTKs), grew by 4.7 per cent year-on-year in August 2017. Demand growth continues to significantly outstrip capacity growth, which is positive for industry load factors, yields, and financial performance. The strong performance of air freight demand corresponds with the pick-up in global trade.

#### **11. Vancouver getting more island time**

WestJet announced on October 10, 2017 that it will begin operating daily, year-round service from Nanaimo Airport and Comox Valley Airport to Vancouver International Airport on WestJet Encore.

#### **12. IATA-WCO Collaboration to Improve Air Cargo Efficiency and Security**

The International Air Transport Association (IATA) and the World Customs Organization (WCO) announced that IATA's Cargo-XML messaging standard has been fully integrated into WCO's Cargo Targeting System (WCO CTS), a risk assessment tool available to WCO member countries worldwide.

#### **13. WestJet reports record September load factor of 80.4 per cent**

WestJet on October 17, 2017 announced September 2017 traffic results with a load factor of 80.4 per cent an increase of 0.5 percentage points year over year. Revenue passenger miles (RPMs), or traffic, increased 5.9 per cent year over year, and capacity, measured in available seat miles (ASMs), grew 5.3 per cent over the same period. In the third quarter of 2017, the airline flew an all-time record high of 6.5 million guests, a year-over-year increase of 10.7 per cent or approximately 630,000 additional guests. "We are very pleased with our strong traffic growth, as we reported record load factors each month this quarter, which translated into achieving both our highest ever quarterly load factor of 85.7 per cent, and flying an all-time quarterly record number of guests in our 21-year history," said WestJet President and CEO Gregg Saretsky. For the third quarter of 2017, load factor, RPM and ASM increased by 1.7 points, 7.9% and 5.8% to 85.7%, 6.922 billion and 8.077 billion compared to the same quarter in 2016.

#### **14. Statement by Minister of Transport about a drone incident with a passenger aircraft in Quebec City**

The Honourable Marc Garneau, Minister of Transport, on October 15, 2017 made the following statement about a drone incident in Quebec City: "On October 12, 2017, a Skyjet flight was struck by a drone while inbound to Jean Lesage International Airport in Québec City. This is the first time a drone has hit a commercial aircraft in Canada and I am extremely relieved that the aircraft only sustained minor damage and was able to land safely. "Transport Canada is monitoring the situation and is in contact with its transportation partners including Skyjet, the Jean Lesage International Airport and NAV CANADA. My department is in contact with the Service de police de la Ville de Québec and we will cooperate with the Transportation Safety Board should they decide to investigate. "Although the vast majority of drone operators fly responsibly, it was our concern for incidents like this that prompted me to take action and issue [interim safety measures](#) restricting where recreational drones could be flown. I would like to remind drone operators that endangering the safety of an aircraft is extremely dangerous and a serious offence. Anyone who violates the regulations could be subject to fines of up to \$25,000 and/or prison. This applies to drones of any size, used for any purpose. All airports, helipads and seaplane bases are "No Drone Zones" if you do not have permission from Transport Canada. For 2017, to date 1,596 drone incidents have been reported to the department. Of these, 131 are deemed to have been of aviation safety concern.

#### **15. WestJet launches Montreal-Boston**

WestJet on October 15, 2017 announced the start of service between Montreal and Boston. The inaugural flight from Montreal Trudeau International Airport arrives at Boston Logan International Airport this morning, marking the last of three new routes launched by WestJet from Montreal this year

#### **16. July 2017 U.S. Airline Traffic Data**

The U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on October 13, 2017 that U.S. airlines' July systemwide (domestic and international) scheduled service passenger enplanements rose 0.8 percent from June 2016, rising for the seven consecutive month to 71.6 million, to reach a new all-time seasonally-adjusted high.

#### **17. E-commerce will transform air freight industry by 2020: Unisys**

The global air cargo industry will transform by 2020 through "even smarter" warehouses in an effort to capitalize on the e-commerce boom and new alliances that help them better manage increasing capacity, according to a new set of predictions from experts at Unisys Corporation. The air cargo industry is experiencing growth and transformation driven by rapidly increasing capacity supply on passenger flights,

and a shift to small parcel shipments as a result of e-commerce. Unisys believes the following predictions will become reality within the next five years or less: 1) Smart warehouses will become a reality; 2) Drones will be used inside the warehouse; and 3) New alliances between airlines and global distributors will pave the way for long-term revenue optimization.

#### **18. Hamilton lucks out with new Las Vegas service**

WestJet announced on October 17, 2017 that it will begin non-stop service between John C. Munro Hamilton International Airport and McCarran International Airport in Las Vegas, effective December 29, 2017.

#### **19. August 2017 Airline On-Time Performance, Cancellations, Mishandled Baggage Data Similar to Previous Year, July 2017**

The U.S. Department of Transportation (DOT) on October 17, 2017 released its October 2017 Air Travel Consumer Report on air carrier data compiled for the month of August 2017. In August, the reporting carriers posted an on-time arrival rate of 77.1 percent, down from the 77.6 percent on-time rate in August 2016, but up from the 76.9 percent mark in July 2017. The reporting carriers canceled 2.2 percent of their scheduled domestic flights, up from both the 1.4 percent cancellation rate posted in August 2016 and the 1.1 percent rate in July 2017. The U.S. carriers reporting mishandled baggage data posted a mishandled baggage rate of 2.45 reports per 1,000 passengers in August 2017, an improvement over both August 2016's rate of 3.15 and July 2017's rate of 2.79.

#### **20. 2nd-Quarter 2017 Air Fare Data**

The average domestic air fare, adjusted for inflation, decreased to \$356 in the second quarter of 2017, down 0.9 percent from \$359 in the second quarter of 2016 but up 1.2 percent from \$352 in the first quarter of 2017, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on October 18, 2017.

#### **21. Quarterly civil aviation statistics, first quarter 2017**

The number of air carriers increased from 24 in 2016 to 26 in 2017, as two Level III air carriers were promoted to Level II. Total operating revenue for the 26 largest Canadian air carriers increased 7.2% from the first quarter of 2016 to \$5.5 billion in the first quarter of 2017. Total operating expenses grew 8.9% to \$5.3 billion. As a result, net operating income fell 28.7% to \$169.0 million. This amount, combined with a net non-operating income of \$67.3 million, produced a net income of \$236.3 million, down from the net income of \$288.0 million posted in the same quarter in 2016. Canadian Level I and II air carriers spent \$1.1 billion to purchase turbo fuel and they paid \$1.1 billion in wages, salaries and benefits to their 54,011 employees. The average number of employees was up 2.7% over the first quarter of 2016. In the first quarter of 2017, other operating expenses accounted for the largest portion (59.5%) of total operating expenses, followed by turbo fuel expenses (20.4%) and wages, salaries and benefits paid (20.2%).

#### **22. Cargojet and Canada Post extend agreement**

Cargojet announced that they have extended the Initial Term of the Master Services Agreement originally entered into in February 2014 with the Canada Post Group of Companies (CPGOC). The Initial Term of the Agreement continued until March 31, 2022 with three (3) additional thirty-six (36) month renewal terms. The parties have elected to exercise the first thirty-six (36) month renewal term at this time. The term will now continue until March 31, 2025.

#### **23. 2036 Forecast Reveals Air Passengers Will Nearly Double to 7.8 Billion**

The International Air Transport Association (IATA) expects 7.8 billion passengers to travel in 2036, a near doubling of the 4 billion air travelers expected to fly this year. The prediction is based on a 3.6% average Compound Annual Growth Rate (CAGR) noted in the release of the latest update to the association's 20-Year Air Passenger Forecast. "All indicators lead to growing demand for global connectivity. The world needs to prepare for a doubling of passengers in the next 20 years. It's fantastic news for innovation and prosperity, which is driven by air links. It is also a huge challenge for governments and industry to ensure we can successfully meet this essential demand," said Alexandre de Juniac, IATA's Director General and CEO.

#### **24. Passengers want technology to give them more control over their expenditures**

The International Air Transport Association (IATA) announced the results of its 2017 Global Passenger Survey (GPS) which revealed that passengers expect technology to give them more personal control over their travel experience. Based on 10,675 responses from around the globe, the survey provided insight into what passengers want from their air travel experience. Topping the list were: 1) Automation of more airport processes; 2) A single identity token for all travel processes using biometric identification; 3) Real-time

information sent directly to personal devices; 4) More efficient security - without having to remove or unpack personal items; and 5) More seamless border control.

#### **25. Air Canada Reports Record Third Quarter 2017 Results**

Air Canada on October 25, 2017 reported record third quarter 2017 EBITDAR (earnings before interest, taxes, depreciation, amortization, impairment and aircraft rent) of \$1.388 billion compared to the previous record third quarter 2016 EBITDAR of \$1.248 billion, an increase of \$140 million. The airline recorded a record third quarter EBITDAR margin of 28.4 per cent. On a GAAP basis, Air Canada reported record third quarter operating income of \$1.004 billion compared to the previous record third quarter 2016 operating income of \$896 million. Air Canada reported record adjusted net income of \$950 million or \$3.43 per diluted share in the third quarter of 2017 compared to adjusted net income of \$821 million or \$2.93 per diluted share in the third quarter of 2016. The airline reported record third quarter net income of \$1.786 billion or \$6.44 per diluted share compared to net income of \$768 million or \$2.74 per diluted share in the previous year's quarter. Calin Rovinescu, President and Chief Executive Officer said "I am pleased to report that Air Canada delivered its best ever third quarter financial performance."

#### **26. President Donald Trump and Secretary Elaine L. Chao Announce Innovative Drone Integration Pilot Program**

President Donald J. Trump directed U.S. Secretary of Transportation Elaine L. Chao on October 25, 2017 to launch an initiative to safely test and validate advanced operations for drones in partnership with state and local governments in select jurisdictions. The Unmanned Aircraft Systems (UAS) Integration Pilot Program implements a directive signed by President Trump, and the results will be used to accelerate the safe integration of UAS into the national airspace and to realize the benefits of unmanned technology in our economy.

#### **27. DOT Enters Agreements with Airlines to Increase Availability of Accessible Airport Kiosks and Accessible Airline Mobile Websites**

The U.S. Department of Transportation (DOT) announced on October 25, 2017 that it has reached agreements with Alaska Airlines/Virgin America and Spirit Airlines to expand greatly the availability of airport kiosks that will be accessible to individuals with disabilities. DOT also reached an agreement with All Nippon Airways (ANA) to make the airline's mobile website accessible for individuals with disabilities.

#### **28. Air Canada establishes automatic share purchase plan**

Air Canada announced on October 27, 2017 that, in connection with its previously announced normal course issuer bid to purchase for cancellation, up to 22,364,183 Class A variable voting shares and Class B voting shares (collectively the "Shares"), representing 10 per cent of the public float of 223,641,836 Shares as at May 17, 2017 (the "Issuer Bid"), it entered into an automatic share purchase plan (the "Plan") with a designated broker to facilitate the purchase of Shares under the Issuer Bid at times when Air Canada would ordinarily not be permitted to purchase its Shares due to regulatory restrictions or self-imposed blackout periods.

#### **29. August 2017 Passenger Airline Employment Data**

U.S. scheduled passenger airlines employed 3.4 percent more workers in August 2017 than in August 2016, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on October 26, 2017. August was the highest monthly full-time equivalent (FTE) employment total (428,399 FTEs) since January 2005 (430,780) and was the 46th consecutive month that U.S. scheduled passenger airlines' FTEs exceeded the same month of the previous year.

#### **30. Monthly civil aviation statistics, August 2017**

The six Canadian Level I air carriers flew 8.0 million passengers on scheduled and charter services in August 2017, up 8.2% from August 2016. This marks the first month ever that the number of passengers carried has reached this level. Traffic increased 12.1% to 23.0 billion passenger-kilometres in August 2017, while capacity rose 10.6% to 25.7 billion available seat-kilometres. This resulted in a higher passenger load factor in August 2017 (89.6%) than in August 2016 (88.4%), as the increase in demand for travel was stronger than the rise in capacity. Total operating revenue increased 6.5% from the same month a year earlier to a record \$2.3 billion in August.

#### **31. Aircraft movement statistics: Major airports, August 2017**

There were 555,911 aircraft take-offs and landings at the 91 Canadian airports with NAV CANADA air traffic control towers and flight service stations in August, compared with 538,254 movements in August 2016. Itinerant movements (flights from one airport to another) increased in August 2017 on a year-



over-year basis, while local movements (flights that remain in the vicinity of the airport) declined. Itinerant movements rose 5.2% to 416,376 and local movements decreased 2.1% to 139,535.

### **32. Government of Canada investing in safety at North Bay Jack Garland Airport**

Government officials on October 27, 2017 announced the government's \$332,500 investment to replace a grader at the North Bay Jack Garland Airport. This is in addition to \$890,436 announced earlier this year to update essential airfield electrical power systems at the airport. The funding comes from Transport Canada's Airports Capital Assistance Program (ACAP). Since the Program's launch in 1995, the Government of Canada has invested more than \$785.9 million for 904 projects at 182 airports across the country.

## **WATER TRANSPORTATION**

### **1. Container volume surges 18.5pc in Miami**

Port Miami handled 99,546 TEU of containerised cargo in August 2017, 18.5 per cent more than in the same month a year ago, according to recent data from the South Florida seaport. The port attributed the increase in container traffic to the infrastructure investments made to the port's facilities, including the dredging of the channel to 50 feet, a new port access tunnel for trucking in and out of the port, the purchase of four super post-Panamax cranes, and an on-dock rail link, said the port. The infrastructure upgrades totalled US\$1.3 billion and was completed in 2015.

### **2. Container shipping volumes may be held back**

There are concerns that optimism in the container shipping industry buoyed by solid first half earnings may prevent the strict adherence to the fundamentals required to fulfil forecasts that the supply and demand balance will be reached in 2019. There are a high number of containerships scheduled for delivery over the next two years, but ocean liners are confident that increasing trade volume will absorb the slots on this additional tonnage. Although this view is shared by analysts, they say carriers will have to hold the line on capacity management, reported IHS Media.

### **3. Study: Air pollution from ocean vessels increasing lightning strikes over shipping lanes**

Four authors, using 12 years of high-resolution global lightning stroke data, say they've managed to show that lightning density is doubled directly over shipping lanes. A new study recently published in the scientific journal Geophysical Research Letters claims that an increase in lightning strikes occurring over major oceanic shipping lanes is being caused by maritime vessel traffic.

### **4. Cosco forecasts \$410 million profit on higher volume, rates**

Cosco forecasts \$410 million profit on higher volume, rates. The positive forecast from Cosco highlights the continued strength of the market.

### **5. Hydrography, Charting and Wastewater Science**

Investments into the hydrography and charting for safer navigation in British Columbia ports are funded through the \$1.5 billion Oceans Protection Plan, which was announced in November 2016. The plan is creating a world-leading marine safety system that provides economic opportunities for Canadians, while protecting our coastlines and clean water for generations to come.

### **6. New water investments for Canada**

Mariners, Indigenous peoples and coastal communities rely heavily on the hydrographic surveys and charts to keep them safe and make a living. The world is also seeing the effects of pollution and contaminants and this reminds us of the need to preserve our unique, Canadian environment. Under the \$1.5 billion Oceans Protection Plan, the Government of Canada is making navigation safer by delivering

## **WATER TRANSPORTATION**

### **Canada**

1. Container volume surges 18.5pc in Miami, October 2, 2017, [www.transportweekly.com](http://www.transportweekly.com)
2. Container shipping volumes may be held back, October 2, 2017, [www.transportweekly.com](http://www.transportweekly.com)
3. Study: Air pollution from ocean vessels increasing lightning strikes over shipping lanes, October 11, 2017, [www.americanshipper.com](http://www.americanshipper.com)
4. Cosco forecasts \$410 million profit on higher volume, rates, October 11, 2017, [www.joc.com](http://www.joc.com)
5. Hydrography, Charting and Wastewater Science, October 12, 2017, [www.tc.gc.ca](http://www.tc.gc.ca)
6. New water investments for Canada, October 12, 2017, [www.tc.gc.ca](http://www.tc.gc.ca)
7. Port of Long Beach sets record for September, October 12, 2017, [www.transportweekly.com](http://www.transportweekly.com)
8. Port of Montreal – Accumulated container traffic (January to September 2017), October 16, 2017, [www.portofmontreal.ca](http://www.portofmontreal.ca)
9. Transport Canada issues two more fines for not respecting the speed restriction in the Gulf of St. Lawrence, October 16, 2017, [www.tc.gc.ca](http://www.tc.gc.ca)
10. St. Lawrence Seaway sees growth in cargo shipments, October 17, 2017, [www.ctl.ca](http://www.ctl.ca)
11. Port of Prince Rupert Authority – Accumulated Container Traffic: January to September 2017, October 17, 2017, [www.rupertport.com](http://www.rupertport.com)
12. Hong Kong container volume up 7.5pc, October 18, 2017, [www.transportweekly.com](http://www.transportweekly.com)
13. Port of Metro Vancouver – Accumulated Container Traffic: January to September 2017, Oct. 17, 2017, [www.portmetrovancover.com](http://www.portmetrovancover.com)
14. Port authority makes move to protect trade-enabling industrial land through acquisition of three properties in the Lower Mainland, October 18, 2017, [www.portmetrovancover.com](http://www.portmetrovancover.com)
15. Port of Halifax – Accumulated Container Statistics – Year-to-date (January to September 2017), October 19, 2017, [www.portofhalifax.ca](http://www.portofhalifax.ca)
16. 'Massive' overcapacity in box trades in Q4, October 23, 2017,

modern and improved hydrography and charting in key areas. On October 12, 2017, the Honourable Marc Garneau, Minister of Transport announced an investment of close to \$20 million over five years to chart high-profile ports and near-shore areas in British Columbia.

#### **7. Port of Long Beach sets record for September**

Cargo volume continues to break records at the Port of Long Beach, which moved more containers in September 2017 than any September in its history. The 701,619 twenty-foot equivalent units (TEUs) processed in Long Beach for September — up 28.3 percent — also resulted in the Port's best quarter ever. In the third quarter (July, August and September), the Port of Long Beach handled 2,114,306 TEUs, as volumes swelled 15.9 percent over the same period last year.

#### **8. Port of Montreal – Accumulated container traffic (January to September 2017)**

The Port of Montreal reported its traffic results for the first nine months of 2017. Total traffic for this period (January to September) was 1,148,439 TEUs a 6.1% increase compared to the same period in 2016. Total inbound traffic was 559,483 TEUs and total outbound traffic was 588,956. For the third quarter of 2017, total traffic was 395,473 TEUs a 5.76% increase compared to same quarter in 2016 (i.e. 373,916 TEUs). Inbound traffic for the 2017 third quarter was 193,676 TEUs and outbound traffic was 201,797 TEUs.

#### **9. Transport Canada issues two more fines for not respecting the speed restriction in the Gulf of St. Lawrence**

The Government of Canada is determined to have the temporary mandatory slowdown respected by all vessels in the designated area of the Gulf of St. Lawrence to protect marine life. To that effect, Transport Canada issued \$6,000 penalties to the vessels *Crown Princess* and *MV EM KEA* for alleged non-compliance with the temporary mandatory slowdown. The vessel owners have 30 days to pay the penalty or to ask the Transportation Appeal Tribunal of Canada to review the facts of the violation or the amount of the penalty.

#### **10. St. Lawrence Seaway sees growth in cargo shipments**

Year-to-date St. Lawrence Seaway cargo shipments are 14 per cent ahead of 2016 volumes, as marine shipping continues to support the growth of the Canadian and U.S. economies. According to The St. Lawrence Seaway Management Corporation, total cargo tonnage from March 20 to September 30, 2017 reached 24.3 million metric tons—3 million metric tons more compared to the same period in 2016.

#### **11. Port of Prince Rupert Authority – Accumulated Container Traffic: January to September 2017**

The Port of Prince Rupert Authority reported its container traffic (TEUs) for the first nine months of 2017. Total traffic for January to September 2017 was 679,380.25 TEUs a 20% increase from the same period in 2016 (568,431.25). Total imports for January to September 2017 were 389,527.50 TEUs a 15% increase from the same period in 2016 (339,446.00). Total exports for January to September 2017 were 289,852.75 TEUs a 27% increase from the same period in 2016 (228,985.25). Total cruise passenger traffic for this period increased 99% to 13,953 from 7,011.

#### **12. Hong Kong container volume up 7.5pc**

Hong Kong's container volume surged 7.5 per cent in September to 1.84 million TEU compared to 1.71 million TEU in the same month last year, according to statistics from the Hong Kong Maritime and Port Board. Export and import container units surged in September with outbound containers totalling 687,000 TEU, a year-on-year increase of 13.1 per cent. Imports totalled 743,000 TEU, 11.7 per cent higher than in September last year. The world's busiest port Shanghai handled 3.37 million container units last month.

#### **13. Port of Metro Vancouver– Accumulated Container Traffic: January to September 2017**

The Port Metro Vancouver Authority reported its container traffic (TEUs) for the first nine months of 2017. Total traffic for January to September 2017 was 2,414,902 TEUs a 10.5% increase from the same period in 2016 (2,185,955). Total imports for January to September 2017 were 1,279,420 TEUs a 10.5% increase from the same period in 2016 (1,157,329). Total exports for January to September 2017 were 1,135,482 TEUs a 10.4% increase from the same period in 2016 (1,028,625).

[www.transportweekly.com](http://www.transportweekly.com)

17. Drewry: Transatlantic trade sees boost in box volumes, October 23, 2017, [www.americanshipper.com](http://www.americanshipper.com)

18. Traffic at USWC ports rises 6% in August, October 23, 2017, [www.americanshipper.com](http://www.americanshipper.com)

19. No U.S. antitrust violations found in proposed COSCO-OOIL merger, October 24, 2017, [www.americanshipper.com](http://www.americanshipper.com)

20. Rotterdam up 10.1pc in first 9 months, October 25, 2017, [www.transportweekly.com](http://www.transportweekly.com)

21. Traffic along the Suez Canal picks up in 2017, October 25, 2017, [www.transportweekly.com](http://www.transportweekly.com)

22. Halterm International container Terminal commits to investment of \$10 million, boosting Eastern Canada's 'Ultra-capable' terminal facility, October 24, 2017, [www.portofhalifax.ca](http://www.portofhalifax.ca)

23. DP World sees Q3 global container volumes jump 13.3%, October 25, 2017, [www.americanshipper.com](http://www.americanshipper.com)

#### **14. Port authority makes move to protect trade-enabling industrial land through acquisition of three properties in the Lower Mainland**

The Vancouver Fraser Port Authority announced on October 18, 2017 that it has recently completed the purchase of three strategic industrial-zoned properties in Richmond and Port Coquitlam. The acquisitions were made to secure trade-enabling land to support future port growth, facilitate Canada's trade and contribute to our local economy. Large parcels of industrial land are needed in the Lower Mainland for logistics warehouses and distribution centres to ensure the smooth and efficient movement of goods, but the availability of such parcels is declining at an alarming rate. The port authority has long been an advocate for the preservation of trade-enabling industrial land to ensure Canada's trade interests and local jobs are protected.

#### **15. Port of Halifax – Accumulated Container Statistics – Year-to-date (January to September 2017)**

The Port of Halifax released its container statistics (TEUs) for the period January to September 2017. For the first nine months of 2017 total traffic was 419,426 TEUs, a 18.3% increase from the same period in 2016 (i.e. 354,544). For this period, imports were 208,793 TEUs, a 21% increase from the same period in 2016 (i.e. 172,561). Exports were 210,633 TEUs, a 15.7% increase from the same period in 2016 (i.e. 181,983). For the third quarter of 2017 total traffic was 144,775 TEUs a 21.5% increase from the same period in 2016 (i.e. 119,181). For this period, imports were 72,800 TEUs, a 23% increase from the same period in 2016 (i.e. 59,178). Exports were 71,975 TEUs, a 20% increase from the same period in 2016 (i.e. 60,003).

#### **16. 'Massive' overcapacity in box trades in Q4**

SeaIntel Maritime Analysis has raised the alarm that the 2017 fourth quarter will be plagued with "massive" overcapacity, as the container shipping industry has not yet made the capacity cuts traditionally seen in previous years as we enter the slow season. "If the past five years is used as a guide, 25 sailings will have to be blanked on Asia-Europe, while Transpacific will require the blanking of 67 average-sized sailings," SeaIntel said in a statement.

#### **17. Drewry: Transatlantic trade sees boost in box volumes**

Container shipments from North Europe to North America – comprising the United States, Canada and Mexico – rose 4.7 percent year-over-year for the first eight months of 2017, according to statistics from PIERS and CTS, Drewry reported in its latest Container Insight Weekly. The London-based shipping research and consulting firm said the growth can largely be attributed to Mexico's growing demand for auto parts.

#### **18. Traffic at USWC ports rises 6% in August**

The five major container-handling seaports on the U.S. West Coast - Los Angeles, Long Beach, Oakland, Tacoma and Seattle - collectively moved 55,808 more inbound TEUs in August 2017 than they did during the same month in 2016 for a year-over-year gain of 6 percent, according to newly data compiled by the Pacific Merchant Shipping Association (PMSA). However, the data also show that growth was held back by a mere 0.9 percent rise in inbound traffic at the Northwest Seaport Alliance ports – Seattle and Tacoma as well as a 0.6 dip at Oakland.

#### **19. No U.S. antitrust violations found in proposed COSCO-OOIL merger**

U.S. government regulators have found no antitrust violations with the proposed merger between liner carriers COSCO Shipping and Orient Overseas (International) Ltd., according to a joint statement released by the two companies. The applicable period for U.S. antitrust regulators to dispute or raise concerns with the proposed merger offer have expired, meaning that this precondition of the merger agreement "has been fulfilled," the carriers said.

#### **Rotterdam up 10.1pc in first 9 months**

The Port of Rotterdam posted a 10.1 per cent year-on-year increase in container volume in the first nine months of 2017 to 10.2 million TEU, said the Port of Rotterdam Authority. "This has proven a fine quarter for our port statistics," said port authority CEO Allard Castelein.

#### **21. Traffic along the Suez Canal picks up in 2017**

Two years after the opening of the wider and deeper Suez Canal, the US\$8 billion investment has not yet realised the return on investment anticipated by the government in Cairo. Analysis of the earnings the canal generated in 2013 of \$5.1 billion, \$5.5 billion in 2014, \$5.2 billion in 2015, and \$5 billion in 2016 demonstrate that since the opening of the wider canal in August 2015 earnings have not risen significantly. As a matter of fact, earnings declined last year by 3.2 per cent compared to 2015. However, the downward trend reversed itself during 2017. Canal Authority director Mohab Mamish said that in the first nine months of this year earnings rose by 2.2 per cent year on year to reach \$3.86 billion, reported The MediTelegraph



of Genoa, Italy. The number of ships also increased from January to September 2017 by 2.5 per cent year on year to hit 12,934, while tonnage carried was up 4.6 per cent to 781 million tonnes.

## **22. Halterm International container Terminal commits to investment of \$10 million, boosting Eastern Canada's 'Ultra-capable' terminal facility**

Building on increased container traffic through 2016 and the first half of 2017, Halterm International Container Terminal, Eastern Canada's only facility capable to handle 'Ultra' class container vessels (+10,000TEU capacity), will extend its container and reefer handling capabilities, with \$10 million worth of new equipment over the next 12 months. These developments will support the terminal's existing five ship-to-shore crane operation, providing Carriers congestion-free operations over more than a kilometer of quay, at 3 berths between 14-16 metres draft.

## **23. DP World sees Q3 global container volumes jump 13.3%**

Dubai-based port terminal operator DP World Limited handled 52.3 million TEUs across its global portfolio of container terminals in the first nine months of 2017, and increase of 10 percent year-over-year on a reported basis and 9.6 percent on a like-for-like basis, according to recent data. Third quarter growth rates accelerated to 13.5 percent year-over-year on a reported basis and 13.3 percent on a like-for-like basis, the company said.

## **RAIL TRANSPORTATION**

### **1. Antitrust: Commission fines Lithuanian Railways €28 million for hindering competition on rail freight market**

The European Commission has fined Lithuanian Railways (Lietuvos geležinkeliai) an amount of €27 873 000 for hindering competition on the rail freight market, in breach of EU antitrust rules, by removing a rail track connecting Lithuania and Latvia. Commissioner Margrethe Vestager, in charge of competition policy said: "Lithuanian Railways used its control over the national rail infrastructure to penalise competitors in the rail transport sector. The European Union needs a well-functioning rail freight market. It is unacceptable and unprecedented that a company dismantles a public rail infrastructure to protect itself from competition."

### **2. Rail transport reforms benefits citizens and the whole of society**

On October 3, 2017, the Government of Finland replied to the interpellation concerning the current and future state of rail transport submitted by the opposition. The aim of Prime Minister Juha Sipilä's Government is to safeguard public transport services in all of Finland, to enable the creation of new services in different sectors and to increase the opportunities for people to choose the most suitable option for them. The opening of passenger rail transport to competition plays a significant role in achieving these goals in the transport sector. A decision has been made to open rail transport to competition because it has been estimated to lead to better services for train passengers and to benefit the whole society. Considerable savings can also be made in public procurement.

### **3. US traffic up 1.6pc in penultimate week of September**

For the penultimate week in September 2017, total US weekly rail traffic was up 1.6 per cent year on year to 548,204 carloads, reported the American Association of Railroads (AAR). Total carloads for the week ending September 23, 2017 were down two per cent to 263,200 carloads year on year while US weekly intermodal volume was up 5.1 per cent to 285,004 containers and trailers. Five of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included non-metallic minerals, up 3,166 carloads, to 40,718; metallic ores and metals, up 2,528 carloads, to 25,392; and chemicals, up 487 carloads, to 30,669.

### **4. Still no rail service in Churchill as winter approaches**

With winter looming and still no sign of a functioning rail line, some

## **RAIL TRANSPORTATION**

### **Canada**

1. Antitrust: Commission fines Lithuanian Railways €28 million for hindering competition on rail freight market, October 2, 2017, [www.europa.eu](http://www.europa.eu)
2. Rail transport reforms benefits citizens and the whole of society, October 4, 2017, [www.transportweekly.com](http://www.transportweekly.com)
3. US traffic up 1.6pc in penultimate week of September, October 6, 2017, [www.transportweekly.com](http://www.transportweekly.com)
4. Still no rail service in Churchill as winter approaches, October 6, 2017, [www.ctl.ca](http://www.ctl.ca)
5. CP extends reach into the Ohio Valley, expands sales and marketing presence in Asia, October 9, 2017, [www.cpr.ca](http://www.cpr.ca)
6. OmniTRAX issues response to Transport Canada, October 15, 2017, [www.ctl.ca](http://www.ctl.ca)
7. More ocean train departures during the holidays, October 16, 2017, [www.viarail.ca](http://www.viarail.ca)
8. CP reports third quarter diluted EPS of \$3.50, adjusted diluted EPS of \$2.90, raises full-year guidance, October 17, 2017, [www.cpr.ca](http://www.cpr.ca)
9. CP Rail boosts profit on growth in freight revenues, October 17, 2017, [www.globeandmail.ca](http://www.globeandmail.ca)
10. CSX records modest Q3 earnings growth, October 18, 2017, [www.americanshipper.com](http://www.americanshipper.com)
11. Intermodal Benefits Come Into Focus, October 23, 2017, [www.inboundlogistics.com](http://www.inboundlogistics.com)
12. CN reports Q3-2017 net income of C\$958 million, or C\$1.27 per diluted share, October 25, 2017, [www.cn.ca](http://www.cn.ca)
13. CN recognized for leadership on climate change action for ninth straight year, October 25, 2017, [www.cn.ca](http://www.cn.ca)
14. Railway carloadings, August 2017, October 26, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)
15. CN releases sustainability report highlighting its commitment to delivering

people in Churchill, Man., are talking about a blockade to try to force someone - either the federal government or rail line owner Omnitrac - into action.

#### **5. CP extends reach into the Ohio Valley, expands sales and marketing presence in Asia**

Canadian Pacific Railway Limited on October 9, 2017 announced a new partnership with Genesee & Wyoming Inc. and Bluegrass Farms of Ohio that will open up the Ohio Valley to CP customers and further extend CP's reach into key North American markets. CP has an exclusive agreement with Bluegrass Farms of Ohio to use its 90-acre intermodal facility in Jeffersonville, Ohio located strategically on the I-71 corridor with the ability to serve the Columbus, Cincinnati and Dayton markets. The farm consortium will continue to own the facility, and will operate it on behalf of CP. CP has also come to an agreement with G&W, which services the site through its Indiana & Ohio (IORY) line.

#### **6. OmniTRAX issues response to Transport Canada**

OmniTRAX Canada on October 15, 2017 provided the following response to recent actions taken by Transport Canada with respect to the ongoing negotiations regarding the repair and future ownership of the Hudson Bay Railway (HBR): Merv Tweed, President of OmniTRAX Canada, said, "Culminating in the threat of legal action from Transport Canada today, it has become clear to us that the federal government has no intention of constructively solving this problem for Churchill. It appears from their collective indecisiveness, dysfunction and lack of leadership on this critical issue that both Canada and the Province of Manitoba are content to leave Churchill as a remote, fly-in community for the first time in over 100 years." He concludes by saying that "This agreement [with the First Nations and OmniTRAX] now hinges on the federal government and its willingness to provide the requisite approvals and financial support." "While we remain of the view that the best outcome for all concerned is a negotiated sale to the First Nations coalition, based on Transport Canada's actions today, we are now contemplating steps to bring this protracted matter to a close."

#### **7. More ocean train departures during the holidays**

VIA Rail Canada (VIA Rail) has added six departures to its *Ocean* train schedule over the holidays, as part of its dedication to providing better service to the communities along its route. The updated holiday schedule, which runs from December 15, 2017 to January 7, 2018, now offers 28 trains, and an increase in total capacity of 64% over the period.

#### **8. CP reports third quarter diluted EPS of \$3.50, adjusted diluted EPS of \$2.90, raises full-year guidance**

Canadian Pacific Railway Limited on October 17, 2017 announced third-quarter adjusted diluted earnings per share (EPS) of \$2.90, an increase of 6 percent, and revenue growth of 3 percent to \$1.6 billion. On the strength of its operating model, CP produced an operating ratio of 56.7 percent. The third quarter highlights are: 1) Revenue grew 3 percent to \$1.6 billion from \$1.55 billion; 2) Diluted earnings per share rose 50 percent to \$3.50 from \$2.34 and adjusted diluted earnings per share advanced 6 percent to \$2.90 from \$2.73; 3) The operating ratio of 56.7 percent improved by 100 basis points from 57.7 percent; 4) Operating income increased 5 percent to \$690 million from \$657 million; and 5) Cash from operations for the first nine months rose to \$1.45 billion from \$1.32 billion a year earlier, supporting a gain in free cash flow to \$575 million from \$488 million in the same period. CP is revising its 2017 guidance upwards, and now expects adjusted diluted EPS to grow in the double-digits from full-year 2016 adjusted diluted EPS of \$10.29.

#### **9. CP Rail boosts profit on growth in freight revenues**

Canadian Pacific Railway Ltd. boosted its full-year profit forecast on October 17, 2017 amid strong growth in freight revenues. Over all, CP's carloads rose by almost 3 per cent, led by a 36-per-cent rise in carloads of metals, minerals and consumer products and a 19-per-cent increase in potash. Automotive shipments fell by 14 per cent. Energy and chemical carloads, including oil, rose by 12 per cent, CP said. The number of grain carloads, CP's biggest line of business, fell by 5 per cent, compared with the same period a year earlier. Fadi Chamoun, a stock analyst at Bank of Montreal, sees favourable conditions for CP in the coming months. These include increased demand for frac sand, rising container volumes and a possible increase in oil shipments.

responsibly, October 26, 2017, [www.cn.ca](http://www.cn.ca)

16. Irving Oil pleads guilty, fined after probe into 2013 Lac Megantic disaster, October 26, 2017, [www.ctl.ca](http://www.ctl.ca)

17. Norfolk Southern earnings rise 10% in Q3 2017, October 26, 2017, [www.americanshipper.com](http://www.americanshipper.com)

18. Union Pacific Reports Third Quarter 2017 Results, October 26, 2017, [www.up.com](http://www.up.com)

19. CN and Norfolk Southern launch joint interline service, October 27, 2017, [www.ctl.ca](http://www.ctl.ca)

#### **10. CSX records modest Q3 earnings growth**

CSX Corp. reported net earnings of \$459 million for the third quarter of 2017, ticking up 1 percent from the corresponding 2016 period, according to the company's latest financial statements released on October 17, 2017. The Jacksonville, Fla.-based Class I railway's earnings per share (EPS) totaled \$0.51 for the quarter, which investment bank Stifel said was in line with analyst consensus estimates. The railway's EPS for the third quarter of 2016 totaled \$0.48 per share.

#### **11. Intermodal Benefits Come Into Focus**

Following a slow stretch in 2016, intermodal transportation is picking up speed in North America. Total intermodal volume in the second quarter of 2017 was 4.5 percent higher than in Q2 of 2016, according to the Intermodal Association of North America (IANA). That represents the strongest growth in three years, IANA says. The biggest increase came in international intermodal freight; volume rose by 5.6 percent compared with 2016. But North American shippers have been moving more domestic containers and trailers, too. Volume for those boxes increased by 3.2 percent and 3.9 percent, respectively. Today several factors favor intermodal: the price is right; rails keep getting better; intermodal is available across the border; moving is done with precision; rail takes ports inland; and costs are reduced together with carbon footprint.

#### **12. CN reports Q3-2017 net income of C\$958 million, or C\$1.27 per diluted share**

CN on August 25, 2017 reported its financial and operating results for the third quarter ended Sept. 30, 2017. Third quarter 2017 compared to third quarter 2016 were: 1) Net income decreased by one per cent to C\$958 million, while diluted EPS increased by two per cent to C\$1.27. 2) Adjusted net income increased by two per cent to C\$989 million, with adjusted diluted EPS increasing by five per cent to C\$1.31. 3) Operating income increased by four per cent to C\$1,459 million. 4) Revenues increased by seven per cent to C\$3,221 million. 5) Revenue ton-miles (RTMs) increased by 10 per cent and carloadings increased by 11 per cent. 6) Operating expenses increased by 10 per cent to C\$1,762 million. 7) Operating ratio of 54.7 per cent, an increase of 1.4 points. 8) Free cash flow for the first nine months of 2017 was C\$2,321 million, compared with C\$1,743 million for the year-earlier period. Luc Jobin, president and chief executive officer, said: "CN delivered strong third-quarter financial results as we continued to see increased demand across key business segments such as frac sand, intermodal, coal and Canadian grain. I'm proud of what our team has accomplished given the strength and speed of the volume growth we've experienced this year."

#### **13. CN recognized for leadership on climate change action for ninth straight year**

CN has been identified as a global leader in the corporate response to climate change and has been awarded a position on this year's Climate A List by CDP, the non-profit global environmental disclosure platform. CN is among five per cent of companies participating in CDP's climate change program to be featured on the 2017 Climate A List. This is in recognition of CN's actions in the last reporting year to cut emissions, mitigate climate risks and develop the low-carbon economy.

#### **14. Railway carloadings, August 2017**

The volume of rail freight carried in Canada totalled 30.8 million tonnes in August 2017, up 3.2% from the same month last year. Freight originating in Canada increased 1.5% from the same month last year to 27.5 million tonnes. Non-intermodal freight held steady at 293,000 carloads in August 2017. The amount of freight loaded into these cars totalled 24.3 million tonnes, up 0.6% from the same month last year. Intermodal freight loadings rose 7.0% to 214,000 units from August 2016 to August 2017. Freight traffic received from the United States rose 20.8% to 3.3 million tonnes as a result of a 25.0% increase in non-intermodal freight and a 16.7% decline in intermodal freight from the United States.

#### **15. CN releases sustainability report highlighting its commitment to delivering responsibly**

CN on October 26, 2017 issued its sixth sustainability report, Delivering Responsibly, outlining the company's programs and achievements in safety, corporate governance, community involvement, human resources and environmental sustainability. "At CN, running a safe and sustainable railroad is at the core of our business culture," said Luc Jobin, CN president and chief executive officer. "It touches every aspect of what we do enabling us to help build a strong future for our customers, employees and the communities in which we operate."

#### **16. Irving Oil pleads guilty, fined after probe into 2013 Lac Megantic disaster**

Irving Oil has been ordered to pay \$4 million after pleading guilty to 34 counts stemming from the investigation into the 2013 rail disaster in Lac Megantic, Que. The charges under the Transportation of Dangerous Goods Act result from a joint investigation by Transport Canada and the RCMP that was prompted by the deadly train derailment. On July 6, 2013, a train carrying 7.7 million litres of crude oil

sped toward the small Quebec town at 104 km/h before derailing, killing 47 people in the resulting fire and explosions. "Today, we close another chapter in this tragic event," Transportation Minister Marc Garneau wrote in a statement on October 26, 2017. The federal Public Prosecution Service said that a provincial court judge in Saint John, N.B., ordered Irving Oil to pay fines totalling \$400,320. It will also pay nearly \$3.6 million for the implementation of research programs in safety standards under the Transportation of Dangerous Goods Act and its regulations.

#### **17. Norfolk Southern earnings rise 10% in Q3 2017**

Virginia-based Class I railroad operator Norfolk Southern Corp. reported third quarter net income \$506 million, up 10 percent compared to the same three-month period in 2016, according to the company's most recent financial statements released Oct. 25. The increase was driven, the company said, by an 11 percent rise in income from railway operations to \$911 million, which yielded a record quarterly operating ratio of 65.9 percent. Diluted earnings per share (EPS) for the quarter rose 13 percent year-over-year to \$1.75 per share.

#### **18. Union Pacific Reports Third Quarter 2017 Results**

Union Pacific Corporation on October 26, 2017 reported 2017 third quarter net income of \$1.2 billion, or a \$1.50 per diluted share. This compares to \$1.1 billion, or \$1.36 per diluted share, in the third quarter 2016. Operating income totaled \$2.0 billion, up 3 percent and operating ratio was 62.8 percent, up 0.7 points. "During the quarter, our company faced the unprecedented challenge of Hurricane Harvey," said Lance Fritz, Union Pacific chairman, president and chief executive officer. "I want to thank the men and women of Union Pacific who worked tirelessly and heroically to quickly and safely restore our network and operations from the storm and related flooding. Given these challenges, I am pleased with our results and look forward to continuing to build on the foundation provided by our six-track value strategy."

#### **19. CN and Norfolk Southern launch joint interline service**

CN and Norfolk Southern Corporation announced that a new joint interline service initiative is reducing transit times by one to two days for carload traffic between Western Canada and NS destinations in the Eastern United States. This seamless interline service, established in August 2017, allows freight to bypass traditional interchange points in Chicago, in favor of using the most efficient existing CN and NS routes. The service has reduced transit times by up to 48 hours, providing customers more efficient delivery to final destinations.

### **HIGHWAY TRANSPORTATION**

#### **1. Daimler Trucks tests truck platooning on public highways in the U.S.**

As the first commercial vehicle manufacturer in the U.S., Daimler is testing connected trucks in so called platooning operations on public roads in the U.S. [A platoon is a group of vehicles that can travel very closely together, safely at high speed. Each vehicle communicates with the other vehicles in the platoon. There is a lead vehicle that controls the speed and direction, and all following vehicles (which have precisely matched braking and acceleration) respond to the lead vehicle's movement.] In truck platooning connectivity and automated driving improve safety within the vehicle convoys, support drivers and enhance efficiency through closer distances between the connected trucks. With this initiative Daimler Trucks North America is reacting to an increasing customer interest in solutions for automated and connected driving in commercial transport. In a joint effort with fleet customers DTNA is working to understand how platooning technology may impact fleet operations (e.g. dispatch, logistics, driver training). In a joint effort with large fleet customers DTNA will test digitally connected trucks in every day transport business.

#### **2. US Study: Lack of Safe Truck Parking Comes at a Cost**

A study from Oregon State University's College of Engineering has drawn a link between specific types of at-fault truck crashes and inadequate truck parking. The study was conducted over a seven-year period on a 290-mile stretch of Hwy 97, which runs the entire

### **HIGHWAY TRANSPORTATION Canada**

1. Daimler Trucks tests truck platooning on public highways in the U.S., September 29, 2017, [www.ct.ca](http://www.ct.ca)
2. US Study: Lack of Safe Truck Parking Comes at a Cost, September 29, 2017, [www.cantruck.ca](http://www.cantruck.ca)
3. CAT acquires SLH Transport, October 2, 2017, [www.ct.ca](http://www.ct.ca)
4. Total ground costs drop in July: Nulogx, October 2, 2017, [www.ct.ca](http://www.ct.ca)
5. July 2017 North American Freight Numbers, October 4, 2017, [www.dot.gov](http://www.dot.gov)
6. Industry coalition promotes safe cargo packing, handling and transport, October 3, 2017, [www.ct.ca](http://www.ct.ca)
7. FBI Group acquires Consolidated Carriers, October 6, 2017, [www.ct.ca](http://www.ct.ca)
8. USDOT Releases 2016 Fatal Traffic Crash Data, October 6, 2017, [www.dot.gov](http://www.dot.gov)
9. 3PL revenues to reach \$1 trillion by 2022: report, October 6, 2017, [www.ct.ca](http://www.ct.ca)
10. Leading indicator of cross-border traveller volume, September 2017, October 10, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)
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12. Preparing Canada's Road Transportation System for Connectivity and Automation,



north-south distance of the state along the eastern slope of the Cascade Range. It estimates lack of truck parking in the state costs the industry \$75 million.

### **3. CAT acquires SLH Transport**

CAT Holding announced that they have acquired SLH Transport Inc., based in Kingston, Ontario. According to CAT Holding President, Daniel Goyette, "We have been looking for an opportunity like this since the acquisition of Group Express Groupex Inc. in Alexandria in January 2017. The purchase of the assets of SLH fits our model well and gives us an enormous boost in capacity and coverage for North American markets.

### **4. Total ground costs drop in July: Nulogx**

The total cost of ground transportation for Canadian shippers went down 0.5% from June 2017 to July 2017, according to results published by the Canadian General Freight Index (CGFI). The base rate index, which excludes the impact of accessorial charges assessed by carriers, also decreased by 0.8% in July 2017.

### **5. July 2017 North American Freight Numbers**

*U.S.-NAFTA* freight totaled \$89.2 billion as all five major transportation modes carried more freight by value with North American Free Trade Agreement (NAFTA) partners Canada and Mexico in July 2017 compared to July 2016, according to the TransBorder Freight Data released on October 4, 2017 by the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS). From July 2016 to July 2017, the value of *U.S.-Canada* freight flows increased by 5.6 percent to \$44.8 billion as the value of freight on four major modes increased from a year earlier. The value of freight carried on vessel increased by 29.7 percent, pipeline by 26.7 percent, rail by 4.7 percent, and truck by 2.5 percent. Air

decreased by 1.3 percent. Trucks carried 57.9 percent of the value of the freight to and from Canada. Rail carried 15.6 percent followed by pipeline, 10.6 percent; air, 4.6 percent; and vessel, 4.5 percent. The surface transportation modes of truck, rail and pipeline carried 84.1 percent of the value of total *U.S.-Canada* freight flows. **6. Industry coalition promotes safe cargo packing, handling and transport**

Safety improvements throughout the international supply chain can be made through the proper packing, handling and transport of cargo transport units (CTUs), including containers, according to the four bodies making up the industry coalition, and which are responsible for a broad cross-section of the global CTU freight industry. Speaking at a special session of ICHCA International's 65<sup>th</sup> anniversary conference in Las Palmas, Spain on October 3, 2017 a spokesperson from each coalition member – Global Shippers' Forum, ICHCA International, TT Club and World Shipping Council – highlighted the varied challenges the industry faces in achieving such improvements. **7. FBI Group acquires Consolidated Carriers**

The FBI Group announced an agreement to acquire Consolidated Carriers, a non-asset-based freight broker in Markham, Ontario. The transaction closed on Oct. 1, 2017. Consolidated Carriers employees, including owner Wayne McCord, will join The FBI Group and be located at its headquarters in Vaughan, Ontario.

### **8. USDOT Releases 2016 Fatal Traffic Crash Data**

The U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA) on October 6, 2017 released fatal traffic crash data for calendar year 2016. According to NHTSA data, which was collected from all 50 states and the District of Columbia, 37,461 lives were lost on U.S. roads in 2016, an increase of 5.6 percent from calendar year 2015. The number of vehicle miles traveled (VMT) on U.S. roads in 2016 increased by 2.2 percent, and resulted in a fatality rate of 1.18 deaths per 100 VMT - a 2.6 percent increase from the previous year.

### **9. 3PL revenues to reach \$1 trillion by 2022: report**

As an expansion of its annual third-party logistics market analysis released June 2017, Armstrong & Associates, Inc. has developed global logistics cost and third-party logistics (3PL) revenue estimates with projections through fiscal year 2022. Their global 3PL market estimates cover seven major regions comprising 190 countries. In 2016, the global third-party logistics market reached \$802 billion and is on track to exceed \$1.1 trillion in 2022. Global logistics costs were \$8.2 trillion in 2016 and should surpass

October 12, 2017, [www.transportcanada.ca](http://www.transportcanada.ca)

13. Trucking will need to take a holistic approach: analysts, October 12, 2017, [www.todaystrucking.com](http://www.todaystrucking.com)

14. August 2017 Freight Transportation Services Index (TSI), October 12, 2017, [www.dot.gov](http://www.dot.gov)

15. ELDs Will Put Pressure on JIT Supply Chain, October 12, 2017, [www.cantruck.ca](http://www.cantruck.ca)

16. Freight Facts and Figures 2017, October 13, 2017, [www.bts.gov](http://www.bts.gov)

17. Kuehne + Nagel ups profit, revenues in Q3 2017, October 16, 2017, [www.americanshipper.com](http://www.americanshipper.com)

18. ATRI: Increasing Driver Wages and Benefits Outpaced Lower Fuel Costs, October 18, 2017, [www.cantruck.ca](http://www.cantruck.ca)

19. Driver wages up for a second year, October 19, 2017, [www.todaystrucking.com](http://www.todaystrucking.com)

20. Plan underway to supply Churchill with ice road as rail remains knocked out, October 23, 2017, [www.ctl.ca](http://www.ctl.ca)

21. US driver shortage becomes top trucking concern, October 23, 2017, [www.joc.com](http://www.joc.com)

22. August 2017 North American Freight Numbers, October 24, 2017, [www.bts.gov](http://www.bts.gov)

23. Couriers and Messengers Services Price Index, September 2017, October 30, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)

24. Logistics industry expected to reach \$15.5 trillion by 2025, October 30, 2017, [www.transportweekly.com](http://www.transportweekly.com)

25. Cold Cuts: Refrigerated Transport's Global Forecast, October 26, 2017, [www.inboundlogistics.com](http://www.inboundlogistics.com)

\$11.1 trillion in 2022. Globally, the Asia Pacific region is the largest logistics market accounting for 39% of total global logistics costs and 38% of total global 3PL revenues.

#### **10. Leading indicator of cross-border traveller volume, September 2017**

Data indicating the number of US residents entering Canada by automobile in September 2017 through land ports equipped with the automated Integrated Primary Inspection Line (IPIL) system are now available upon request. Data are available by the visitors' state of residence and by province of entry into Canada. The data provide counts of US residents entering Canada through IPIL ports in automobiles licensed in the United States. A traveller's state of residence is estimated from the licence plate of the automobile used to enter Canada.

#### **11. THI acquisition means Consolidated Fastfrate 100% Canadian-owned**

Ron Tepper, Founder and CEO of Tepper Holdings Inc. (THI) and Chairman and CEO of Consolidated Fastfrate Inc. announced on October 10, 2017 that THI has acquired the outstanding Fastfrate shares held by the New York based private equity firm, Fenway Partners.

#### **12. Preparing Canada's Road Transportation System for Connectivity and Automation**

Connectivity and automation are creating new possibilities for innovation to enhance the capacity and competitiveness of Canada's transportation system. Enabled by powerful information technologies, smart infrastructure, and new sources of data, connected and automated vehicles will have far reaching impacts on trade, transportation, and the economy as a whole over the coming decades. Under the Trade and Transportation Corridors Initiative, \$1.725 M over four years will be available for grants and contributions through Transport Canada's Program to Advance Connectivity and Automation in the Transportation System. Transport Canada will fund research, studies and technology evaluations; the development of codes, standards, and guidance materials; and, professional capacity building that will help Canadian jurisdictions prepare for connected and automated vehicles.

#### **13. Trucking will need to take a holistic approach: analysts**

When adding new and emerging technologies to their businesses, fleet should look at their impact on the whole ecosystem of the trucking industry, analysts say. Speaking to a crowd at the Surface Transportation Summit on October 11, 2017, an industry panel emphasized that the future of trucking will not lie in just one or two new technologies. Rick Geller of Marsh Risk Consulting said that technology often depends on other technology, and the successes of incorporating emerging technology depend on three factors: timing, cost for value, and the necessity of replacing the technology that came before it.

#### **14. August 2017 Freight Transportation Services Index (TSI)**

The Freight Transportation Services Index (TSI), which is based on the amount of freight carried by the for-hire transportation industry, reached an all-time monthly high in August 2017, 1.5 percent higher than the previous highest level reached one month earlier in July 2017, according to the U.S. Department of Transportation's Bureau of Transportation Statistics' (BTS). The August 2017 index level (130.7) was 38.0 percent above the April 2009 low during the most recent recession.

#### **15. ELDs Will Put Pressure on JIT Supply Chain**

Just-in-time delivery – the North American supply chain inventory strategy aimed at receiving goods only as they are needed in the production process – is expected to come under pressure once the ELD mandate takes effect in the U.S. and, later Canada. Shippers can expect JIT delivery costs to increase significantly once the ELD mandate hits, simply because they will no longer be able to pressure transportation providers to bend hours of service compliance to meet the tight freight scheduling demands of JIT-based supply chains, reports Fleet Owner.

#### **16. Freight Facts and Figures 2017**

The Bureau of Transportation Statistics (BTS) on October 13, 2017 released *Freight Facts and Figures 2017*. This 12th edition is an in-depth report on the volume and value of freight flows in the United States; the extent, condition, and performance of the physical network over which freight moves; the economic conditions that generate freight movements; the industry that carries freight; and the safety, energy, and environmental implications of freight transportation. Freight Facts and Figures 2017 consists of 70 data tables and 32 figures, including 20 maps.

#### **17. Kuehne + Nagel ups profit, revenues in Q3 2017**

Kuehne + Nagel recorded earnings of CHF 184 million for the third quarter of 2017 and CHF 540 million for the first nine months of the year. Kuehne + Nagel recorded earnings of 184 million Swiss francs (U.S. \$188.7 million) for the third quarter of 2017, up 4 percent from the third quarter of 2016, according to the company's latest financial statements.

#### **18. ATRI: Increasing Driver Wages and Benefits Outpaced Lower Fuel Costs**

The American Transportation Research Institute, which the Canadian Trucking Alliance is a member of, released the findings of its 2017 update to *An Analysis of the Operational Costs of Trucking*. The average marginal cost per mile in 2016 was \$1.59. Key line items that impacted this year's costs include declines in fuel costs of 17 percent from 2015 costs while at the same time driver wages and benefits increased by 5 percent and 18 percent, respectively, over last year's figures.

#### **19. Driver wages up for a second year**

For the second year in a row driver costs were higher than fuel costs as an overall percentage of fleets' operational costs. Driver salaries increased by an average of 5%, and benefits increased by an average of 18% in 2016, the American Transportation Research Institute (ATRI) reports, meanwhile, fuel costs went down by only 17% last year. Those costs impacted the average marginal cost per mile for the year, which was US\$1.59 (approx. CAN\$3.18 per kilometer), ATRI found, up from US\$1.58 (approx. CAN\$3.16 per kilometer) in 2015.

#### **20. Plan underway to supply Churchill with ice road as rail remains knocked out**

Plans are underway to supply Churchill, Man., with an ice road as the rail link that normally provides a lifeline to the community remains out of commission. Mark Kohaykewych, president of Polar Industries, said the company has partnered with the Fox Lake Cree Nation and Churchill-based Remote Area Services to carve out an ice road along the 300 kilometres of wilderness between the end of the working rail line at Gillam, Man., and Churchill.

#### **21. US driver shortage becomes top trucking concern**

Concerns over the supply of truck drivers and the resulting increases in trucking rates will likely grow in the coming months.

#### **22. August 2017 North American Freight Numbers**

U.S.-NAFTA freight totaled \$97.4 billion as all five major transportation modes carried more freight by value with North American Free Trade Agreement (NAFTA) partners Canada and Mexico in August 2017 compared to August 2016, according to the TransBorder Freight Data released on October 24, 2017 by the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS). The 4.6 percent rise from August 2016 is the 10th consecutive month in which the year-over-year value in current dollars of U.S.-NAFTA freight increased from the same month of the previous year. The value of U.S.-Canada freight flows increased by 4.7 percent to \$49.5 billion as the value of freight on four major modes increased from a year earlier, comparing August 2016 to August 2017. The value of freight carried on pipeline increased by 20.0 percent, air by 7.1 percent, truck by 3.4 percent, and rail by 1.1 percent. Vessel decreased by 5.3 percent due in part to a decrease in the volume of mineral fuel shipments. Trucks carried 58.9 percent of the value of the freight to and from Canada. Rail carried 15.9 percent followed by pipeline, 10.3 percent; air, 4.8 percent; and vessel, 3.4 percent. The surface transportation modes of truck, rail and pipeline carried 85.1 percent of the value of total U.S.-Canada freight flows.

#### **23. Couriers and Messengers Services Price Index, September 2017**

The Couriers and Messengers Services Price Index (CMSPI) decreased 0.7% in September 2017, following a 0.4% decline in August 2017. The couriers component was down 1.0%, while the local messengers and local delivery component increased 0.4%. Year-over-year the CMSPI rose 7.2% in September compared with the same month a year earlier. Both the couriers component (+7.7%) and the local delivery component (+4.4%) increased.

#### **24. Logistics industry expected to reach \$15.5 trillion by 2025**

Globally, the logistic industry is expected to reach \$15.5 trillion by 2025, at an average annual growth rate of 7.5per cent. As business worldwide becomes increasingly borderless, companies are seeking to expand their operations and are seeking efficient and reliable movement of goods across international borders.

#### **25. Cold Cuts: Refrigerated Transport's Global Forecast**

Globalization and technological advancements in refrigerated transportation systems and equipment are driving increased demand for temperature-controlled food across the globe. As a result, the refrigerated transport market is projected to reach 3.25 billion tons by 2022, at a compound annual growth rate (CAGR) of 2.5 percent from 2017 to 2022, according to the latest study from market research firm ASDReports.

## GENERAL TRANSPORTATION

### Canada

#### 1. World Bank raises economic forecast for region 6.4pc in 2017

The World Bank has raised its economic growth forecast for developing East Asia and the Pacific for this year and 2018. The bank now expects the developing East Asia and Pacific region, which includes China, to grow 6.4 per cent in 2017 and 6.2 per cent in 2018, reports Hong Kong's South China Morning Post. Its previous forecast in April 2017 was for 6.2 per cent growth in 2017 and 6.1 per cent growth in 2018

#### 2. As Brexit looms, UK exports to EU getting more important

The European Union's importance to British exporting firms appears to be growing, official figures showed on October 10, 2017, a development that could focus the minds of those negotiating the country's exit from the bloc. Figures published by the Office for National Statistics show that exports to the EU rose by 4.1 per cent in the three months to August 2017 from the previous-three-month period, largely through sales of machinery and transport equipment, compared with an 8.8 per cent fall with countries from outside the EU, almost half of which was due to lower fuel exports.

#### 3. New Publications from the OECD

1. Shared Mobility Simulations for Helsinki, October 12, 2017, [www.itf-oecd.org](http://www.itf-oecd.org)
2. Mesurer les avantages socio-économiques des transports, October 2, 2017, [www.itf-oecd.org](http://www.itf-oecd.org)

#### 4. NAFTA: U.S. demands end to supply management in Canadian dairy, poultry, eggs

The United States has lit the fuse on one of Canada's most politically explosive trade issues, asking in NAFTA talks for an end to the supply management system for dairy, chicken, eggs and turkey within the next decade. With that demand, the U.S. has now adopted a highly aggressive posture on virtually all the key issues expected to arise in the current NAFTA talks: it has asked to erect trade barriers in its own politically sensitive sectors, while eliminating them north of the border.

#### 5. Travel between Canada and other countries, August 2017

Just over 2 million *US residents* visited Canada in August 2017 as Canada 150 celebrations continued, 0.8% more than in July 2017 and a 3.9% increase compared with the same month in 2016. Over the first eight months of 2017, the number of US residents travelling to Canada was up 1.5% compared with the same period last year. *Overseas residents* made 541,000 trips to Canada in August 2017, up 0.9% from July and 0.5% higher than in August 2016. This was also the fifth consecutive year-over-year increase for the month of August 2017 and a new record high for the month. From January to August 2017, the number of overseas travellers to Canada was 7.5% higher compared with the same period in 2016. The number of *Canadian residents travelling to the United States* rose 2.0% from July to 3.5 million in August 2017, up 1.4% compared with August 2016. The total number of trips by car to the United States rose by 3.2% compared with July 2017, but was 0.7% lower than in August 2016. Nearly 1.1 million *Canadian residents returned from overseas countries* in August 2017, up 0.9% from July 2017 and 5.6% higher compared with August 2016. This was the highest figure for the month of August since modern record-keeping began in 1972.

#### 6. New Cycling Route Opens in Hamilton

Ontario is making it easier for families to get around the City of Hamilton, with a new cycling route that will make commuting safer and more convenient. The new 2.3 kilometre cycling route is on Bay Street between Aberdeen Avenue and Stuart Street and includes conventional bike lanes, physically separated bike lanes and a contraflow bike lane.

### Canada

1. World Bank raises economic forecast for region 6.4pc in 2017, October 10, 2017, [www.transportweekly.com](http://www.transportweekly.com)
2. As Brexit looms, UK exports to EU getting more important, October 10, 2017, [www.ctl.ca](http://www.ctl.ca)
3. New Publications from the OECD, October 12, 2017, [www.itf-oecd.org](http://www.itf-oecd.org)
4. NAFTA: U.S. demands end to supply management in Canadian dairy, poultry, eggs, October 16, 2017, [www.ctl.ca](http://www.ctl.ca)
5. Travel between Canada and other countries, August 2017, October 19, 2017, [www.statcan.gc.ca](http://www.statcan.gc.ca)
6. New Cycling Route Opens in Hamilton, October 27, 2017, [www.mto.gov.on.ca](http://www.mto.gov.on.ca)