

# Transportation Information Update\*

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## AIR TRANSPORTATION

### 1. WestJet, Delta Air Lines obtain clearance from the Canadian Competition Bureau for transborder joint venture

WestJet and Delta Air Lines on June 27, 2019 announced that their proposed U.S. – Canada transborder joint venture has received clearance under Canada's *Competition Act* from the Canadian Competition Bureau (CCB). The CCB issued a no-action letter confirming that it does not intend to challenge the proposed joint venture agreement between WestJet and Delta Air Lines. Ed Sims, WestJet President and CEO said "Today's clearance by the CCB is an important step towards satisfying the conditions necessary to implement the proposed WestJet-Delta transborder joint venture. We thank the CCB for its timely and thorough review. The joint venture will lead to more consumer choice, connectivity, and economic benefits on both sides of the border by growing U.S.-Canada business and tourism travel."

### 2. Air Canada and Transat A.T. Inc. Conclude Definitive Arrangement Agreement for Combination of the Two Companies

Air Canada and Transat A.T. Inc. announced on June 27, 2019 that they have concluded a definitive Arrangement Agreement that provides for Air Canada's acquisition of all issued and outstanding shares of Transat and its combination with Air Canada. Under the terms of the binding agreement, unanimously approved by the Board of Directors of Transat, Air Canada will acquire all outstanding shares of Transat for \$13 per share. The value of the all-cash transaction is approximately \$520 million. The Transat Board of Directors unanimously approved arrangement and recommended shareholder approval indicating that: 1) The combination of Skytrax Best Airline in North America and Skytrax Best Leisure Airline in the world would create a Montreal-based global leader in leisure, tourism and travel distribution, offering Canadians choices to more destinations and promoting two-way tourism. 2) The Air Transat and Transat brands will be maintained to complement the Air Canada, Air Canada Rouge and Air Canada Vacations brands. 3) The Transat head office and key functions will be preserved in Montreal with made-in-Quebec combination to provide compelling platform for future growth and employment. 4) The purchase of outstanding Transat shares at \$13 per share is subject to regulatory and shareholder approvals. The purchase price represents a premium of 156% over 30-day volume weighted average price (VWAP) of Transat shares and 143% over 90-day VWAP11 prior to Transat's announcement of a potential sale process on April 30, 2019.

### 3. Porter Airlines touches down in Muskoka with inaugural summer service

Porter Airlines celebrated its first flight to Ontario's 'cottage country' on June 27, 2019 with its inaugural flight to Muskoka, one of the world's iconic summer retreats. Passengers enjoyed non-stop service from Billy Bishop Toronto City Airport to Muskoka Airport, and were met by local officials and residents on arrival.

## AIR TRANSPORTATION Canada

1. WestJet, Delta Air Lines obtain clearance from the Canadian Competition Bureau for transborder joint venture, June 27, 2019, [www.westjet.ca](http://www.westjet.ca)
2. Air Canada and Transat A.T. Inc. Conclude Definitive Arrangement Agreement for Combination of the Two Companies, June 27, 2019, [www.aircanada.ca](http://www.aircanada.ca)
3. Porter Airlines touches down in Muskoka with inaugural summer service, June 27, 2019, [www.flyporter.com](http://www.flyporter.com)
4. Monthly civil aviation statistics, April 2019, June 27, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
5. Aircraft movement statistics: Major airports, April 2019, June 27, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
6. Air Canada Inaugurates service to Sydney, Nova Scotia from Montreal, June 28, 2019, [www.aircanada.ca](http://www.aircanada.ca)
7. Canadians to benefit from new and expanded air transport agreements with Ecuador, Tunisia and Grenada, July 2, 2019, [www.tc.gc.ca](http://www.tc.gc.ca)
8. Air Canada Relaunches its Award-Winning enRoute In-flight Magazine, July 2, 2019, [www.aircanada.ca](http://www.aircanada.ca)
9. May Air Freight Volumes Remain Weak, July 2, 2019, [www.iata.ca](http://www.iata.ca)
10. Passenger Demand Stays Solid but the Trend has Slowed, July 4, 2019, [www.iata.org](http://www.iata.org)
11. Government of Canada investing in safety at the Fort Smith Airport, July 3, 2019, [www.tc.gc.ca](http://www.tc.gc.ca)
12. Government of Canada investing in safety at the Kamloops Airport, July 3, 2019, [www.tc.gc.ca](http://www.tc.gc.ca)
13. Air Canada to Launch Daily Non-Stop, Year-Round Calgary-Terrace Service; Increases Capacity on Key Regional Routes, July 3, 2019, [www.aircanada.ca](http://www.aircanada.ca)
14. Air Canada Announces Increased Capacity and Enhanced Services to Atlantic Canada, July 3, 2019, [www.aircanada.ca](http://www.aircanada.ca)
15. Taste The Fine Wine Of The Bordeaux Region With Air Canada's New Seasonal Service From Montreal, July 4, 2019, [www.aircanada.ca](http://www.aircanada.ca)
16. Air cargo volumes drop globally in May against 2018, July 5, 2019, [www.transportweekly.com](http://www.transportweekly.com)
17. Air Canada Launches One-of-a-Kind Pop Up YYCaesar Bar in Calgary This Week, July 5, 2019, [www.aircanada.ca](http://www.aircanada.ca)
18. Mergers: Commission approves the acquis-

\* The news indicated from the citations is those of the authors and not of Industry Canada or the CTRF.

#### **4. Monthly civil aviation statistics, April 2019**

The six Canadian Level I air carriers flew 7.1 million passengers on scheduled and charter services in April 2019, up 4.6% from April 2018 and continuing the upward year-over-year monthly trend that began in April 2014. Traffic increased 5.1% year over year to 18.0 billion passenger-kilometres in April 2019. Capacity rose 3.9% to 21.3 billion available seat-kilometres. This resulted in a higher passenger load factor in April (84.8%) compared with the same month a year earlier (83.8%), as the increase in demand for travel was stronger than the rise in capacity.

#### **5. Aircraft movement statistics: Major airports, April 2019**

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations increased 4.0% in April 2019. Ninety airports combined to reach 485,031 movements, compared with 91 airports totalling 466,365 movements in April 2018. A rise in both itinerant movements (flights from one airport to another) and local movements (flights that remain in the vicinity of the airport) contributed to the year-over-year gain.

**6. Air Canada Inaugurates service to Sydney, Nova Scotia from Montreal**  
Air Canada on June 27, 2019 inaugurated new, non-stop service between Montreal and Sydney, Nova Scotia. This arrival of flight AC7998 in Sydney on June 26, 2019 marked the beginning of daily service between the two cities until October 26, 2019. The flight will be operated on a 78-seat Q400 turboprop aircraft. This connection will allow for travel between the two cities, or travellers can connect onward to other destinations from across Air Canada's network through the hub in Montreal.

#### **7. Canadians to benefit from new and expanded air transport agreements with Ecuador, Tunisia and Grenada**

The Honourable Marc Garneau, Minister of Transport, on July 2, 2019 announced that Canada has successfully concluded new and expanded air transport agreements with Ecuador, Tunisia and Grenada. The expanded air transport agreement with Ecuador allows designated airlines to operate more passenger and cargo flights per week to and from Canada. The agreement also allows designated airlines to serve any city in the other country's territory. Similarly, the expanded air transport agreement with Tunisia allows designated airlines to operate more scheduled flights per week between Canada and Tunisia. The new agreement with Grenada is an Open Skies-type agreement, which allows an unlimited number of passenger and cargo flights between Canada and Grenada. These new and expanded agreements take effect immediately.

#### **8. Air Canada Relaunches its Award-Winning enRoute In-flight Magazine**

Air Canada has unveiled the redesign of its award-winning enRoute in-flight magazine. Beginning with the 2019 July edition, now available onboard our aircraft, in our Maple Leaf Lounges and online, the magazine's refreshed format invites readers and travellers to explore new ideas on travel through enriched content that complements Air Canada's premium brand.

#### **9. May Air Freight Volumes Remain Weak**

The International Air Transport Association (IATA) released data for global air freight markets showing that demand, measured in freight tonne kilometers (FTKs), decreased by 3.4% in May 2019, compared to the same period in 2018. This was a slight improvement on the 5.6% contraction in April 2019. In seasonally-adjusted terms, the level of FTKs increased modestly for the third consecutive month, suggesting that the low point of this cycle may be behind us, although the market remains weak. Freight capacity, measured in available freight tonne kilometers (AFTKs), rose by 1.3% year-

ition of Flybe by Connect Airways, subject to conditions, July 5, 2019, [www.europa.eu](http://www.europa.eu)

19. U.S. Transportation Secretary Elaine L. Chao Formally Awards Nearly \$48 Million in Infrastructure Grants to Colorado Airports, September 9, 2019, [www.dot.gov](http://www.dot.gov)

20. U.S. Transportation Secretary Elaine L. Chao Announces \$477 Million in Infrastructure Grants to 264 Airports in 45 States, September 9, 2019, [www.dot.gov](http://www.dot.gov)

21. Independent proxy advisor firms recommend WestJet shareholders vote FOR the proposed acquisition of WestJet by Onex, July 10, 2019, [www.westjet.ca](http://www.westjet.ca)

22. IATA and ATA Join Forces to Implement CEIV Live Animals, July 10, 2019, [www.iata.org](http://www.iata.org)

23. Aircraft movement statistics: Small airports, March 2019, July 11, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)

24. Reforms needed to maximize aviation benefits in South Africa, July 11, 2019, [www.iata.org](http://www.iata.org)

25. WestJet gives Canadians more options for travel savings with the new WestJet RBC® Mastercard. companion voucher, July 12, 2019, [www.westjet.ca](http://www.westjet.ca)

26. Stronger Regulation of Powerful Airports Needed to Protect Consumers, July 15, 2019, [www.iata.org](http://www.iata.org)

27. Air Canada Wins for Diversity in Leadership at 2019 Airline Strategy Awards, July 15, 2019, [www.aircanada.ca](http://www.aircanada.ca)

28. WestJet wins top honours for marketing at 2019 Airline Strategy Awards, July 15, 2019, [www.westjet.ca](http://www.westjet.ca)

29. New Air Passenger Protection Regulations now in force, July 15, 2019, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)

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34. Air Canada Provides Aeroplan Members Greater Flexibility to Manage Flight Reward Bookings, July 17, 2019, [www.aircanada.ca](http://www.aircanada.ca)

35. Fun in the Sun! Air Canada Introduces Winter Service from Quebec City to Cancun, Mexico and Punta Cana, Dominican Republic, July 17, 2019, [www.aircanada.ca](http://www.aircanada.ca)

36. First Quarter 2019 Air Fare Data, July 17, 2019, [www.bts.gov](http://www.bts.gov)

37. Air Traffic Control Inefficiencies Mean Summer of Wasted Emissions and Delays, July 18, 2019, [www.iata.org](http://www.iata.org)

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39. Air Canada Named Among the 50 Most Engaged Workplaces for Fourth Consecutive Time, July 18, 2019, [www.aircanada.ca](http://www.aircanada.ca)

40. May 2019 U.S. Passenger Airline Employment Data, July 18, 2019,

on-year in May 2019. Capacity growth has now outstripped demand growth for the 13th consecutive month. Air cargo demand has suffered from very weak global trade volumes and trade tensions between the US and China.

#### **10. Passenger Demand Stays Solid but the Trend has Slowed**

The International Air Transport Association (IATA) announced global passenger traffic results for May 2019 showing that demand (measured in revenue passenger kilometers, or RPKs) rose 4.5% compared to the same month in 2018. This was in line with the revised April 2019 traffic growth of 4.4% and above the recent trough of 3.1% year-on-year growth recorded in March 2019. However, it remains below the 20-year average growth rate of around 5.5%. Capacity (available seat kilometers or ASKs) climbed by a modest 2.7% and load factor rose 1.4 percentage points to 81.5%, surpassing last year's record load factor of 80.1%. "Passenger demand growth has slowed compared to the past two years. This is in line with slumping global trade, rising trade tensions and weakening business confidence. In this challenging environment, airlines are managing capacity carefully in order to optimize efficiency," said Alexandre de Juniac, IATA's Director General and CEO.

#### **11. Government of Canada investing in safety at the Fort Smith Airport**

Michael McLeod, Member of Parliament for Northwest Territories, on behalf of the Honourable Marc Garneau, Minister of Transport, on July 3, 2019 announced a Government of Canada investment to replace a snow blower at the Fort Smith Airport. The investment of \$418,000 will allow for the purchase of a medium-sized, self-propelled model with a 2,500 horsepower engine, which will remove snow from airside surfaces.

#### **12. Government of Canada investing in safety at the Kamloops Airport**

The Honourable Bernadette Jordan, Minister of Rural Economic Development, on behalf of the Honourable Marc Garneau, Minister of Transport, on July 3, 2019 announced a Government of Canada investment to purchase an aircraft rescue firefighting vehicle (ARFF) for the Kamloops Airport. The investment of \$1.287 million includes an ARFF with a high capacity water tank and pumping output that can also use foam concentrate and dry chemical fire retardants. The state-of-the-art ARFF is critical in providing rapid and effective response to aircraft emergencies.

#### **13. Air Canada to Launch Daily Non-Stop, Year-Round Calgary-Terrace Service; Increases Capacity on Key Regional Routes**

Air Canada on July 3, 2019 announced it will launch daily non-stop, year-round flights between Calgary and Terrace beginning Oct. 28, 2019, which will complement the airline's five times daily flights between Vancouver and Terrace. Air Canada is also increasing capacity on key regional routes across Western Canada this winter with its flexible fleet including continued deployment of the popular Bombardier Q-400 aircraft.

#### **14. Air Canada Announces Increased Capacity and Enhanced Services to Atlantic Canada**

Air Canada on July 3, 2019 announced a host of enhancements to Atlantic Canada services starting this winter. Overall capacity will increase by 8% as some routes will transfer to Air Canada Rouge, and other Air Canada Rouge and mainline services will be extended to year-round. The services to Atlantic Canada include: 1. Toronto-Saint John, NB, Flights to be operated by Air Canada Rouge starting this winter; 2. Halifax-Calgary year-round service on Air Canada starting March 1, 2020; 3. Toronto-Charlottetown Air Canada Rouge service now year-round; 4. Halifax-Gander additional daily flight; and 5. Moncton, Fredericton-Toronto flights now operated year-round by Air Canada Rouge.

#### **15. Taste The Fine Wine Of The Bordeaux Region With Air Canada's New Seasonal Service From Montreal**

With flight AC1908 landing on July 4, 2019 in Bordeaux, Air Canada marks the launch of new non-stop seasonal service from Montreal to its fifth destination in France. The service to the popular wine region runs between July 3 and September 8, 2019 three days a week.

#### **16. Air cargo volumes drop globally in May against 2018**

The total chargeable weight of air cargo declined by five per cent year on year in May 2019, whilst yields in US dollar

[www.bts.gov](http://www.bts.gov)

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42. Government of Canada investing in safety at the Mont-Joli Regional Airport, July 19, 2019, [www.tc.gc.ca](http://www.tc.gc.ca)

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45. More flights, more often with WestJet's winter schedule, July 22, 2019, [www.westjet.ca](http://www.westjet.ca)

46. Cargojet handles record volumes supporting Amazon's Prime Week, July 22, 2019, [www.ctl.ca](http://www.ctl.ca)

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48. Air Canada To Resume Full India Schedule, July 23, 2019, [www.aircanada.ca](http://www.aircanada.ca)

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51. Airport activity, 2018, July 25, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)

52. Aircraft movement statistics: Major airports, May 2019, July 25, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)

53. WestJet returns to profit thanks to high passenger load during capacity crunch. July 26, 2019, [www.nationalpost.ca](http://www.nationalpost.ca)

54. Court of Queen's Bench of Alberta approves WestJet's proposed transaction with Onex, [www.westjet.ca](http://www.westjet.ca)

55. Air Canada Reports Second Quarter 2019 Results, July 30, 2019, [www.aircanada.ca](http://www.aircanada.ca)

56. New passenger bill of rights facing legal challenges by aviation industry, advocates, July 29, [www.nationalpost.ca](http://www.nationalpost.ca)

57. UPS wants to operate commercial drone flights in US, July 30, 2019, [www.transportweekly.com](http://www.transportweekly.com)

terms were down 5.6 per cent, according to data compiled by WorldACD. WorldACD said that the year-on-year decrease for May 2019 was a slight improvement on the 2019 April figure, however, it was still below the figure for January to April 2019, reported London's Air Cargo News.

#### **17. Air Canada Launches One-of-a-Kind Pop Up YYCaesar Bar in Calgary This Week**

Air Canada on July 5, 2019 announced its YYCaesar Bar will pop-up in Calgary during Stampede week, offering Calgaryans and visitors alike the opportunity to sample several varieties of Canada's national cocktail, take-off on an Air Canada flight through a virtual reality experience, and help support the important work of the Calgary Firefighters Charitable Foundation. People will also have the chance to win two tickets daily to any Air Canada destination. YYCaesar Bar by Air Canada pops up from Saturday, July 6 until Sunday, July 14, 2019.

#### **18. Mergers: Commission approves the acquisition of Flybe by Connect Airways, subject to conditions**

The European Commission has approved, under the EU Merger Regulation, the acquisition of UK regional air carrier Flybe by Connect Airways, a consortium by Virgin Atlantic, Stobart Aviation and Cyrus. The acquisition would result in quasi-monopolies on certain routes. To address the competition concerns commitments were offered. The commitments fully address the competition concerns identified by the Commission. The decision is conditional on full compliance with commitments offered by Connect Airways.

#### **19. U.S. Transportation Secretary Elaine L. Chao Formally Awards Nearly \$48 Million in Infrastructure Grants to Colorado Airports**

U.S. Department of Transportation (DOT) Secretary Elaine L. Chao visited Denver International Airport on July 9, 2019 where she formally announced that 28 Airport Improvement Program (AIP) grants totaling almost \$48 million have been awarded to Colorado airports in Fiscal Year 2019. "Infrastructure projects funded by these grants will advance safety, improve travel, generate jobs and provide other economic benefits for local communities," said U.S. Transportation Secretary Elaine L. Chao.

#### **20. U.S. Transportation Secretary Elaine L. Chao Announces \$477 Million in Infrastructure Grants to 264 Airports in 45 States**

U.S. Transportation Secretary Elaine L. Chao on July 9, 2019 announced that the Department will award \$477 million in airport infrastructure grants to 264 airports in 45 states, the Pacific Islands, and the District of Columbia. This is the third allotment of the total \$3.18 billion in Federal Aviation Administration (FAA) Airport Improvement Program (AIP) funding for airports across the United States.

#### **21. Independent proxy advisor firms recommend WestJet shareholders vote FOR the proposed acquisition of WestJet by Onex**

WestJet ("WestJet" or the "Company") is pleased to announce that independent proxy advisory firms, Institutional Shareholder Services Inc. ("ISS") and Glass, Lewis & Co. ("Glass Lewis"), have both recommended shareholders vote FOR the proposed acquisition of WestJet by Onex Corporation ("Onex") at the upcoming special meeting (the "Meeting") of shareholders and option holders (collectively, "Security holders") of WestJet being held on July 23, 2019 at 10:00 a.m. (Mountain Time) at the WestJet Campus, Fred Ring building, 22 Aerial Place N.E., Calgary, Alberta.

#### **22. IATA and ATA Join Forces to Implement CEIV Live Animals**

The International Air Transport Association (IATA) and the Animal Transport Association (ATA) have joined forces to encourage industry adoption of the Center of Excellence for Independent Validators for Live Animals Logistics (CEIV Live Animals). This was formalized through a Memorandum of Understanding (MoU) signed between IATA and ATA at ATA's 49<sup>th</sup> Annual Conference in Budapest, Hungary. Handling and transporting live animals is challenging. Ensuring that standards and best practices are in place around the world to protect the welfare of these animals when they travel by air is a key priority for IATA and ATA. CEIV Live Animals is a standardized global certification program designed to help achieve this. Under the terms of the MoU, ATA will encourage adoption of CEIV Live Animals among its members.

#### **23. Aircraft movement statistics: Small airports, March 2019**

Take-offs and landings at 126 Canadian airports without air traffic control towers reached 44,278 movements in March 2019. Ten airports accounted for 39.0% of the month's activity: Peterborough, Ontario (3,677 movements); Goose Bay, Newfoundland and Labrador (2,241); Trois-Rivières, Quebec (1,909); Barrie-Orillia-Lake Simcoe Regional, Ontario (1,826); Drummondville, Quebec (1,689); Red Lake, Ontario (1,424); Moosonee, Ontario (1,177); Yorkton, Saskatchewan (1,167); Comox, British Columbia (1,090); and Pickle Lake, Ontario (1,074).

#### **24. Reforms needed to maximize aviation benefits in South Africa**

IATA identified three areas where government action can enable aviation to continue its growth trajectory and generate even more value in South Africa: 1) Reform harmful policies on immigration; 2) Reduce taxes and charges that are increasing the cost of doing business in the country; 3) Undertake a harmonized strategic approach to policy-making with transport and aviation central to economic planning.

#### **25. WestJet gives Canadians more options for travel savings with the new WestJet RBC® Mastercard**

### **companion voucher**

WestJet on July 12, 2019 announced the introduction of its new annual round-trip companion voucher on the WestJet RBC Mastercard. The new voucher is applicable for travel within WestJet's Canadian network for \$199 CAD (plus taxes, fees and charges). Once approved for the card, cardholders receive: 1) Annual round-trip companion voucher for travel within Canada for \$199 CAD (plus taxes, fees and charges); 2) 50 welcome WestJet dollars± after first purchase; 3) 1.5% in WestJet dollars on purchases; 4) Travel whenever you want – no blackouts or seat restrictions.

### **26. Stronger Regulation of Powerful Airports Needed to Protect Consumers**

The International Air Transport Association (IATA) welcomed the European Commission's evaluation of the Airport Charges Directive (ACD) which highlights the need to further strengthen the Directive to protect consumers. Nearly 60% of passengers in Europe pass through just 25 airports. Many airports are able to charge prices that would otherwise not be achieved in a competitive market. The Commission's evaluation confirms that further provisions are required to establish a common framework to regulate airport charges at EU airports. The report concludes that the existing Directive has had a positive impact on the airport charges setting process, but that there is a clear case for further strengthening it to fully achieve its objectives.

### **27. Minister Garneau marks coming into effect of Phase 1 of new Air Passenger Protection Regulations**

The Honourable Marc Garneau, Minister of Transport, issued this statement on July 15, 2019 to mark the coming into effect of Phase 1 of the new *Air Passenger Protection Regulations*: "As Canada's Minister of Transport, I am pleased to see the first phase of the *Air Passenger Protection Regulations* are now in effect. With input from air travellers and the air industry, we have created a world-leading approach to air passenger rights that is clear, consistent, transparent and fair. "Starting today, airlines will be required to: 1) Communicate information to passengers in a simple, clear way about their rights and recourses, and provide regular updates in the event of flight delays or cancellations; 2) Provide compensation of up to \$2,400 for denial of boarding for reasons within the airlines' control; 3) Ensure passengers receive prescribed standards of treatment during all tarmac delays and allow them to leave the airplane, when it's safe to do so, if a tarmac delay lasts for over three hours and there's no prospect of an imminent take-off; 4) Provide compensation for lost or damaged baggage of up to \$2,100 and a refund of any baggage fees; and 5) Set clear conditions regarding the transportation of musical instruments as checked or carry-on baggage. "Phase 2, related to flight delays, cancellations and seating children in proximity of a parent or guardian, will come into effect on December 15, 2019.

### **28. New Air Passenger Protection Regulations now in force**

Starting on July 15, 2019, passengers have new rights under the Canadian Transportation Agency's (CTA) *Air Passenger Protection Regulations* when they travel by air. The new regulations, a major CTA regulatory initiative, require airlines to meet certain obligations towards passengers. To help passengers navigate their new rights, the CTA has launched an online service for air passengers at [airpassengerprotection.ca](http://airpassengerprotection.ca). This dedicated website is a one-stop-shop for air passengers to learn about their rights, file an travel complaint, and find tips for hassle-free travel.

### **29. WestJet wins top honours for marketing at 2019 Airline Strategy Awards**

WestJet has been awarded top honours for marketing at the 2019 Airline Strategy Awards in London, England. The 2019 Airline Strategy Awards marketing award was presented to the management team that has demonstrated excellence in any aspect of airline marketing over the past year. This includes excellence and innovation in areas including, but not restricted to, marketing strategy, new product development, branding, digital marketing, advertising and promotion, customer relationship management, ancillary revenue generation, sales, and distribution.

### **30. Air Canada Wins for Diversity in Leadership at 2019 Airline Strategy Awards**

Air Canada has won the inaugural award for Diversity in Leadership at the 2019 Airline Strategy Awards presented in London, England. The prize recognizes an airline organization that promotes diversity among its senior leadership team.

### **31. British Airways to be fined US\$230 million for failing to stop cyber hack**

Britain plans to fine British Airways (BA) GBP183.4 million pounds (US\$230 million) over computer attacks that exposed customer data, marking the first major application of far-reaching European Union rules requiring companies to tighten anti-hacking measures. The proposed penalty relates to data theft affecting about 500,000 customers between June and September 2018, the UK Information Commissioner's Office (ICO), which protects data privacy, said in a statement on July 15, 2019. BA parent IAG SA said the fine amounts to 1.5 per cent of the airline's 2017 revenue.

### **32. Media Advisory - Air Canada to Present Second Quarter 2019 Results**

Calin Rovinescu, Air Canada President and Chief Executive Officer, Michael Rousseau, Deputy Chief Executive Office and Chief Financial Officer, and Lucie Guillemette, Executive Vice President and Chief Commercial Officer, will hold a conference call for analysts on Wednesday, July 31, 2019 to present second quarter results and be available for analysts' questions. Following the analysts' questions, Mr. Rousseau and Pierre Houle, Managing Director and Treasurer, will be available to answer questions from term loan B lenders and holders of Air Canada bonds.

### **33. Industry-wide air cargo volumes fall 5.1pc , but Turkish Cargo up 7.1pc**

Overall the global air freight industry suffered a 5.1 per cent year-on-year decline in the chargeable weight of flown tonnage during May 2019 as yields decreased in US dollar terms by 5.6 per cent, leading to a revenue loss of 10 per cent for airlines, data from analyst WorldACD shows.

#### **34. Air Canada Provides Aeroplan Members Greater Flexibility to Manage Flight Reward Bookings**

Air Canada has revealed changes to Aeroplan that mark the beginning of many improvements being planned as it moves toward launching its new loyalty program in summer 2020. Designed to make Aeroplan more flexible and member-friendly, the changes to its flight rewards include: full refunds within 24 hours of booking, the option to refund your flight reward up to two hours before departure, a reduction of the aeroplan.com refund fee and complimentary changes and refunds for Air Canada Altitude Super Elite 100K members. As a result, Aeroplan now offers the most flexible flight reward policies of any Canadian loyalty program; and Aeroplan improvements are part of Air Canada's promise to build the most rewarding program in the country, launching in 2020.

#### **35. Fun in the Sun! Air Canada Introduces Winter Service from Quebec City to Cancun, Mexico and Punta Cana, Dominican Republic**

Air Canada on July 17, 2019 announced two new winter services from Quebec City to popular sun destinations Cancun, Mexico and Punta Cana, Dominican Republic. Service to Cancun begins December 21, 2019 until April 11, 2020, while Punta Cana flights start December 22, 2019 until April 12, 2020.

#### **36. First Quarter 2019 Air Fare Data**

The US Bureau of Statistics reported that the first quarter 2019 average US domestic itinerary air fare was \$353. Adjusted for inflation, (constant 2019 dollars) the 1Q 2019 air fare was: up 0.3% from 1Q 2018 (\$352); down 2.0% from 4Q 2018 (\$361); and down 15.5% from 1Q 2015 (\$418)

#### **37. Air Traffic Control Inefficiencies Mean Summer of Wasted Emissions and Delays**

The International Air Transport Association (IATA) called on European governments and air navigation service providers (ANSPs) to make urgent improvements to European air traffic management. The priority should be to cut carbon emissions and address the unnecessary costs and flight delays suffered by passengers from inefficient airspace routes and bottlenecks. According to Eurocontrol, in June 2019 more than 210,000 flights, 20% of the total, were delayed. The average delay time was 17 minutes. The vast majority of the delays are from a lack of air traffic control capacity, driven by inadequate staffing, inflexible rostering, and an inability to react to disruptive events.

#### **38. FedEx still world's top cargo carrier, Emirates is in 2nd place, says IATA**

FedEx has continued to hold on to the top spot as the world's busiest cargo airline with volumes up 3.8 per cent year on year to 17.5 billion freight tonne kilometres (FTK) in 2018, according to the latest IATA World Air Transport Statistics report. The express operator is in the process of upgrading its fleet, having ordered an extra 12 Boeing 777 freighters and 12 B767Fs last year. As of May 31, 2019 its fleet comprised 681 aircraft compared with 670 aircraft in 2018 and 657 in 2017. As far as pure cargo airlines are concerned, Emirates topped the rankings in spite of demand remaining flat at 12.7 billion FTK, reported *London's Air Cargo News*.

#### **39. Air Canada Named Among the 50 Most Engaged Workplaces for Fourth Consecutive Time**

Air Canada has been ranked among the 50 Most Engaged Workplaces™ for the fourth year in a row for its commitment to employee engagement by *Achievers*, an employee social recognition company.

#### **40. May 2019 U.S. Passenger Airline Employment Data**

The 21 U.S. scheduled passenger airlines employed 2.2% more workers in May 2019 than in May 2018: May's 447,985 full-time equivalents (FTE) was the highest total for any month since April 2003 (449,288 FTEs); and May was the 67th consecutive month that U.S. scheduled passenger airline FTEs exceeded the same month of the previous year.

#### **41. European air carriers have mixed June cargo results with Turkish gains**

European air carriers achieved mixed results in June 2019, mixed results, reflecting concerns over protectionist policies in global trade, reported *New York's Air Cargo World*. Lufthansa and Air France-KLM reported year-on-year declines in cargo traffic, while International Airlines Group's June performance was mostly flat compared with 2018. Only Turkish Cargo reported significant gains in June 2019.

#### **42. Government of Canada investing in safety at the Mont-Joli Regional Airport**

On behalf of the Honourable Marc Garneau, Minister of Transport, on July 19, 2019 the Government of Canada announced a investment of \$371,115 to purchase safety equipment for the Mont-Joli Regional Airport. The investment includes the purchase of a loader (\$282,900) and a material spreader capable of using wet or dry products (\$88, 215).

#### **43. Grounded Boeing Max fleet tightens airline capacity, drives Canadian airfare prices higher**

The grounding of Boeing Co.'s 737 Max aircraft after two deadly crashes is expected to squeeze Canadian airlines' capacity until at least the end of the year, but higher prices for the remaining available seats could help offset costs. The tighter capacity appears to be driving domestic airfares higher. There has been a "meaningful increase in fares over the past several months, which is likely due to the capacity reduction from the 737 MAX grounding," according to National

Bank's fare surveys for both Air Canada and WestJet.

#### **44. U.S. Transportation Secretary Elaine L. Chao Announces Department of Transportation Grants Antitrust Immunity for American-Qantas**

U.S. Transportation Secretary Elaine L. Chao on July 19, 2019 announced that the U.S. Department of Transportation has given final approval to an application by American Airlines and Qantas Airways to operate a joint venture between the United States and Australia/New Zealand. The decision is contained in a Final Order adopting the tentative decision published on June 3, 2019.

#### **45. More flights, more often with WestJet's winter schedule**

As part of its 2019/2020 seasonal winter schedule, July 22, 2019 WestJet announced increased frequency and improved connectivity from its hubs to more destinations across its network. WestJet's seasonal schedule for winter 2019/2020 features more flights from Calgary, Vancouver and Toronto to domestic, transborder, international and sun destinations and includes WestJet's seasonal service to both Paris and Nashville from Calgary, commencing earlier than past years on March 12 (Paris) and March 16 (Nashville). WestJet's popular daily summer seasonal service between Calgary and Portland (PDX) will also extend through winter.

#### **46. Cargojet handles record volumes supporting Amazon's Prime Week**

Cargojet announced that it handled record volumes and added capacity to meet e-Commerce demand for overnight delivery last week. "The continuing and tremendous growth of on-line shopping by Canadians is contributing to increased demand for Cargojet's time sensitive overnight air cargo services," said Ajay Virmani, president and CEO.

#### **47. Minister of Transport receives submission from Air Canada and Transat A.T. Inc. regarding proposed purchase of Transat A.T. Inc. by Air Canada**

On July 17, 2019, Air Canada and Transat A.T. Inc. notified the Honourable Marc Garneau, Minister of Transport, of a proposed transaction whereby Air Canada would acquire Transat A.T. Inc. in accordance with the mergers and acquisitions provisions of the *Canada Transportation Act*. The Minister of Transport has 42 days from the date of notification to determine whether the proposed transaction raises public interest issues related to national transportation.

#### **48. Air Canada To Resume Full India Schedule**

Air Canada announced it will resume its daily, non-stop Toronto-Delhi flights on Oct. 1, 2019 (eastbound) and Oct. 3, 2019 (westbound) with additional capacity added beginning Oct. 27 with Boeing 777. All flights are available for purchase now at [www.aircanada.com](http://www.aircanada.com) or through Travel Agents. In addition, Air Canada will also resume Vancouver-Delhi flights usual flight times starting Aug. 1, 2019 and begin Toronto-Mumbai seasonal flights return on Oct. 27.

#### **49. WestJet shareholders approve private equity buyout by Onex**

Shareholders of WestJet Airlines on July 23, 2019 voted in favour of its deal to be acquired by billionaire Gerry Schwartz's private equity firm Onex Corp for \$3.5 billion. More than 92.5 per cent of the votes cast at the special meeting were in favour of the proposed deal, the company said in a statement. The \$31 per share deal, announced in May 2019, received a green light from Canada's transport minister last month. The transaction is expected to close later this year or early next year if it receives remaining regulatory approvals.

#### **50. Digital aviation freight services to exceed \$1.7B in revenue by 2024**

Evolving air freight technologies are transforming an industry that moves nearly seven per cent of the global Gross Domestic Product. However, escalating trade wars, industry consolidation, over capacity, and rising consumer expectations are adding tremendous pressure to both freight forwarders and air freight services. These forces are driving air freight technology services adoption to rise by a 17 per cent CAGR, with connection revenues alone rising by 25 per cent from 2018 to 2024, according to global tech market advisory firm, ABI Research. By 2014, digital aviation freight services will exceed \$1.7B in revenue.

#### **51. Airport activity, 2018**

The number of passengers enplaned and deplaned at Canadian airports reached 159 million in 2018, an increase of 5.4% compared with the previous year. This marked the ninth consecutive annual increase in air passenger traffic following the economic slowdown of 2009. The largest airports contributed significantly to the strong growth in passenger traffic, with Toronto/Lester B. Pearson up 5.2%, Vancouver International up 6.9%, Montréal/Pierre Elliott Trudeau up 6.8% and Calgary International up 6.6%. All sectors experienced growth in 2018: the domestic sector expanded 4.2% (+3.7 million passengers), other international traffic was up 7.9% (+2.6 million) and transborder traffic (between Canada and the United States) increased 6.4% (+1.9 million).

#### **52. Aircraft movement statistics: Major airports, May 2019**

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations decreased 0.9% in May 2019. Combined, 90 airports reported 564,233 movements, compared with 91 airports totalling 569,532 movements in May 2018. A decrease in itinerant movements (flights from one airport to another) contributed to the year-over-year decline, while local movements (flights that remain in the vicinity of the airport) increased. Itinerant movements were down 3.5% to 378,085, and local movements rose 4.7% to 186,148.

### **53. WestJet returns to profit thanks to high passenger load during capacity crunch**

WestJet Airlines Ltd. swung back to a profit in the second quarter despite the capacity crunch from the Boeing 737 Max groundings thanks to a higher passenger load and a revenue boost that beat analysts' expectations. The Calgary-based airline reported profit of \$44.3 million or 38 cents per share in the three months ended Jun. 30, 2019 compared to the same period last year where it reported a loss of \$15.8 million or 14 cents per share – the first quarterly loss the airline had recorded in 13 years. At the time, WestJet was grappling with higher fuel costs and the threat of a pilot strike. WestJet chief executive Ed Sims said in a statement after markets closed on July 26, 2019 “We are very pleased with this significant return to second quarter profitability.”

### **54. Court of Queen's Bench of Alberta approves WestJet's proposed transaction with Onex**

WestJet Airlines Ltd. on July 26, 2019 announced that the Court of Queen's Bench of Alberta has granted a final order approving the previously announced proposed transaction with Onex Corporation (the "Arrangement"). The Arrangement was approved by more than 92.5 per cent of shareholders and optionholders who voted at a special meeting of WestJet held on July 23, 2019. The Arrangement is still subject to other conditions to closing, including receipt of the remaining regulatory approvals.

### **55. Air Canada Reports Second Quarter 2019 Results**

Air Canada on July 30, 2019 reported second quarter 2019 EBITDA (earnings before interest, taxes, depreciation, amortization and impairment) of \$916 million compared to second quarter 2018 EBITDA of \$739 million. The airline reported second quarter 2019 operating income of \$422 million compared to second quarter 2018 operating income of \$308 million. Air Canada reported adjusted net income of \$240 million or \$0.88 per diluted share in the second quarter of 2019 compared to adjusted net income of \$129 million or \$0.47 per diluted share in the second quarter of 2018. Second quarter 2019 net income amounted to \$343 million or \$1.26 per diluted share compared to a second quarter 2018 net loss of \$102 million or \$0.37 per diluted share on operating revenues of \$4.757b. The second quarter of 2019 included foreign exchange gains of \$117 million while the second quarter of 2018 included a loss on disposal of assets of \$186 million and foreign exchange losses of \$82 million.

### **56. New passenger bill of rights facing legal challenges by aviation industry, advocates**

New rules that govern how airlines handle delayed travellers, lost luggage and other complaints are facing legal challenges on two fronts, with the aviation industry claiming the Canadian Transportation Agency (CTA) is exceeding its authority and passenger advocates saying the rules don't do enough to protect flyers.

### **57. UPS wants to operate commercial drone flights in US**

UPS has applied to the US Federal Aviation Administration (FAA) for Part 135 certification to operate commercial drone flights under a subsidiary business called UPS Flight Forward Inc. The new subsidiary is a recently incorporated business that could receive Part 135 certification as early as this year, putting UPS on track to have one of the first fully certified revenue-generating drone operations in the United States.

## **WATER TRANSPORTATION**

### **1. Two Norwegian shipping execs indicted for price-fixing**

The U.S. Justice Department on June 26, 2019 said two Norwegian shipping executives were charged in the U.S. District Court in Baltimore for their participation in a “long-running conspiracy” to rig bids and fix prices on roll-on/roll-off shipments. Both Ingar Skiaker and Øyvind Ervik were formerly top executives at Høegh Autoliners AS. The Justice Department alleges that the wrongdoing by the two executives occurred between early 2006 and September 2012.

### **2. LA-LB ports see cargo volumes from China and HK slump due to trade war**

The ports of Los Angeles and Long Beach have seen a big boost in trade with several Southeast Asian countries at the same time the trade war has caused cargo volumes to and from China and Hong Kong to plunge, according to the deputy director of LA port, Mike DiBernardo. In a recent presentation to the Pacific Transportation Association in Oakland, California, Mr. DiBernardo noted that imports from China and Hong Kong to the two Southern California ports were 11.8 per cent, or about 209,000 TEU, lower in the first four months of 2019 than in the same 2018 period. Exports were off 24.6 per cent or about 81,000 TEU. While China is a much larger trading partner, the

## **WATER TRANSPORTATION Canada**

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5. Record-breaking reefer order: 13,420 new reefers for Hapag-Lloyd, July 4, 2019, [www.transportweekly.com](http://www.transportweekly.com)
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8. Measurement of port performance from users' perspective, George K. Vaggelas,

growing volumes of containers moving to and from other Asian countries helped offset some of the decline.

### **3. Ports in China handle 5.5b tonnes of cargo**

China's ports have handled just under 5.5 billion tonnes of cargo from January through May 2019, a surge of 6.7 per cent compared to the same five months last year, according to China's Ministry of Transport. In May, China's ports handled 1.2 billion tonnes of cargo, a 4.9 per cent jump on the April's figure of 1.15 billion tonnes. About 31.8 per cent of the year-to-date's 5.5 billion tonnes is "foreign trade goods".

### **4. DP World to acquire Topaz for \$1.1 billion**

DP World, one of the largest terminal operators in the world, said on July 1, 2019 that it had acquired Topaz Energy and Marine Ltd. "for an enterprise value of \$1,079 million." Topaz has a fleet of 117 vessels serving the oil and gas industry, including anchor-handling tugs, platform and multipurpose support vessels, emergency response and recovery vessels, module carrying vessels, crewboats, workboats, tugs and barges. Sultan Ahmed Bin Sulayem, the chairman and chief executive officer of DP World, said the deal complements the operations of the company's existing P&O Maritime Services business, which maintains more than 300 vessels globally. The P&O Maritime Services fleet also includes oil and gas support vessels as well as tugs and pilot boats, cargo services vessels and research vessels.

### **5. Record-breaking reefer order: 13,420 new reefers for Hapag-Lloyd**

Hapag-Lloyd has placed a record order for the refrigerated containers known as "reefers". Production of 970 20-foot containers and 12,450 40-foot containers is already scheduled to commence as early as July 2019. Delivery of the refrigerated containers, which have traditionally been white as opposed to Hapag-Lloyd's orange standard containers, is set for November 2019 – or right in time for reefer season, as that is when harvest season begins in countries in the southern hemisphere. It will primarily be fruits and vegetables – such as blueberries, cherries and avocados from Chile, Peru and elsewhere – but also fish and meat that will be making their way to consumers in these containers. Hapag-Lloyd reefers are also used worldwide to transport goods that are sensitive to high temperatures, such as pharmaceuticals and blood plasma.

### **6. Port authority makes \$2 million donation to east Vancouver community initiatives and CRAB Park at Portside**

The Vancouver Fraser Port Authority, in coordination with Centerm container terminal operator DP World, is donating \$2 million to community initiatives as part of the Centerm Expansion Project in the Port of Vancouver. "Our mandate is to enable Canada's trade while protecting the environment and considering local communities," said Robin Silvester, president and chief executive officer at the Vancouver Fraser Port Authority. "We recognize that Canada's growing trade can impact local communities, and we are pleased to be able to contribute to programs, organizations, and community spaces that mean so much to residents who live near Centerm."

### **7. More North American port automation expected**

Five North American terminals have automated to date, although growing vessel sizes and container exchanges at the busiest gateways have terminal operators at least considering the possibility they will need either full or semi-automation to continue growing.

### **8. Measurement of port performance from users' perspective**

The paper presents a framework aiming at measuring the perceptions of port users – such as shipping companies – on port performance. With port users' perceptions being the missing link in port performance measuring tools, the paper suggests a framework that can lead to a comprehensive approach. The results of the pilot phase reveal several drawbacks in port performance

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elements in the participating ports especially for the container port market, the dry bulk port market, the Ro-Ro port market and the break-bulk port market.

### **9. Drewry downgrades container growth projections**

Drewry has downgraded its forecast for global port throughput growth in 2019 to 3.0% or 806 million TEUs, down from its previous prediction of 3.9% growth. Last year the throughput at ports globally grew 4.7%. “Today’s container market is confronting more than its fair share of headwinds,” said the London-based consultant. Protectionist policies could stunt growth, particularly if the U.S. aims its tariff target at other trading partners. There could be some upside for trade if more manufacturing production is relocated outside of China. In Asia, container throughput at ports is expected to grow above the global average, but below the growth it experienced in 2018. “There is a deceleration going on pretty much everywhere.”

### **10. Government of Canada introduces new, additional measures to protect the North Atlantic right whale**

On July 8, 2019 Minister Marc Garneau, and the Minister of Fisheries, Oceans and the Canadian Coast Guard, the Honourable Jonathan Wilkinson, announced further measures to protect the North Atlantic right whale. These additional measures include slowing down more ships in areas, increasing the zones in which speed restrictions will apply, increasing aerial surveillance, and funding for initiatives to enhance marine mammal response. Specific additional measures include: 1. Increasing surveillance; 2. Expanding the current slowdown zone further east; 3. Expanding the application of the mandatory speed restrictions; 4. Dividing the mandatory slowdown zone; 5. Adjusting the trigger for fisheries closures; 6. Investing \$1.2 million; 7. Providing new funding; 8. Funding two additional projects; 8. Expanding the slowdown buffer zone. These new measures will be in effect as of 12:01 a.m., July 9, 2019.

### **11. NY-NJ port preps for cargo volume doubling by 2050**

A new master plan charting the growth of the Port of New York and New Jersey for the next 30 years says the port’s current volumes of loaded and unloaded cargo will likely double, requiring a new marine terminal and more efficient use of existing terminal space.

### **12. More automated container terminals over next 10 years: Moody's**

Investment rating agency Moody's expects more automated container terminals will be built over the next decade given their "competitive advantages". "Automation can lower operating costs, increase throughput capacity, improve service reliability and reduce emissions. However, significant capital investment, uncertain productivity gains, potential disruptions to active operations and labour concerns are key risks." Moody's lists 48 terminals worldwide that are fully or partially automated. Hutchison Port Holdings' ECT Delta terminal in Rotterdam was the first to be automated in 1993, and the newest terminal listed is Tuas Mega Terminal in Singapore that PSA plans to open in phases, starting from 2021.

### **13. Hapag-Lloyd orders 13,420 refrigerated containers**

Hapag-Lloyd said it has ordered 13,420 new refrigerated containers. Production of the 970 20-foot containers and 12,450 40-foot containers is scheduled to begin as early as this month, with delivery of the first units in November 2019, at the beginning of the harvest season for many Southern Hemisphere crops. Hapag-Lloyd said the containers will be used primarily to transport fruits and vegetables such as blueberries, cherries and avocados from Chile, Peru and elsewhere, but as well as fish and meat. The containers also are used for non-food products such as pharmaceuticals and blood plasma.

### **14. NY-NJ port unveils 30-year master plan for expansion**

The Port Authority of New York and New Jersey (PANYNJ) unveiled its “Port Master Plan 2050,” a comprehensive document that lays out a flexible roadmap for the next generation of land-use and infrastructure development projects at the Port of New York and New Jersey, allowing it to remain among the nation’s leading maritime gateways, while continuing to generate hundreds of thousands of jobs and billions in economic activity. In its master plan, PANYNJ says container volumes could reach anywhere from 12 million to 17 million twenty-foot equivalent units (TEU) by 2050.

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### **15. Long Beach falls short of all-time record**

The [Port of Long Beach](#) said tariffs continue to impact its cargo traffic and reported that volumes declined in June 2019 compared to the same month in 2018. Last June was the busiest month in the port's 108-year history and capped the busiest second quarter during the busiest year ever. "The story we saw develop in 2018 was retailers forwarding goods to beat tariffs," said Port of Long Beach Executive Director Mario Cordero. "For 2019, it seems that the cargo is all here and warehouses are filled. That's disrupting container movement and the growth we would normally see this time of year."

### **16. Difficult Weather Conditions at the Port of New Orleans**

Shipments to and through New Orleans, LA are being impacted by the Flood Protection Authority's closure of flood gates due to Tropical Storm Barry. CN is working with interline partners to detour over alternate gateways where possible. Precautionary actions are being taken to protect infrastructure, and rail equipment is being re-positioned away from the low lying areas. CN is working with customers located in the forecasted region to identify switching needs.

### **17. Feds sell stake in Ridley Terminals for \$350M**

The Canadian government has signed a deal to sell a 90 per cent stake in Ridley Terminals Inc. (RTI) to a company owned by Riverstone Holdings and AMCI Group for \$350 million. The remaining 10 per cent stake will be transferred to the Lax Kw'alaams Band and the Metlakatla First Nation at the close of the sale.

### **18. The new oligopoly of container shipping**

Carriers and shippers alike must adapt to the new realities of a container shipping market in which only a handful of large players control the vast majority of capacity.

### **19. Port Authority of New York and New Jersey lays out its grand master plan**

The Port Authority of New York and New Jersey has responded to a record surge in container volumes, revealing a "comprehensive" 30-year plan for the port's future growth, says London's Port Technology International. Building on a previous development programme, which included the opening of the Bayonne Bridge and other initiatives such as the deepening of port channels to 50 feet, the new master plan aims to solidify New York and New Jersey's position as the second largest trade hub in the US.

### **20. Port report: Support for blockchain platform**

Four of the largest shipping lines and five ports operators have committed to support a blockchain development platform for the shipping industry. Hong Kong-based startup CargoSmart said the agreement with CMA CGM, COSCO Shipping Lines (HKEX: 1919), Orient Overseas Container Line (HKEX: 316), Hapag-Lloyd (FSE: HLAG), along with Cosco Shipping Ports, Hutchison Ports, Port of Qingdao, PSA International and Shanghai International Port Group will help establish the Global Shipping Business Network (GSBN). Under the deal, each company said it will work toward obtaining the regulatory, competition and antitrust approvals for establishing the GSBN. Once it is set up, the GSBN participants plan to "work collaboratively to accelerate technology innovation and develop solutions through trusted and secure data exchange platforms."

### **21. Shanghai box throughput increases 5.1pc in first half**

Container volume through the Port of Shanghai has increased 5.1 per cent year on year in the first half of 2019, according to Shanghai International Port Group (SIPG). Looking at the monthly figures, Shanghai port handled 3.76 million TEU in June 2019, up 4.4 per cent year on year. But June's volume was unchanged from the same 3.76 million TEU posted in May 2019.

### **22. Hong Kong Harbour down all around in June's container throughput**

The Hong Kong Marine Department figures showed that the harbour's June 2019 container throughput declined 12.7 per cent year on year to 1.16 million TEU, having suffered a year to date loss of 8.7 per cent to 7.08 million TEU. Laden outbound containers declined 7.7 per cent to 6.2 million TEU while laden inbound containers fell 6.7 per cent to 3.04 million TEU. Outbound empties were down 18.6 per cent to 345,000 TEU while inbound empties came in at 514,000 TEU, down 12.9 per cent.

### **23. Port of Montreal: Container traffic for the first six months of 2019**

The Port of Montreal reported its container traffic (TEUs) for the first six months of 2019. Total container traffic increased 5.6% to 859,409 TEUs compared to 813,665 TEUs for the first six months of 2018. Total outbound traffic increased 6.8% to 434,569 TEUs compared to 406,928 TEUs and total inbound traffic increased 4.5% to 424,840 TEUs compared to 406,737 TEUs for the first six months of 2018.

### **24. FortisBC eyes expansions after inking deal to send LNG by container to China**

FortisBC is considering further expansions to its liquefaction facility on the Fraser River near Vancouver after landing its first term contract to send Canadian LNG to China. The utility company, which has operated its Tilbury LNG plant since 1971, said on July 16, 2019 it has signed a two-year contract to ship 53,000 tonnes per year of super-cooled gas by the summer of 2021 to Chinese LNG distributor Top Speed Energy Corp.

### **25. US-China trade dispute drags down box volumes at Port of Long Beach**

The Port of Long Beach suffered a 10 per cent year-on-year decline in container volumes, an outcome that was blamed on the continuing US-China trade war. In June 2019 container throughput amounted to 677,167 TEU, with imports down 14 per cent and exports down by one per cent. Empties loaded onto ships to fill with goods in Asia declined by nine per cent. The port handled 3.7 million TEU during the first half of 2018, seven per cent below last year's total, reported *London's Container Management*.

#### **26. Port of Metro Vancouver: Container traffic for the first six months of 2019**

The Port of Metro Vancouver reported its container traffic (TEUs) for the first six months of 2019. Total container traffic increased 3.5% to 1,695,375 TEUs compared to 1,637,440 TEUs for the first six months of 2018. Total outbound traffic increased 7% to 837,152 TEUs compared to 782,497 TEUs and total inbound traffic increased 0.4% to 858,223 TEUs compared to 854,943 TEUs for the first six months of 2018.

#### **27. Report reveals countries' position in maritime transport networks**

UNCTAD's liner shipping connectivity index (LSCI) for 2019 shows countries that have improved or worsened their positions in maritime transport networks. China has retained its lead as the country best connected to others by sea, the index shows. The country's LSCI has increased by 51% since 2006. "A country's position in the global container shipping network — its connectivity — is an important determinant of its trade costs and competitiveness," said UNCTAD's chief of trade logistics, Jan Hoffmann.

#### **28. Transport Canada fines a vessel for contravening the speed restriction in the Gulf of St. Lawrence**

The Honourable Marc Garneau, Minister of Transport, announced that the department is fining the vessel Big Eagle for alleged non-compliance of a temporary mandatory speed restriction. The vessel will be issued a \$6000 fine. The Government of Canada has introduced several measures to protect the endangered North Atlantic right whale

#### **29. Port of Prince Rupert Port Authority: Monthly Container Cargo – January to June 2019.**

The Port of Prince Rupert released its container cargo statistics (TEUs) for the first six months of 2019. Total container traffic for this period was 550,088, a 9% increase over the same period a year ago. Total container imports were 299,945, a 9% increase and total container exports were 250,694.5, a 10% increase for the above period compared to a year ago.

#### **30. South Carolina Ports box volume up 9pc**

The South Carolina Ports Authority (SCPA), with its main port of Charleston, increased year-on-year throughput 8.8 per cent to 2.4 million TEU from July 2018 through June 30, while moving 200,406 TEU across the Wando Welch and North Charleston container terminals last month, according to *Shipping Gazette*. As measured by the total number of boxes handled, SCPA moved 112,988 pier containers in June 2019 for a total of 1.36 million pier containers annually, up 9.1 per cent.

#### **31. Seattle, Tacoma set international container record**

The Northwest Seaport Alliance (NWSA), which encompasses the seaports of Seattle and Tacoma, said while its international container volumes in the first six months of this year set a new record, international volumes in June 2019 were smaller than in 2018. NWSA terminals handled international container traffic totaling 271,956 TEUs in June, down 5.5 % from June 2018. That decline partially was offset by a 12.1% increase in cargo moving to and from Hawaii and Alaska so that the port's total container traffic in June was 343,221 TEUs, down just 2.3%. The port said Alaska volumes in June were up 16.4%, "supported by strong Alaska North Slope oil and gas activity."

#### **32. Montreal region designated Foreign Trade Zone Point**

CargoM, together with its partners announced the Foreign Trade Zone Designation for the territory of the metropolitan community of Montreal. This Foreign Trade Zone Point designation is the thirteenth granted by the Economic Development Agency of Canada.

#### **33. Government of Canada extends pilot project to develop maritime information system for coastal communities**

To support the need for more user-friendly, local data on coastal marine traffic, the Government of Canada, alongside 10 Indigenous organizations across Canada, launched the Enhanced Maritime Situational Awareness initiative pilot project in May 2019. On July 23, 2019, the Honourable Marc Garneau, Minister of Transport, announced the government's decision to extend the pilot project until March 2022 and new funding of \$6.9M to further support and to expand the participation of other organizations in the project.

#### **34. Government of Canada invests in transportation infrastructure at the Port of Vancouver to move goods to market**

On July 23, 2019, the Honourable Marc Garneau, Minister of Transport, announced a major investment of \$102 million for five projects that will increase efficiency at the Port of Vancouver and move Canadian goods to international markets. The projects are: 1) \$42.7 million to consolidate the operations of the Annacis Auto Terminal and the Richmond Terminal to accommodate the growing Asian automobile market and improve rail operations in the area; 2) \$12.2 million to improve road and rail traffic operations and develop new rail-serviced bulk export marine terminals

within the Fraser Surrey Port Lands; 3) \$39.4 million to improve traffic flow and reduce congestion in the Portside/Blundell corridor in Richmond; 4) \$1.6 million to explore ways to handle increased trade volumes by evaluating the viability of short sea shipping in Greater Vancouver; 5) \$6 million to develop a real-time dashboard for the Ports of Vancouver and Prince Rupert to measure end-to-end performance of the supply chain for all cargo moving through both ports. These investments are expected to have important economic and employment benefits for the region by creating an estimated 2320 jobs in the region during construction. They will allow the Port of Vancouver to remain competitive now and in the future.

#### **35. Antitrust oversight coming to blockchain in shipping**

It's likely only a matter of time before antitrust regulators turn their gaze to new shipping partnerships formed in private blockchain.

#### **36. Government of Canada partners with Indigenous communities in ocean protection and marine safety initiatives**

On July 24, 2019, the Honourable Marc Garneau, Minister of Transport, announced \$5.8 million in Indigenous and Local Communities Engagement and Partnership Program funding for 21 projects with Indigenous groups. This funding will allow for longer-term Indigenous participation in engagement activities linked to Oceans Protection Plan initiatives or Canada's marine safety system.

#### **37. Government of Canada invests in transportation infrastructure improvements at the Port of Nanaimo**

On July 24, 2019, the Honourable Marc Garneau, Minister of Transport, announced a major investment of \$46.2 million for a project that will increase capacity at the Port of Nanaimo, and move Canadian goods to international markets more efficiently. The Duke Point Terminal will be expanded to provide greater connection between Vancouver Island and the Lower Mainland. Expansion will reduce congestion at the terminal thereby improving capacity to ship and receive goods to and from international markets.

#### **38. Port of Halifax Authority: Container traffic statistics (2Q 2019 and YTD 2019)**

The Port of Halifax released its container traffic statistics on July 24, 2019. For the 2019 second quarter, total container traffic in TEUs was 152,439, a 7.9% increase from the same quarter in 2018 (141,233). Total imports for this period were 77,208, a 7.8 % increase from the same quarter in 2018 (71,625). Total exports for this period were 75,231, a 8.1% increase from the same quarter in 2018 (69,608). For the 2019 Y-T-D (January to June), total container traffic in TEUs was 282,990, a 2.6% increase from the same period in 2018 (275,905). Total imports for this period were 145,612, a 2.1% increase from the same period in 2018 (142,585). Total exports for this period were 137,378, a 3% increase from the same quarter in 2018 (133,320).

#### **39. Government of Canada assists communities in British Columbia in removing abandoned boats through the Oceans Protection Plan**

On July 25, 2019, the Parliamentary Secretary to the Minister of Transport, Terry Beech, announced the most recent applicants to receive funding under Transport Canada's Abandoned Boats Program, which supports the assessment and removal of abandoned boats, as well as education and awareness initiatives. A total of \$1,273,045 is being provided to assess and remove abandoned boats in communities in British Columbia. The recipients are: 1) Forrest Marine Limited (Burnaby, B.C.) – removal of one boat in the Fraser River (\$8,220); 2) 1184550 BC Ltd (Mission, B.C.) – assessment and removal of 15 boats in the Fraser River (\$825,000); 3) Salish Sea Industrial Services (Victoria, B.C.) – removal of 16 boats in Victoria Harbour (\$364,150); 4) Pender Harbour and Area Residents Association (Madeira Park, B.C.) – removal of two boats in Gerrans Bay (\$75,675).

#### **40. Genoa port handles record 241,466 TEU in June**

Italy's major seaport, the Port of Genoa, handled a record 241,466 TEU in June 2019, the highest number ever recorded in a single month, confirming the recovery trend recorded in the second quarter of 2019 which saw a 2.7 per cent volume increase over the same period of 2018, after a weak start to the year. In the first six months of 2019, container movements were 1.33 million TEU, a decrease of 1.2 per cent on 2018 and 45,000 TEU more than in 2017 (+3.4 per cent), reports PortSEurope, Austria.

#### **41. Vancouver to benefit from \$100 million in federal funding to support trade-enabling infrastructure**

On July 23, 2019, the port authority received over \$100 million from the federal government's National Trade Corridors Fund to support infrastructure projects that will facilitate goods movement to and from the Port of Vancouver. Robin Silvester, president and chief executive officer at the Vancouver Fraser Port Authority "As a Canada Port Authority, our job is to make sure the port is ready to handle Canada's growth in trade, but we are also undertaking a number of projects beyond the port to improve the flow of goods and seek to alleviate the impacts of growing trade on local communities. With this federal funding, we are able to take on five new projects that will enable us to continue this critical work."

#### **42. \$46.2M for Port of Nanaimo expansion**

The federal government announced \$46.2 million in funding that will enable the Port of Nanaimo to make significant

infrastructure improvements and expansions at its Duke Point facilities. Port of Nanaimo Board Chair Donna Hais said “I don’t think we’ve ever seen this type of major financial investment in Nanaimo before. “I’m extremely excited about what this will provide for the community of Nanaimo and for the mid-island Region as a whole; it will create a lot of well-paying jobs.”

#### **43. Transport Canada issues two fines for vessels who contravened the speed restriction in the Gulf of St. Lawrence**

On July 26, 2019, Transport Canada has issued monetary penalties of \$7800 to each of the vessels *Americaborg* and *Atlantic Spirit*, for alleged non-compliance of the temporary mandatory slow down. The vessels’ owners have 30 days to pay their penalty or to ask the Transportation Appeal Tribunal of Canada to review the facts of their individual violations or the amounts of their penalties.

#### **44. Minister Bibeau announces funding for Phase 2 of Intelligent Boating on Lake Massawippi**

The Honourable Marie-Claude Bibeau, Minister of Agriculture and Agri-Food, Member of Parliament for Compton–Stanstead, on behalf of the Honourable Marc Garneau, Minister of Transport, on July 27, 2019 announced an investment of \$100,000 for Phase 2 of Intelligent Boating under Transport Canada’s Boating Safety Contribution Program. Transport Canada’s Boating Safety Contribution Program helps Canadians stay safe on the water by providing annual funding to support recreational boating projects focused on the importance of following safe boating practices, and on increasing national boating incident data. Ten organizations across the country were selected to receive funding this year for projects to raise public awareness about recreational boating safety.

#### **45. Port of NY/NJ is US second busiest port after LA**

The Port Authority of New York and New Jersey (PANYNJ) says traffic and activity at its seaport, airports and Goethals Bridge in the first six months of this year set all-time records. PANYNJ reported that during the first six months of 2019, the port set a new all-time high for cargo, handling 3.65 million TEU. The extraordinarily high growth in cargo volume continues the port’s monthly streak of holding the position as the number two port in the nation measured by loaded containers. The port surpassed Long Beach, California as the nation’s second busiest port with Los Angeles continuing to be the top port in the US. The NY-NJ port handled a total of 611,027 TEU for the month of June 2019, the second busiest June on record eclipsed only by last June’s record volumes, according to GlobeSt.com.

#### **46. DB Schenker launches connect 4.0 shipping portal in Canada**

DB Schenker announced the launch of its connect 4.0 shipping portal allowing customers a more user-friendly interface for booking and managing shipments around the corner or the world. This new portal will go beyond DB Schenker’s current online platform — eSchenker, offering shippers the ability to get a quote for an ocean shipment, book and track the shipment from pickup to delivery.

## **RAIL TRANSPORTATION**

### **1. CN Grain Movement: Record Pace Continues**

CN proudly announced that western Canadian grain movement in the month of June 2019 exceeded 2.3 million metric tonnes (MMT), compared to the three year average of 1.80 MMT and June 2018’s result of 1.99 MMT. The cumulative total of tonnage moved for the 2018-19 crop year is on record pace at 25.5 MMT, or one million metric tonnes ahead of the previous record pace, despite the restrictions on Canadian exports to China. “Our dedication to providing outstanding service for the Canadian economy contributes to Canada’s reputation as a strong and stable supply chain provider,” said JJ Ruest, president and chief executive officer at CN. “We are investing \$210M in rail capacity in North Vancouver to support the expanding coal and grain export terminals and to further encourage the growth of natural resources export supply chains.”

### **2. Derailment in the international rail tunnel between Port Huron, MI and Sarnia, ON**

CN is currently experiencing a service disruption as a result of a derailment in the international rail tunnel between the United States (Port Huron, MI) and Canada (Sarnia, ON). CN is working to restore service as soon as possible. In the meantime, CN is currently rerouting traffic to deliver our customers’ good in a safe and efficient manner.

### **3. Railway to be built to connect Alaska to Canada and Lower 48**

## **RAIL TRANSPORTATION**

### **Canada**

1. CN Grain Movement: Record Pace Continues, July 2, 2019, [www.cn.ca](http://www.cn.ca)
2. Derailment in the international rail tunnel between Port Huron, MI and Sarnia, ON, June 28, 2019, [www.cn.ca](http://www.cn.ca)
3. Railway to be built to connect Alaska to Canada and Lower 48, July 1, 2019, [www.ctl.ca](http://www.ctl.ca)
4. Genesee & Wyoming being taken private in \$6.37B deal, July 2, 2019, [www.ctl.ca](http://www.ctl.ca)
5. Making Space for Intermodal, July 3, 2019, [www.transortlogistics.com](http://www.transortlogistics.com)
6. AAR: Demand for rail service “in the doldrums”, July 3, 2019, [www.railwayage.com](http://www.railwayage.com)
7. CN 100 Celebrations Come to Calgary, July 4, 2019, [www.cn.ca](http://www.cn.ca)
8. Longer freight trains plague emergency responders, July 2, 2019, [www.americanshipper.com](http://www.americanshipper.com)
9. Brookfield to buy Genesee & Wyoming railways for US\$8.4 billion, July 9, 2019, [www.transportweekly.com](http://www.transportweekly.com)
10. Wells Fargo Rail, New York & Atlantic on the Violet Edge, July 8, 2019, [www.railwayage.com](http://www.railwayage.com)

The Alaska Railroad Corporation (ARRC) and the Alaska to Alberta Railway Development Corporation (A2A) have established a Master Agreement of Cooperation toward building a 1,500-mile connection between the Alaska Railroad and Canadian railroads that also serve the Lower 48 states. The agreement was announced after approval by the Alaska Railroad Corporation Board of Directors.

#### **4. Genesee & Wyoming being taken private in \$6.37B deal**

Railroad operator Genesee & Wyoming is being taken private by Brookfield Infrastructure and GIC in a deal valued at about \$6.37 billion. Genesee & Wyoming Inc. owns 120 short line railroads, mostly in North America, including Huron Central Railway in Ontario, with operations in Europe and Australia. Through its subsidiaries worldwide, it provides transportation infrastructure services over more than 26,000 kilometres of track.

#### **5. Making Space for Intermodal**

Intermodal volumes grew by 5.6% in the United States in 2018, the most robust increase in the field in the past five years, according to the Intermodal Association of North America. In the face of tight truck capacity, the appeal of intermodal continues to grow for many shippers. An organization can't just jump into intermodal, however. It needs access to a facility that can support an intermodal operation and its unique needs. As a result, real estate developers are physically enhancing facilities to accommodate shippers with intermodal aspirations, notes Ken Stratton, vice president of operations for intermodal marketing company Interdom LLC, a subsidiary of Odyssey Logistics & Technology Corporation. "Expansion projects are starting to include additions that can better serve the intermodal market," Stratton says. The country's infrastructure is capable of handling the current intermodal volume but continued investment is needed. Intermodal-friendly sites combine a strategic location with well-designed physical spaces.

#### **6. AAR: Demand for rail service "in the doldrums"**

"June marked the fifth straight monthly decline for total U.S. rail carloads and for U.S. intermodal traffic," said Gray. "...Demand for rail service just isn't as strong as it was six months or a year ago. Obviously, railroads hope things turn around, both for their own sake and for the sake of the broader economy." As has been evident recently, U.S. rail freight traffic has been falling. U.S. railroads originated 1,023,394 carloads in June 2019, down 5.3%, or 57,173 carloads, from June 2018. U.S. railroads also originated 1,075,974 containers and trailers in June 2019, down 7.2%, or 84,002 units, from the same month last year. Combined U.S. carload and intermodal originations in June 2019 were 2,099,368, down 6.3%, or 141,175 carloads and intermodal units, from June 2018. Total U.S. carload traffic for the *first six months of 2019* was 6,552,218 carloads, down 2.9%, or 195,168 carloads, from the same period last year; and 6,924,261 intermodal units, down 3.2%, or 229,247 containers and trailers, from last year. Total combined U.S. traffic for the first 26 weeks of 2019 was 13,476,479 carloads and intermodal units, a decrease of 3.1% compared to last year. Canadian railroads, however, are faring much better than their U.S. counterparts. Canadian railroads reported 89,337 carloads for the week, up 5.2%; and 70,692 intermodal units, up 2.2%, compared with the same week in 2018. For the first 26 weeks of 2019, Canadian railroads reported cumulative rail traffic volume of 3,921,662 carloads, containers and trailers, up 2.1%.

#### **7. CN 100 Celebrations Come to Calgary**

In celebration of its 100th anniversary, CN is pleased to announce that CN 100: A Moving Celebration, the moving container village celebrating the people, history and future of CN, is in Calgary until Sunday, July 7th. To find out more about the CN 100 celebrations and schedule, please visit <http://www.cn100.ca/en/>.

11. Oil producers call for oil curtailment easing in return for rail commitments, July 9, 2019, [www.ctl.ca](http://www.ctl.ca)
12. Canadian Natural eyeing a piece of Alberta's \$3.7-billion oil-by-rail sale, July 9, 2019, [www.nationapost.ca](http://www.nationapost.ca)
13. Rail Transportation Regulations are finalized, July 10, 2019, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)
14. July traffic following June's tracks, July 10, 2019, [www.railwayage.com](http://www.railwayage.com)
15. Efficiency in Railway Operations and Infrastructure Management, July 2019, [www.itf-oecd.org](http://www.itf-oecd.org)
16. Cowen: Shipper surveys say, July 11, 2019, [www.railwayage.com](http://www.railwayage.com)
17. Canadian Pacific Railway Limited declares dividend, July 15, 2019, [www.cpr.ca](http://www.cpr.ca)
18. Miner to supply components for 3,800 CP, CN hoppers, July 15, 2019, [www.railwayage.com](http://www.railwayage.com)
19. CP reports record Q2 revenues of \$1.98 billion on the strength of operating model and 13,000-strong CP family, July 16, 2019, [www.cpr.ca](http://www.cpr.ca)
20. CP Rail rakes in record second quarter revenue as traffic increases, July 16, 2019, [www.ctl.ca](http://www.ctl.ca)
21. CN, Imperial Oil, and Suncor to rebuild bridge link to NWT, July 16, 2019, [www.ctl.ca](http://www.ctl.ca)
22. CSX says lower truck rates hurting intermodal, July 17, 2019, [www.joc.com](http://www.joc.com)
23. July still no salvation for traffic, July 17, 2019, [www.railwayage.com](http://www.railwayage.com)
24. UP 2Q19: Record-low OR, despite volume, revenue declines, July 18, 2019, [www.railwayage.com](http://www.railwayage.com)
25. CSX "achieving record levels of efficiency", July 18, 2019, [www.railwayage.com](http://www.railwayage.com)
26. CSX moves into quarterly decline as revenue falls 1pc, July 19, 2019, [www.transportweekly.com](http://www.transportweekly.com)
27. Union Pacific quarterly profit up 10pc, July 22, 2019, [www.transportweekly.com](http://www.transportweekly.com)
28. KCS 2Q19: Volume flat, but revenues reach record, July 19, 2019, [www.railwaage.com](http://www.railwaage.com)
29. CN declares third-quarter 2019 dividend, July 23, 2019, [www.cn.ca](http://www.cn.ca)
30. CN reports record second-quarter financial results, July 23, 2019, [www.cn.ca](http://www.cn.ca)
31. Oil and container traffic push CN Rail to record revenues of nearly \$4B, July 23, 2019, [www.ctl.ca](http://www.ctl.ca)
32. U.S. Freight Rail Traffic: Same Stuff, Different Week, July 24, 2019, [www.railwayage.com](http://www.railwayage.com)
33. Norfolk Southern reports second-quarter 2019 results, July 24, 2019, [www.nscorp.com](http://www.nscorp.com)
34. Railroads face a freight slowdown, July 25, 2019, [www.ctl.ca](http://www.ctl.ca)
35. CN and GM Extend Agreements, Grow Relationship, [www.cn.ca](http://www.cn.ca)
36. Construction Begins for Highways 401 and 409 GO Transit Rail Tunnels, [www.mto.gov.on.ca](http://www.mto.gov.on.ca)
37. Record amount of grain moved by CN, July 29, 2019, [www.ctl.ca](http://www.ctl.ca)

## **8. Longer freight trains plague emergency responders**

While the railroad industry's operation of increasingly longer freight trains promises economic benefits, state and local governments are especially concerned about the impact of prolonged delays to traffic at crossings to emergency responders. The Federal Railroad Administration (FRA) is studying the safety risks and strategies of operating longer trains, including their handling and braking capabilities under different conditions. The agency also is studying which parts of the country are experiencing frequently blocked rail crossings. However, the Government Accountability Office (GAO) in a report on July 1, 2019 said FRA currently has no "documented strategy" for sharing the results of its research with stakeholders. "Developing and implementing a strategy for sharing FRA's research results and identifying any potential impacts of longer freight trains on highway-railroad crossings would enable FRA and stakeholders to better determine what, if any, actions are needed to ensure the safe operation of longer freight trains," the GAO said.

## **9. Brookfield to buy Genesee & Wyoming railways for US\$8.4 billion**

Toronto's Brookfield Infrastructure Partners, Singapore's GIC and institutional partners plan to acquire freight railway, Connecticut-based Genesee & Wyoming (G&W) for US\$8.4 billion including debt. The deal is likely to close later this year or in early 2020 and would result in G&W becoming privately owned. The transaction is subject to approval by G&W stockholders holding 66.66 per cent of the outstanding common stock along with regulatory and certain competition and antitrust approvals, reported *American Shipper*. Brookfield Infrastructure's investment will be \$500 million of equity funded from existing liquidity, totalling \$1.9 billion. Brookfield Infrastructure's institutional partners and GIC, a Singaporean sovereign wealth fund, will own the rest of the business.

## **10. Wells Fargo Rail, New York & Atlantic on the Violet Edge**

Car and locomotive lessor Wells Fargo Rail and Anacostia Rail Holdings Class III property New York & Atlantic Railway have ordered Wi-Tronix Violet Edge onboard technology, which includes Connected Event Recorder, PTC Event Recorder and Digital Video Recorder (DVR), all based on a robust Internet of Things (IoT) platform designed specifically for the rail industry. "Advanced technology enables remote access to synchronized information, in addition to a suite of analytic tools and actionable alerts that make rail operations safer," Wi-Tronix noted.

## **11. Oil producers call for oil curtailment easing in return for rail commitments**

Canada's largest oil producers are calling on the Alberta government to reward companies that commit to adding crude-by-rail capacity by easing their oil curtailment levels. The proposal would allow crude oil export capacity to increase at the same time that barrels are being produced to fill that capacity, Suncor Energy Inc. CEO Mark Little said, while taking part in a panel discussion with representatives of four other large Calgary-based oil producers at the TD Securities Calgary Energy Conference.

## **12. Canadian Natural eyeing a piece of Alberta's \$3.7-billion oil-by-rail sale**

Some of the largest oil companies in Canada are in talks to purchase the crude-by-rail contracts currently held by the Alberta government that Premier Jason Kenney has been looking to offload. "We are very interested in taking on rail capacity," said Steve Laut, executive vice-chairman of Canadian Natural Resources Ltd., which is the largest upstream oil and gas producer in Canada. "We are seriously participating in the process." The oil-by-rail contracts are widely seen within the oilpatch as the key to lifting an oil production limit imposed by the previous NDP government in late 2018 to prevent domestic heavy oil prices from collapsing further.

## **13. Rail Transportation Regulations are finalized**

The Canadian Transportation Agency (CTA) on July 10, 2019 announced that Regulations Amending Certain Regulations made under the Canada Transportation Act (Rail Transport) are now finalized. The regulations prescribe filing requirements for freight railway companies so that the CTA can validate that they are carrying appropriate minimum third party liability insurance coverage. They also designate rail-related provisions of the Act, and CTA Orders, as subject to administrative monetary penalties of up to \$25,000 per violation, and amend the Railway Interswitching Regulations to ensure consistency with the recently amended interswitching provisions of the *Canada Transportation Act*.

## **14. July traffic following June's tracks**

According to U.S. rail traffic figures released by the Association of American Railroads (AAR) for the week ended July 6, 2019, total U.S. weekly rail traffic—still clearly in the "doldrums"—was 448,459 carloads and intermodal units, down 7.5% compared with the same week last year. Total carloads for the week were 220,759 carloads, down 8.2% compared with the same week in 2018, while U.S. weekly intermodal volume was 227,700 containers and trailers, down 6.9% compared to 2018. Canadian railroads reported 77,571 carloads for the week, down 0.2%, and 66,783 intermodal units, up 3.5% compared with the same week in 2018. For the first 27 weeks of 2019, Canadian railroads reported cumulative rail traffic volume of 4,066,016 carloads, containers and trailers, up 2.1%.

## **15. Efficiency in Railway Operations and Infrastructure Management**

This ITF-OECD report provides a framework for making reliable comparisons of the efficiency of rail systems. Efficiency is of concern to all governments but measuring it for railways is challenging. This is because of the complexity of providing rail services and the diversity of business models adopted to deliver them. Restructuring of the sector in many countries makes trends in costs and efficiency particularly difficult to track. There are also trade-offs to be made in how detailed the analysis needs to be and the availability of consistent data over time. The report proposes a balanced scorecard for characterising performance.

#### **16. Cowen: Shipper surveys say**

Rail shippers are anticipating an average price increase of 3.0% over the next 6-12 months, down from 3.4% in 1Q19 and below the long-term 10-year average of 3.7%, according to Cowen's second-quarter 2019 Rail Shipper Survey. "Economic confidence and business growth expectations slipped from the prior survey, though rail service views improved," the survey said. "We view these results as mixed to negative for the rails, though we would continue to be buyers of top-pick Norfolk Southern on any pullback." On a same-shipper basis, shippers anticipate a 50 bps price decrease, from 3.6% in 1Q to 3.1% this quarter: "While declining pricing expectations are inherently negative for the rails, we note that the survey's current expectations remain above long-term rail cost inflation."

#### **17. Canadian Pacific Railway Limited declares dividend**

The Board of Directors of Canadian Pacific Railway Limited on July 15, 2019 declared a quarterly dividend of \$0.83 per share on the outstanding Common Shares. The dividend is payable on October 28, 2019 to holders of record at the close of business on September 27, 2019.

#### **18. Miner to supply components for 3,800 CP, CN hoppers**

National Steel Car in Hamilton, Ontario, is building the cars—2,800 for CP and 1,000 for CN—which feature a new design that increases car capacity while reducing car length, allowing for more cars in a standard-length train. CP has announced plans to purchase 5,900 of the new cars in support of its Dedicated Train Program, which aims to "allow grain customers to respond more quickly to changes in the global grain market." CP estimates that the new cars will increase per-train capacity by 16%, a number which CP said will increase to 44% when the railroad moves from 7,000-foot trains to 8,500-foot trains as has been planned.

#### **19. CP reports record Q2 revenues of \$1.98 billion on the strength of operating model and 13,000-strong CP family**

Canadian Pacific Railway Limited on July 16, 2019 announced record second-quarter revenues of \$1.98 billion, an increase of 13 percent from last year, and record earnings per share (EPS) with reported diluted EPS of \$5.17 or \$4.30 on an adjusted diluted EPS basis. "I commend the team for this record second-quarter performance," said CP President and Chief Executive Officer Keith Creel. "These results demonstrate the strength of precision scheduled railroading and are a testament to our collective commitment to deliver for our customers and the broader economy." The highlights for the second quarter of 2019 were: 1) Revenues increased by 13 percent to \$1.98 billion from \$1.75 billion last year; 2) Diluted EPS was \$5.17, a 70 percent increase from \$3.04 last year, and adjusted diluted EPS was \$4.30, a 36 percent increase from \$3.16 last year; and 3) Operating ratio set a second-quarter record 58.4 percent, a 580 basis point improvement over last year's second-quarter operating ratio of 64.2 percent

#### **20. CP Rail rakes in record second quarter revenue as traffic increases**

Canadian Pacific Railway Ltd. announced record second-quarter revenues of nearly \$2 billion on July 16, 2019, driven by grain, international container traffic and energy, chemicals and plastics to beat analysts' expectations. Traffic increased in all categories, with grain hitting its third-highest level in CP Rail's 138-year history at \$422 million, a 13 per cent boost. Container traffic and energy, chemicals and plastics - the railway's second- and third-biggest earners - rose by 12 per cent and 25 per cent, respectively, reaching \$404 million and \$346 million.

#### **21. CN, Imperial Oil, and Suncor to rebuild bridge link to NWT**

CN announced that it will rebuild the rail bridge over the Steen River in Alberta. Imperial and Suncor are contributing funds to the reconstruction effort. This rail bridge is the commercial link for many communities near Great Slave Lake in the Northwest Territories and CN, Imperial, as well as Suncor are committed to helping communities rebuild after a difficult fire season. The bridge spans approximately 360 feet from end to end. The approaches on both ends of the bridge will be rebuilt with concrete and steel and the bridge deck of the steel span across the river will be replaced. Construction should be completed by mid-August 2019.

#### **22. CSX says lower truck rates hurting intermodal**

CSX Transportation lowered its guidance for 2019 after offering a grimmer view of the freight market than J.B. Hunt had a day earlier, warning investors that the second half of the year could be worse than the first.

#### **23. July still no salvation for traffic**

The Association of American Railroads (AAR) recently reported U.S. rail traffic for the week ended July 13, 2019, and it appears that it's still "in the doldrums." Total U.S. weekly rail traffic for the second week of July 2019 was 527,908 carloads and intermodal units, down 5.6% compared with the same week last year. Total carloads for the week ended

July 13 were 260,762 carloads, down 4% compared with the same week in 2018, while U.S. weekly intermodal volume was 267,146 containers and trailers, down 7.2% compared to 2018. Canadian railroads reported 81,572 carloads for the week, down 1.3%, and 71,573 intermodal units, up 5.1% compared with the same week in 2018. For the first 28 weeks of 2019, Canadian railroads reported cumulative rail traffic volume of 4,219,161 carloads, containers and trailers, up 2.1%.

#### **24. UP 2Q19: Record-low OR, despite volume, revenue declines**

Union Pacific posted a quarterly record-low operating ratio for 2019 second quarter, along with increases in net income, operating income and diluted earnings per share, compared to the prior-year quarter. These improvements came despite decreases in volume and revenue. UP's diluted earnings per share increased 12% to \$2.22, based on net income of \$1.6 billion. This compares to \$1.5 billion, or \$1.98 per diluted share, in 2Q18. Operating income totaled \$2.3 billion, up 8%. The operating ratio of 59.6% was a 340 basis-point improvement. Operating revenue of \$5.6 billion was down 1%, compared to 2Q18. Business volumes, as measured by total revenue carloads, decreased 4% compared to 2018, as indicated by Agricultural Products and Industrial, up 4% each; and declines in Energy of 13% and Premium of 2%. Quarterly freight revenue declined 2%, as core pricing gains were offset by lower volumes.

#### **25. CSX "achieving record levels of efficiency"**

CSX Corp. (CSX) on July 17, 2019 announced a 2Q19 earnings per share increase of 7% on net earnings of \$870 million, or \$1.08 per share, versus \$877 million, or \$1.01 per share, in the same period last year. In addition, CSX's operating ratio set a company second-quarter record of 57.4%, improved from 58.6% the prior year. However, revenue for the second quarter declined by 1% year-over-year to \$3.06 billion, as merchandise growth was offset by intermodal weakness, CSX noted. Expenses decreased 3% year-over-year to \$1.76 billion, driven by continued efficiency gains and volume-related savings, CSX said. This combination yielded operating income growth of 2% for the quarter to \$1.31 billion, compared to \$1.28 billion in the same period last year. For the six months ended June 30, CSX's operating revenues were \$6.07 billion, a 2% rise from 2018. Net operating income grew 2%, from \$1.2 billion in first-half 2018 to \$1.3 billion in first-half 2019. Operating income was \$2.5 billion—an 8% increase from the same period in 2018.

#### **26. CSX moves into quarterly decline as revenue falls 1pc**

US Class I railway CSX Corporation (CSX) suffered an 0.79 per cent year-on-year decline in net profit to US\$870 million, drawn on revenues of \$3.06 billion, down one per cent, reported *Shipping Gazette*. "I am extremely proud of our dedicated CSX employees for once again achieving new record levels of efficiency this quarter, while also driving a significant improvement in safety," said CSX president and CEO James Foote.

#### **27. Union Pacific quarterly profit up 10pc**

Biggest American railway, the Union Pacific reported a 10 per cent second quarter year-on-year operating profit increase to US\$2.3 billion, drawn on revenues of \$5.1 billion, down one per cent, according to *Shipping Gazette*. "We delivered record second quarter financial results driven by exceptional operating performance," said Union Pacific chairman, president and CEO Lance Fritz.

#### **28. KCS 2Q19: Volume flat, but revenues reach record**

Kansas City Southern (KCS) posted record revenues of \$714 million, a 5% yearly increase, for 2Q19 despite "flat volumes," the company reported on July 19, 2019. Revenue growth was led by a 19% increase in Chemicals and Petroleum due to an increase in shipments related to Mexican energy reform, and a 5% increase in Automotive. These increases were partially offset by revenue declines in the remaining four commodity groups. Energy revenues declined by 5%, as increased Utility Coal shipments were more than offset by declines in Frac Sand and Crude Oil. Industrial & Consumer Products and Agriculture & Minerals revenues each declined by 2%, and Intermodal revenues declined by 1%. For 2Q19, KCS's reported operating expenses were \$506 million. Excluding restructuring charges related to PSR (Precision Scheduled Railroading) initiatives, adjusted operating expenses were \$455 million, 4% higher than 2018. Adjusted operating income was \$259 million, 5% higher than a year ago. The adjusted second-quarter operating ratio of 63.7% was 30 basis points lower than 2Q18's 64.0%. However, the reported OR was 70.9%. KCS' net income in 2Q19 was \$129 million, for a reported \$1.28 per diluted share, compared with \$148 million, or \$1.45 per diluted share last year. Adjusted diluted EPS was \$1.64, 6% higher than a year ago, and a record.

#### **29. CN declares third-quarter 2019 dividend**

CN announced on July 23, 2019 that its Board of Directors has approved a third-quarter 2019 dividend on the Company's common shares outstanding. A quarterly dividend of fifty-three and three-fourths cents (C\$0.5375) per common share will be paid on Sept. 30, 2019, to shareholders of record at the close of business on Sept. 9, 2019.

#### **30. CN reports record second-quarter financial results**

CN on July 23, 2019 reported its financial and operating results for the second quarter ended June 30, 2019. "The CN team delivered record second-quarter results, and we remain optimistic on CN's volume prospects in the second half of the year while maintaining our vigilance on costs," said JJ Ruest, president and chief executive officer of CN. "Our

focus on delivering profitable growth and advanced technologies to modernize our scheduled railroading model is expected to continue driving long-term value creation for our shareholders.” Financial results highlights for the second-quarter 2019 compared to second-quarter 2018 were: “CN attained record second-quarter diluted EPS, as well as record quarterly revenues, operating income and adjusted diluted EPS; Revenues increased by nine per cent to C\$3,959 million; Diluted EPS increased by six per cent to C\$1.88 and adjusted diluted EPS increased by 15 per cent to C\$1.73; Operating ratio of 57.5 per cent, an improvement of 0.7 points; Operating income increased by 11 per cent to C\$1,682 million.”

### **31. Oil and container traffic push CN Rail to record revenues of nearly \$4B**

Crude-by-rail and container traffic drove Canadian National Railway Co. to its highest ever quarterly revenue and adjusted earnings per share, shoring up confidence in its EPS forecast of low double-digit growth for 2019. The country’s largest railroad operator saw revenues rise nine per cent year over year to a record \$3.96 billion last quarter. About 45 per cent of the windfall came from containers, and petroleum and chemicals — CN Rail’s two biggest lines of business — which rose 15 per cent and 26 per cent, respectively, to hit \$1.77 billion. CN’s acquisition in March 2019, of TransX, a Winnipeg-based trucking and transport company was responsible for roughly one-tenth of the company’s \$992 million in container revenue, chief executive JJ Ruest said on a conference call after markets closed July 23, 2019.

### **32. U.S. Freight Rail Traffic: Same Stuff, Different Week**

The Association of American Railroads (AAR) reported total U.S. Class I rail traffic for the week ended July 20, 2019 of 526,010 carloads and intermodal units, down 4.9% compared with the same week last year. For Canada’s railroads, traffic is on the rise, compared to 2018. For U.S. carriers, it’s more of the same. Total carloads for the week ended July 20 were 254,434 carloads, down 4.2% compared with the same week in 2018, while U.S. weekly intermodal volume was 271,576 containers and trailers, down 5.6% compared to 2018. Canadian railroads reported 82,486 carloads for the week, up 2.6%, and 71,482 intermodal units, up 3.4% compared with the same week in 2018. For the first 29 weeks of 2019, Canadian railroads reported cumulative rail traffic volume of 4,373,129 carloads, containers and trailers, up 2.1%.

### **33. Norfolk Southern reports second-quarter 2019 results**

Norfolk Southern Corporation on July 24, 2019 reported second-quarter financial results. It reported record second-quarter operating income, operating ratio, net income, and earnings per share. Second-quarter net income was \$722 million, up 1.67 percent year-over-year, a result of a 4 percent increase in income from railway operations – yielding a record second-quarter operating ratio of 63.6 percent. Diluted earnings per share were \$2.70, up 8 percent year-over-year and a second-quarter record.

### **34. Railroads face a freight slowdown**

Railroads are warning investors that freight shipments will continue to fall this year as the Trump administration’s trade fights hamper exports and cheap natural gas causes coal deliveries to dwindle. CSX and Union Pacific both reported a slowdown in freight hauling during the second quarter. The railroads predicted freight volumes will fall further in the second half of the year. Bad weather and flooding have hurt crop production, which also impacts shipping volumes for the railroads. The Association of American Railroads, which tracks the industry’s weekly shipments, has reported declines for almost every category of product this year. Coal and grain, which account for a large part of the freight industry’s revenue, have been particularly weak.

### **35. CN and GM Extend Agreements, Grow Relationship**

CN announced on July 26, 2019 that it has reached a new multiyear agreement with General Motors for the transportation of finished vehicles and assembly parts. GM will also be the first customer to use CN’s new automotive compounds in Vancouver and in Minneapolis.

### **36. Construction Begins for Highways 401 and 409 GO Transit Rail Tunnels**

On July 26, 2019, Kinga Surma, Associate Minister of Transportation announced the start of tunnel construction on two rail tunnels under Highways 401 and 409, which will make way for more GO train service on the Kitchener corridor. Kinga Surma, Associate Minister of Transportation said. "The Ontario government is keeping its promise and building better public transit for commuters in the Greater Toronto and Hamilton Area. The new rail tunnels under Highways 401 and 409 will allow us to add more trains and more service to the Kitchener Line, bringing us one step closer to two-way, all-day service along the Kitchener GO line."

### **37. Record amount of grain moved by CN**

CN announced that it moved more Canadian grain during the 2018-2019 crop year than ever before and set multiple new records despite the restrictions on Canadian canola exports to China. Many of these records were achieved during the peak demand period and despite extreme weather conditions. During the 2018-2019 crop year, CN moved over 27 million metric tonnes (MMT) of grain, as compared to the previous record of 26 MMT set in 2016-2017, and compared to 25 MMT in 2017-2018.

## HIGHWAY TRANSPORTATION

### 1. Ontario Freezing Some Driver and Vehicle Fees

To make life more affordable for drivers, the Government of Ontario is protecting what matters most by implementing a five-year plan that will bring stability to driver, vehicle and commercial fee increases over the next five years. Key driver, vehicle and commercial fees will not increase until July 1, 2020. This is the third round of driver and vehicle fee increases that have been cancelled by the government. A modest two per cent increase to remaining fees will take effect on July 12, 2019.

### 2. For-hire Motor Carrier Freight Services Price Index, first quarter 2019

The For-hire Motor Carrier Freight Services Price Index decreased 0.3% in the 2019 first quarter, following a 1.0% gain in the fourth quarter of 2018. This was the first decrease since the second quarter of 2016. The general freight trucking component rose 0.1%, while the specialized freight component declined 1.0%. Year-over-year, the index rose 5.5% in the 2019 first quarter compared with the same quarter of 2018. Both the general freight (+6.6%) and the specialized freight (+3.2%) trucking components increased.

### 3. Couriers and Messengers Services Price Index, May 2019

The Couriers and Messengers Services Price Index (CMSPI) increased 0.9% in May 2019, after rising 0.7% in April 2019. The couriers component rose 0.9%, while the local messengers and local delivery component was up 1.0%. Year-over-year, the CMSPI rose 3.7% in May 2019 compared with the same month in 2018. Both the couriers (+3.8%) and the local messengers and local delivery (+3.4%) components increased.

### 4. Passenger bus and urban transit, 2017

Canadian transit and ground passenger transportation industry's total operating revenue for 2017 increased slightly (+2.6%) from 2016 to \$12.7 billion in 2017, while total operating expenses were up 3.2% over the same period to \$14.5 billion. Human resources accounted for 55.9% of total operating expenses in 2017, down slightly from 2016 (58.3%), with drivers representing 72.6% of full-time equivalent employees. These employees operated over 76,000 vehicles, including around 67,000 motor coaches, school buses and transit buses, essentially unchanged from 2016. Urban transit is the largest industry component of this industry. The 95 urban transit operators in Canada generated 72.0% (\$9.1 billion) of total operating revenue in the passenger bus and urban transit industry in 2017. Less than half of urban transit operating revenue came from passenger fares in 2017. The urban transit industry received \$1.12 in operating subsidies for every dollar in fares. Over 930 passenger bus companies operating in Canada represented 28.0% of this industry sector and generated total operating revenue of \$3.6 billion in 2017.

### 5. Mullen Group acquires 2 B.C. logistics companies

Mullen Group has announced the acquisition of Argus Carriers and Inter-Urban Delivery Service, logistics companies operating in the Lower Mainland of British Columbia. Argus, founded in 1948, operates a fleet of 57 trucks and 46 trailers providing general freight services including. Inter-Urban, founded in 1974, operates 43 trucks and 26 trailers focusing on critical same-day delivery service for the health-care sector.

### 6. OTA Chair Meets with Ontario and Quebec Economic Development Ministers

OTA Chairman David Carruth had an opportunity to meet Ontario and Quebec Economic Development Ministers at a small gathering of business leaders in Toronto in the first week of July 2019. OTA's message to the ministers was to focus on harmonization between Quebec and Ontario as a

## HIGHWAY TRANSPORTATION Canada

1. Ontario Freezing Some Driver and Vehicle Fees, June 27, 2019, [www.mto.gov.on.ca](http://www.mto.gov.on.ca)
2. For-hire Motor Carrier Freight Services Price Index, first quarter 2019, June 28, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
3. Couriers and Messengers Services Price Index, May 2019, June 28, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
4. Passenger bus and urban transit, 2017, July 2, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
5. Mullen Group acquires 2 B.C. logistics companies, July 4, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)
6. OTA Chair Meets with Ontario and Quebec Economic Development Ministers, July 4, 2019, [www.ontruck.org](http://www.ontruck.org)
7. CTA Memos for Companies that Employ Cross-Border Truck Drivers, July 4, 2019, [www.cantruck.ca](http://www.cantruck.ca)
8. Ontario updates SPIF rules, July 5, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)
9. Gardiner Expressway Strategic Rehabilitation Cherry Street to Lower Jarvis Street, July 5, 2019, [www.ontruck.org](http://www.ontruck.org)
10. FedEx reported "solid growth" on volumes transported from Europe to Asia, July 8, 2019, [www.transportweekly.com](http://www.transportweekly.com)
11. MTO Approves Regulation Change for Smart Lift Axles on Trailers and Longer Tractors with Multi-Axle Trailers, July 9, 2019, [www.ontruck.ca](http://www.ontruck.ca)
12. Purolator adds industry vet to boost cross-border business, July 9, 2019, [www.ctl.ca](http://www.ctl.ca)
13. Uber offers riders more legroom, less chatting at a price, July 9, 2019, [www.globeandmail.ca](http://www.globeandmail.ca)
14. Government of Canada requires manufacturers to provide Canadians with more information on vehicle defects, July 10, 2019, [www.tc.gc.ca](http://www.tc.gc.ca)
15. Accessible Transportation for Persons with Disabilities Regulations now finalized, July 10, 2019, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)
16. Purolator launches seven-days-a-week e-commerce delivery service, July 11, 2019, [www.ctl.ca](http://www.ctl.ca)
17. Leading indicator of cross-border traveller volume, June 2019, July 11, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
18. May 2019 Freight Transportation Services Index (TSI), July 11, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
19. Premiers Committed to National MELT Implementation, Single Tire Alignment, Prioritizing Immigrant Worker Programs, July 12, 2019, [www.cantruck.ca](http://www.cantruck.ca)
20. Canadian freight forwarder to be acquired by Clasquin, July 12, 2019, [www.ctl.ca](http://www.ctl.ca)
21. Robotics Firm Recruiting Drivers to Remote Pilot Autonomous Trucks, July 12, 2019, [www.ontruck.ca](http://www.ontruck.ca)
22. U.S. trucking conditions weaken in May, July 15, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)
23. Transportation Data and Information Hub: "Activity indicators - Transportation Data and Information Hub", July 15, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)

means to drive economic growth by reducing red tape, specifically: 1. Enhancing the LCV program. 2. Completing the twinning of highway 185 in Quebec; 3. Eliminating the 'Driver Inc' practice in our industry.

### **7. CTA Memos for Companies that Employ Cross-Border Truck Drivers**

CTA has worked with legal firm Miller Thomson LLP to provide members with two legal documents for companies that employ cross-border truck drivers. The memos include best practices for fleets, guidelines on PR applications, and the steps that truck drivers who operate on a cross-border basis should take to maintain their continued eligibility for benefits in their home province, among other topics.

### **8. Ontario updates SPIF rules**

Ontario has introduced the latest updates to the weights and dimensions linked to Safe, Productive, and Infrastructure-Friendly (SPIF) vehicles. As of July 1, 2019 Regulation 413/05 eliminated the special vehicle configuration permits required to operate long-wheelbase tractors, longer saddle mounts, and trailers equipped with smart lift axles. The recent changes: extend the same tire weight allowances to wide-based single tires and dual tires when mounted on single axles; allow boats to be hauled by stinger-steer auto carriers under the same weight and dimensional limits; and allow for an emergency lift axle override, making it possible to lift a self-steering axle in emergency situations.

### **9. Gardiner Expressway Strategic Rehabilitation Cherry Street to Lower Jarvis Street**

The City of Toronto will start construction on Phase 1 of the Gardiner Expressway Strategic Rehabilitation Plan between Cherry Street and Lower Jarvis Street on July 15, 2019. Phase 1 of the work will begin with the rehabilitation of the off-ramp to Yonge/Bay/York Streets from westbound Gardiner Expressway. Beginning at 10 p.m. on July 15, 2019 until September 16, 2019, the westbound off-ramp to Yonge/Bay/York Streets from the Gardiner Expressway will be fully closed due to construction. Work will take place around the clock.

### **10. FedEx reported "solid growth" on volumes transported from Europe to Asia**

FedEx reported "solid growth" on volumes transported from Europe to Asia this year, and said the eastbound trade from Europe was a major focus for the business globally. FedEx Express Europe president Bert Nappier told London's Air Cargo News that the Europe to Asia trade route "represents an approximately US\$8 billion market, and investments in our European road network through the TNT integration, our major hubs and our air fleet has meant we are facilitating more trade between European businesses and the APAC region," he said. "Trade on the [Asia to Europe] lane has been slower. However, we have viewed performance positively given the current economic and political challenges affecting the global economy."

### **11. MTO Approves Reg Change for Smart Lift Axles on Trailers and Longer Tractors with Multi-Axle Trailers**

Effective July 1, 2019, Ontario Regulation 413/05 has been amended to eliminate the special vehicle configuration permits that were required to operate long wheelbase tractors with multi-axle semi-trailers, longer saddle mounts, and trailers equipped with smart lift axles. "OTA has been working with MTO to address the use of longer tractors on multi-axle semi-trailers and the use of smart lift axles on semi-trailers. The speed at which the Government of Ontario and the policy team at MTO was able to address these regulatory changes is fantastic and adds additional menu options for fleets in spec'ing tractors and trailers," said Geoff Wood, OTA's senior vice president, Policy.

### **12. Purolator adds industry vet to boost cross-border business**

Purolator says it is strengthening its cross-border and international capabilities and as part of that strategy has hired Paul Tessy as senior VP, International. Tessy, who comes over from DHL e-Commerce, will be responsible for leading the company's international business which includes a significant U.S./Canada cross-border business, global solutions and value-added logistics services.

### **13. Uber offers riders more legroom, less chatting at a price**

Uber passengers can now get a more spacious ride and a less talkative driver – if they're willing to shell out a few extra dollars. The ride-hailing giant launched "comfort" rides in dozens of cities on July 9, 2019. Riders are guaranteed 36 inches of legroom in "newer" cars – meaning those that are under five years old – and they can request a preferred air temperature. Riders can also use the app to tell drivers they don't want to chat, avoiding what some consider an

24. Review of Facility Insurance Underway, July 16, 2019, [www.ontruck.ca](http://www.ontruck.ca)
25. Senate Committee Calls for Improvements to Trucking Routes and Border Infrastructure, July 17, 2019, [www.ctl.ca](http://www.ctl.ca)
26. Turnover rate at large truckload carriers rises, July 17, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)
27. Canadian truckers have faith in ELDs, not hours of service: Poll, July 19, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)
28. Government of Canada invests in transportation infrastructure for the North Klondike Highway in the Yukon, July 24, 2019, [www.tc.gc.ca](http://www.tc.gc.ca)
29. Kuehne + Nagel acquires Canadian perishable forwarder, July 24, 2019, [www.ctl.ca](http://www.ctl.ca)
30. Level 4 Platooning With Autonomous Following Truck Unveiled, July 24, 2019, [www.cantruck.ca](http://www.cantruck.ca)
31. May 2019 North American Transborder Freight Numbers, July 24, 2019, [www.bts.gov](http://www.bts.gov)
32. TFI International sets quarterly record, July 25, [www.todaystrucking.com](http://www.todaystrucking.com)
33. Ontario Repairing Roads and Bridges to Get People Moving, July 25, 2019, [www.mto.gov.on.ca](http://www.mto.gov.on.ca)
34. Rising demand for next-day air services boosts UPS net earnings by 14pc, July 29, 2019, [www.transportweekly.com](http://www.transportweekly.com)
35. U.S. Department of Transportation Announces \$85 Million in Grants for Projects Nationwide to Expand Advanced Bus Technologies, July 26, 2019, [www.dot.gov](http://www.dot.gov)

awkward exchange. Uber is responding to requests from business travellers and others who say they just want to work or rest quietly when they're on their way to the airport.

#### **14. Government of Canada requires manufacturers to provide Canadians with more information on vehicle defects**

On July 10, 2019, the Honourable Marc Garneau, Minister of Transport, brought forward an amendment to regulations that requires manufacturers to share greater details about vehicle defects affecting safety. Companies must also clearly explain the nature of the safety defect and precautions to take until repairs are completed. Vehicle safety defects refer to a flaw in the design, manufacture, or functioning of the vehicle. Typically these defects occur without warning, which could endanger people's safety. A sudden loss of steering or brakes due to a design flaw or equipment failure are examples of safety defects. While certain manufacturers already provide some of this information voluntarily, the new requirements now will make it fully mandatory for all manufacturers. The amended regulations will also require manufacturers to provide the Minister of Transport with new information, including a chronology of events, warranty claims, field or service reports, and when defect and non-compliance notices will be sent to owners and dealerships. These new rules align with similar requirements in the United States.

#### **15. Accessible Transportation for Persons with Disabilities Regulations now finalized**

The Canadian Transportation Agency (CTA) on July 10, 2019 announced that its Accessible Transportation for Persons with Disabilities Regulations (ATPDR) are now finalized. The regulations consolidate the CTA's various accessibility instruments –six voluntary codes and two regulations – to create a single, robust, legally binding set of accessible transportation regulations. The ATPDR require transportation service providers to: 1) meet the communication needs of travellers with disabilities; 2) train transportation workers to provide assistance to travellers with disabilities; 3) comply with technical requirements regarding aircraft, trains, ferries, buses and terminals (such as airports); 4) provide accessible services; 5) make border and security screening accessible. Most provisions of the ATPDR will come into force on June 25, 2020 while other more complex requirements will be phased-in over three years.

#### **16. Purolator launches seven-days-a-week e-commerce delivery service**

Purolator announced the launch of Purolator QuickShip, a service that gives businesses the opportunity to deliver products to consumers seven-days-a-week with same-day or next-day delivery. "In the next five years, we anticipate that 50 per cent of the delivery market in Canada will be direct-to-home, with consumers expecting quick and reliable deliveries at times that are convenient for them, like evenings and weekends," said John Ferguson, president and CEO, Purolator.

#### **17. Leading indicator of cross-border traveller volume, June 2019**

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

#### **18. May 2019 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, fell 0.7% in May 2019 from April 2019, falling for the second consecutive month. From May 2018 to May 2019, the index declined 0.2% compared to a rise of 8.6% for the previous year. The level of for-hire freight shipments in May 2019 measured by the Freight TSI (135.4) was 2.4% below the all-time high level of 138.7 in November 2018. BTS' TSI records begin in 2000.

#### **19. Premiers Committed to National MELT Implementation, Single Tire Alignment, Prioritizing Immigrant Worker Programs**

Trucking issues remain high on the agenda of Canada's premiers, who met in Saskatchewan this week to discuss transportation safety, economic growth and competitiveness, immigration, reducing barriers to internal trade, and strategic infrastructure. The premiers announced they are committed to adopting a minimum national entry-level training standard by 2021. Relatedly, they also announced the provinces are exploring online programming options for the in-class portion of commercial driver training with the goal of making training more accessible to those seeking to obtain a class 1 commercial licence. The premiers also completed reconciliation agreements that will address differences in the areas of occupational safety, transportation and technical safety. Specifically related to trucking, the provinces announced weights for single wide-base tires and dual tires will be aligned to make use of singles more practical for trucking fleets on major trade routes. They also announced mutual recognition for the review of pressure vessel equipment design that will remove "redundant and expensive" reviews for participating jurisdictions.

#### **20. Canadian freight forwarder to be acquired by Clasquin**

Clasquin, an air and sea freight forwarding and overseas logistics specialist, announced it is currently holding exclusive negotiations to acquire a freight forwarding company based in Canada. According to a statement from Clasquin, the target company had sales of CAD\$48 million last year and employs 90 people.

#### **21. Robotics Firm Recruiting Drivers to Remote Pilot Autonomous Trucks**

Starsky Robotics announced it has started testing unmanned trucks on public highways with live traffic in Florida. The first unmanned test in live traffic took place on June 16, 2019 with the heavy-duty truck traveling 9.4 miles on the Florida Turnpike. It successfully navigated a rest area, merged onto the highway, changed lanes and maintained a speed of 55 mph, according to U.S. trade media. The start-up company's goal is to make trucks automated on the highway and remote areas controlled by human drivers for the first and last miles. In this case, an operator was located in an office in Jacksonville, about 200 miles away from the truck.

#### **22. U.S. trucking conditions weaken in May**

Trucking conditions in the U.S. weakened further in May 2019, falling back nearly two points to a new reading of -2.3, FTR Trucking Conditions Index revealed July 22, 2019. The index has been in negative territory since March 2019 and reflects a general weakness in conditions affecting carriers, FTR said.

#### **23. Transportation Data and Information Hub: "Activity indicators - Transportation Data and Information Hub"**

Statistics Canada has released a new Information Hub of Transportation data. The activity indicators draw from a variety of data sources to provide information on Canada's transportation system. The indicators are presented in a data table and are updated monthly. The data can be found in Statistics Canada Issue Number: 2018001, Catalogue number 50-502-X2018001

#### **24. Review of Facility Insurance Underway**

The Facility Association Commercial Underwriting Working Group started meeting in June 2019 and will continue working throughout 2019 to review specific technical issues relating to Underwriting Rules and Procedures. "The goal of the working group's efforts is to ensure that carriers applying for residual market insurance are treated the same as carriers applying for coverage in the regular market and there is a level playing field with respect to information provided to insurers and the checks and balances that are required in the residual market," said Geoff Wood, OTA's Senior VP Policy.

#### **25. Senate Committee Calls for Improvements to Trucking Routes and Border Infrastructure**

The Standing Senate Committee on Agriculture and Forestry released its new report in the third week of July 2019 titled *Made in Canada: Growing Canada's value-added food sector*, which highlighted the central role trucking plays in the agriculture and food sector. CTA appeared before the committee in the fall to raise awareness on these issues and the committee subsequently made several trucking-related recommendations to the Government of Canada, for example: 1) governments maintain and expand an efficient road network throughout the country; 2) governments harmonize regulations for the trucking industry in order to minimize delays; and 3) government of Canada modernize the Canadian Food Inspection Agency and Canada Border Services Agency inspection and registration systems in order to reduce processing times.

#### **26. Turnover rate at large truckload carriers rises**

The turnover rate at truckload fleets with more than \$30 million revenue rose 5 percentage points to 83% in the first quarter of 2019, the American Trucking Associations said on July 17, 2019. That was lower than last year's average rate of 89% and 11 points below a year earlier. For smaller truckload carriers, the rate fell to 73%, exactly where it was in the first quarter of 2018, the group said. ATA chief economist Bob Costello said the rates demonstrated a muddled picture of the labor market for drivers.

#### **27. Canadian truckers have faith in ELDs, not hours of service: Poll**

The majority of Canadian truckers believe electronic logging devices (ELDs) will monitor hours of service better than paper logbooks, but question whether the equipment will make a difference in driver fatigue. The findings emerged through a monthly survey of Today's Trucking readers. About 77% of respondents said ELDs will monitor hours of service more effectively than paper logbooks, and 72% said drivers will not be able to manipulate the information recorded by ELDs. The devices will be mandated for Canada's federally regulated carriers by June 2021, and Canadian regulators will require the equipment to be certified by a third party to ensure that it is less prone to tampering. Fifty-eight per cent of the survey group already work for a fleet that uses ELDs.

#### **28. Government of Canada invests in transportation infrastructure for the North Klondike Highway in the Yukon**

On July 24, 2019, the Honourable Larry Bagnell, Member of Parliament for Yukon, on behalf of the Honourable Marc Garneau, Minister of Transport, announced a major investment of \$118.2 million for a project that will improve the safety, reliability and efficiency of one of the major transportation arteries in Yukon.

#### **29. Kuehne + Nagel acquires Canadian perishable forwarder**

Kuehne + Nagel successfully completed the acquisition of Worldwide Perishable Canada Co. (WWP). The company is one of the largest freight forwarders in the country and a top player for perishables cargo being the market leader in tuna export. With a strong footprint on the East Coast, WWP will strengthen the existing Kuehne + Nagel perishables network in Canada.

### **30. Level 4 Platooning With Autonomous Following Truck Unveiled**

Peloton Technology unveiled its vision to develop its new Level 4 automated following technology at the Automated Vehicle Symposium in Orlando, Florida. Its new technology would allow the lead truck to steer two commercial vehicles in a platoon, a driving strategy featuring digitally tethered trucks traveling in single file to reduce drag, reports Freightwaves. The company's vehicle-to-vehicle technology allows the human driver in the lead truck to guide the steering, acceleration and braking of the following truck and connects the safety systems between the trucks, Peloton said. Peloton said its connected driving technology improves aerodynamics, fuel economy and safety. Josh Switkes, founder and chief executive of Peloton, said the trucking industry is pushing for platooning technology as it deals with high costs to train and retain drivers. Peloton is currently testing its Level 1 PlatoonPro system with six customers. Its technology utilizes drivers in both the lead and follow trucks. The trucks are connected by vehicle-to-vehicle radio.

### **31. May 2019 North American Transborder Freight Numbers**

Transborder freight between the U.S. and other North American countries (Canada and Mexico) for May 2019 was released by the US Bureau of Transportation Statistics. The highlights of *Total North American* trade were: 1) Total Transborder Freight, \$109.8 billion of moved by all modes of transportation, up 2.4% compared to May 2018; 2) Total trade by truck was \$68.9 billion of freight, up 1.5% compared to May 2018; 3) Total trade by rail was \$16.3 billion of freight, up 6.2% compared to May 2018. *U.S.-Canada* (both directions) trade by mode were as follows: Truck: \$30.4 b.; Rail: \$8.8 b.; Pipeline: \$6.7 b.; Vessel: \$3.0 b. and Air: \$2.6 b.

### **32. TFI International sets quarterly record**

TFI International enjoyed a record-setting second quarter of 2019, with operating income from continuing operations reaching \$149 million during the period that ended June 30 — up 21% over 2018. "Our consistent ability to perform even during challenging freight environments is a result of our relentless focus on profitable growth, through strong execution of business fundamentals," said Alain Bédard, chairman, president and CEO. Total revenue reached \$1.338 billion, compared to \$1.318 billion in the second quarter of 2018. Revenue before fuel surcharges was at \$1.184 billion and \$1.157 billion, when comparing the two periods.

### **33. Ontario Repairing Roads and Bridges to Get People Moving**

The Ontario government is putting people first by helping 23 municipalities make roads and bridges safer, and ensure Ontario is open for business and open for jobs. In 2019, the government will provide \$30 million to support 25 Connecting Links projects across the province. The funding covers up to 90 per cent of eligible project costs, to a maximum of \$3 million. Eligible costs include the design, construction, renewal, rehabilitation and replacement of municipal roads and bridges that run through communities and connect to provincial highways.

### **34. Rising demand for next-day air services boosts UPS net earnings by 14pc**

Express firm UPS reported a 3.4 per cent year-on-year increase in revenues to US\$18 billion during the 2019 second quarter of the year, while net income surged 13.5 per cent to \$1.5 billion on the back of increasing demand for next-day air services. UPS said that the improved results came on the back of a 7 per cent increase in its US daily volumes while next-day air service demand improved by more than 30 per cent. "Our Transformation initiatives are generating greater efficiencies across the network and, when combined with our growth strategies, UPS achieved profit growth in all segments," said David Abney, UPS chairman and chief executive. "We also announced a very extensive roll-out of new products and services such as UPS My Choice for Business, expanded UPS Access Points, and UPS Worldwide Economy, among others, for small- and medium-sized businesses, all designed to generate additional profitable growth." UPS' US Domestic business segment posted a 7.7 per cent year-on-year increase in second-quarter revenues to \$11.1 billion and operating profit was up 28.6 per cent to \$1.2 billion.

### **35. U.S. Department of Transportation Announces \$85 Million in Grants for Projects Nationwide to Expand Advanced Bus Technologies**

The U.S. Department of Transportation's (USDOT) Federal Transit Administration (FTA) on July 26, 2019 announced \$84.9 million in grant selections through the Low- or No-Emission (Low-No) Grant program, which funds the deployment of transit buses and infrastructure that use advanced propulsion technologies. 38 projects in 38 states will each receive funding through the program. Secretary Elaine L. Chao said "These grants will help communities nationwide bring the next generation of bus technology to enhance their transportation systems."

## GENERAL TRANSPORTATION

### Canada

#### 1. National tourism indicators, first quarter 2019

Tourism represented 2.0% of economy-wide gross domestic product (GDP) and 3.9% of the total number of jobs in Canada in the first quarter. Tourism spending in Canada rose 0.6% in the 2019 first quarter. Increased spending by both Canadians and international visitors in Canada contributed to the rise. The increase in tourism spending coincided with a 0.8% rise in tourism GDP in the first quarter. By comparison, economy-wide GDP grew 0.1%. Tourism jobs increased 0.7%, the same rate as jobs in the overall economy.

#### 2. US seeks allies' help to enhance maritime security in Persian Gulf

The United States aims to boost maritime security in the Persian Gulf by forming a coalition with international partners. Having already met with leaders in Saudi Arabia, United Arab Emirates and Kuwait, US special envoy for Iran Brian Hook said one option for improving safety would be to "enhance" the Combined Maritime Force (CMF), a 33-nation naval partnership that covers 3.2 million square miles of international waters.

#### 3. U.S. Secretary of Transportation Elaine L. Chao Co-hosts Latin American and Caribbean Ministers of Transport to Discuss Innovation at Americas Transportation Summit

U.S. Secretary of Transportation Elaine L. Chao co-hosted with Inter-American Development Bank (IDB) President Luis Alberto Moreno the first-ever Americas Transportation Summit. The summit brought together delegations from 19 Latin American and Caribbean countries, including nine Transport Ministers, and was themed "A *path toward competitive, safe and secure transportation services.*" This Summit discussed visionary leadership to safely integrate innovation in transportation.

#### 4. 'Slight contraction' in worldwide trade expected in Q3

Worldwide trade is expected to undergo a "slight contraction" during the third quarter of 2019 as a result of the trade dispute between the U.S. and China, according to the June Global Trade Barometer (GTB) released on June 27, 2019 by Germany-based package delivery and supply chain management company Deutsche Post DHL Group. The GTB reported an overall drop in the world trade outlook by eight points to a new index value of 48 for the countries it tracks — United Kingdom, India, Germany, Japan, China, South Korea and the United States. An index value above 50 represents growth and below shows decline. Air trade and ocean trade are both projected to fall one point to 49 and 48, respectively. The GTB reached nearly 70 points in mid-2018, but has since seen a downward trend. The current contraction is the first since 2015, when it measures more than a month long decline in trade volumes in the middle of the year.

#### 5. Brexit preparations squeeze UK logistics firms' profit margins

UK logistics firms are struggling to finance their preparations for Brexit on account of shrinking profit margins, according to the 2019 Logistics Report published by FTA that represents the interests of 17,000 logistics businesses. The report surveyed the opinions of 500 freight and logistics companies operating in the UK and internationally, to gather industry insights into the latest political and economic developments.

#### 6. New NAFTA rules of origin need more clarity: C.D. Howe Institute

The new Canada-United States-Mexico Agreement (CUSMA) sets out rules of origin for auto products that need greater clarity to provide certainty for the businesses who must apply them, states a new report from the C.D. Howe Institute. The author analyzes the CUSMA rules of origin for automotive goods, identifies ambiguities and areas of uncertainty, and makes suggestions for clarifications through the adoption of Uniform Regulations —for which CUSMA fortunately provides — that will create greater certainty. "Adapting to the CUSMA rules will require major adjustments in supply

## GENERAL TRANSPORTATION

### Canada

1. National tourism indicators, first quarter 2019, June 27, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
2. US seeks allies' help to enhance maritime security in Persian Gulf, June 28, 2019, [www.transportweekly.com](http://www.transportweekly.com)
3. U.S. Secretary of Transportation Elaine L. Chao Co-hosts Latin American and Caribbean Ministers of Transport to Discuss Innovation at Americas Transportation Summit, June 28, 2019, [www.dot.gov](http://www.dot.gov)
4. 'Slight contraction' in worldwide trade expected in Q3, June 28, 2019, [www.americanshipper.com](http://www.americanshipper.com)
5. Brexit preparations squeeze UK logistics firms' profit margins, July 3, 2019, [www.transportweekly.com](http://www.transportweekly.com)
6. New NAFTA rules of origin need more clarity: C.D. Howe Institute, July 3, 2019, [www.ctl.ca](http://www.ctl.ca)
7. StatsCan reports merchandise \$762 million trade surplus in May, July 3, 2019, [www.ctl.ca](http://www.ctl.ca)
8. Member States' compliance with EU law in 2018: efforts are paying off, but improvements still needed, July 4, 2019, [www.europa.eu](http://www.europa.eu)
9. Is Your Supply Chain Prepared to Overcome Capacity Challenges?, July 8, 2019, [www.ctl.ca](http://www.ctl.ca)
10. South Korean imports show moderate strength as overall trade continues to contract, July 9, 2019, [www.transportweekly.com](http://www.transportweekly.com)
11. China's imports and exports of services up 3.5%, July 10, 2019, [www.transportweekly.com](http://www.transportweekly.com)
12. Trudeau to push trade pact in EU leaders' summit as France moves ahead on CETA, July 17, 2019, [www.ctl.ca](http://www.ctl.ca)
13. Effects of U.S.-China Trade War: 'The Proof's In The Ports', Forbes, [www.forbes.com](http://www.forbes.com), Ken Roberts, July 2019.
14. Feds Announce Project Stream of Climate Action Incentive Fund, Jul 18, 2019, [www.ontruck.ca](http://www.ontruck.ca)
15. Pipeline transportation of oil and other liquid petroleum products, May 2019, July 19, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
16. Canada grows EU trade, July 22, 2019, [www.americanshipper.com](http://www.americanshipper.com)
17. U.S. Department of Transportation Names Small Business Innovation Research Program Award Recipients, July 22, 2019, [www.dot.gov](http://www.dot.gov)
18. Canada and Europe make deal to work around blocked World Trade Organization, July 25, 2019, [www.ctl.ca](http://www.ctl.ca)

chains,” says Johnson. “This is particularly the case with the substantially higher Regional Value Content (RVC) thresholds required for most automotive goods.”

#### **7. StatsCan reports merchandise \$762 million trade surplus in May**

Canada posted its first trade surplus since last summer in May 2019 as the auto sector helped boost exports to a record level and the economy continued to show signs of rebounding. Statistics Canada said on July 3, 2019 a jump in exports helped the economy to a \$762-million international merchandise trade surplus in May 2019. The surplus was the first since the economy eked out a \$10-million surplus in July 2018. Economists had expected a deficit of \$1.5 billion for the month, according to Thomson Reuters Eikon.

#### **8. Member States' compliance with EU law in 2018: efforts are paying off, but improvements still needed**

The July 4, 2019 Annual report on Monitoring the Application of EU law sets out how the Commission monitored and enforced EU law in 2018. The online Single Market Scoreboard, also published on July 4, 2019, evaluates the performance of EU/EEA countries in the EU single market and identifies the shortcomings where the countries and the Commission should step up their efforts.

#### **9. Is Your Supply Chain Prepared to Overcome Capacity Challenges?**

It's a captivating time in the logistics industry. Increased demand and customer expectations are putting on-going pressure on shippers to deliver on-time-and-in-full without comprising their bottom line. And while capacity has loosened in the first half of 2019, the spot market is still well above the levels seen in 2015, 2016 and early 2017. In this current environment, a capacity crunch can truly rewrite the rules of the game – making it critical to be prepared. Here are key insights about how shippers can plan for potential capacity challenges and optimize that plan through analytics, feedback and consistent updates. 1. Game Plan and Continually Update Your Playbook; 2. Your Plan Matters to Carriers Too; 3. Bid Early, Bid Often; 4. Collaborate and Leverage Big Data. In addition, partnering with the right 3PL provider who has deep expertise in your core markets can also give you the industry edge your business needs to succeed as well as glean deeper insights from operational and market data and leverage it to further optimize your transportation strategies.

#### **10. South Korean imports show moderate strength as overall trade continues to contract**

South Korea's trade outlook retains some cause for optimism despite continued deceleration both air and ocean trade, according to latest data from the DHL Global Trade Barometer. The DHL Global Trade Barometer, an early indicator of global trade developments calculated using Artificial Intelligence and Big Data, suggests that trade in Personal and Household Goods will experience significant growth between June and August 2019, rising 15 points to an index of 89. However, most other sectors continue to exhibit signs of ongoing trade weakness, with marked declines in both air and ocean exports expected, thus pulling down the overall trade outlook by 3 to an index value of 46

#### **11. China's imports and exports of services up 3.5%**

On July 4, 2019 head of MOFCOM Department of Trade in Services and Commercial Services introduced the overall situation of China's imports and exports of services in January-May 2019, according to MOFCOM. From January to May 2019, China's imports and exports of services totaled 2189.34 billion yuan (RMB), up 3.5% year on year. Among these, the exports were 777.05 billion yuan, up 10.3%; the imports were 1412.28 billion yuan, up 0.1%; the deficit was 635.23 billion yuan, down 10.1%. The main characteristics are as follows. The exports of services increased significantly. From January to May, 2019, the production of China's service industry maintained rapid growth, and production index of the service industry increased by 7.3% year on year, driving the rapid growth of the exports of services. In May, the exports in services increased by 11%, faster than that of the previous four months, driving the exports of services to maintain a double-digit growth in January-May. The exports of services accounted for 35.5% of the imports and exports, up 2.6 percentage points year on year. The trade deficit in services dropped significantly.

#### **12. Trudeau to push trade pact in EU leaders' summit as France moves ahead on CETA**

Lawmakers in France begin their ratification of the comprehensive trade agreement between the European Union and Canada as Prime Minister Justin Trudeau welcomes the leaders of the 28-country bloc to Montreal on July 17, 2019. Trudeau has been pushing hard for a win on trade and foreign policy after two difficult years marked by a rough renegotiation of the North American Free Trade Agreement with the Trump administration and the deterioration of political and trade relations with China. Trudeau will talk up the merits of the Comprehensive Economic and Trade Agreement, or CETA, with European Council President Donald Tusk and European Commission President Jean-Claude Juncker in a series of events in Montreal over the next two days.

#### **13. Effects of U.S.-China Trade War: 'The Proof's In The Ports'**

U.S. trade with the world is up a sliver this year, 0.47%, down from a slice just a couple months ago. According to the latest U.S. Census Bureau data, five of the nation's top 10 ports (five are seaports, three airports and two border crossings) are showing trade increases, five are showing decreases. As you will see, the impact of the U.S.-China trade war is far-reaching. Among our leading ports, the biggest increase is at the 10th-ranked Port of Savannah, up 8.74%, while the biggest decrease is at No. 5-ranked JFK International Airport, down 5.9%. Both set records for trade in 2018.

Here are the statistics for the top 10 US ports: 1. The Port of Los Angeles, down 3.15% through May; 2. Port Laredo, up 0.14%; 3. Chicago's O'Hare International Airport up 1.66%. 4. The Port of Newark up 2.22%; 5. JFK International Airport down 5.9%; 6. The Port of Houston, up 5.22%; 7. Detroit's Ambassador Bridge down 5.56% through May; 8. The Port of New Orleans down 3.81 percent in its trade this year. 9. Los Angeles International Airport down 3.53%. 10. The Port of Savannah up 8.74% this year.

#### **14. Feds Announce Project Stream of Climate Action Incentive Fund**

Environment and Climate Change Canada (ECCC) announced the opening of the Project Stream of the Climate Action Incentive Fund (CAIF) in which small-and-medium-sized enterprises in Ontario, Saskatchewan, Manitoba, and New Brunswick – the four provinces where the federal price on pollution applies – could be eligible to receive up to 25 percent of their costs for energy saving projects. Funding will range between \$20,000 and \$250,000. Program details can be found on ECCC's website.

#### **15. Pipeline transportation of oil and other liquid petroleum products, May 2019**

Data on pipeline transportation of oil and other liquid petroleum products are now available for May 2019 from Statistics Canada.

#### **16. Canada grows EU trade**

Canadian Prime Minister Justin Trudeau likely could not have had a better place to show European Union officials the benefits of a free trade agreement than the Port of Montreal. Montreal's European volumes increased by 6.6% in 2018, the first full year that the Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU was in effect. The 2016 agreement abolished tariffs on more than 90% of goods. Trudeau toured the port with European Council President Donald Tusk as part of a trade summit with EU officials that ended July 18, 2019. The cordial summit with Canada's second-largest trading partner contrasted with the prickly relationship with its largest, the United States, under tariff-prone President Donald Trump. Thanks to CETA, exports of goods to the EU increased by 7% in 2018 to CA\$44.5 billion. (The Canadian dollar equals 76 cents U.S.). But the boost to the EU was greater — a 9% increase in goods exported to Canada to CA\$60 billion.

#### **17. U.S. Department of Transportation Names Small Business Innovation Research Program Award Recipients**

The U.S. Department of Transportation (USDOT) on July 22, 2019 awarded 26 U.S. small businesses a total of \$11,850,000 as part of the Small Business Innovation Research (SBIR) Program. Each year, the SBIR Program solicits proposals from American small businesses to improve various aspects of the national transportation system. SBIR-awarded contracts to qualifying small businesses spur research and commercialization of innovative transportation technologies to address USDOT priorities.

#### **18. Canada and Europe make deal to work around blocked World Trade Organization**

Canada and the European Union have agreed on a plan to set up a substitute appeals body for trade disputes between them, they announced July 25, 2019. They are working around the United States' refusal to allow new appointments to a panel that already exists at the World Trade Organization: the WTO's Appellate Body is down to three members from its normal seven, and two of the remaining members' terms expire in December 2019. The U.S. has been blocking new appointments in an effort to force other reforms at the trade organization, which President Donald Trump has said was set up to benefit everybody except the U.S. and which he's threatened to pull out of altogether.