

# Transportation Information Update\*

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## AIR TRANSPORTATION

### 1. Aircraft movement statistics: Major airports, July 2019

Aircraft take-offs and landings at Canadian airports with NAVCANADA air traffic control towers and flight service stations increased 2.5% in July 2019. Ninety airports combined to reach 613,615 movements, compared with 91 airports totalling 598,447 movements in July 2018.

### 2. Monthly civil aviation statistics, July 2019

The six Canadian Level I air carriers flew 8.0 million passengers on scheduled and charter services in July 2019, down 1.3% from July 2018 and reversing the upward year-over-year monthly trend that began in April 2014. This followed a 1.0% gain in June 2019. Total operating revenue was up 5.6% to \$2.6 billion in July 2019 from the same month a year earlier.

### 3. UPS gets US government approval to become a drone airline

UPS says it has won government approval to run a drone airline, a first for a U.S. company, and it plans to expand deliveries on hospital campuses and eventually other industries.

### 4. Blue Ribbon Task Force Releases Report on UAS Mitigation at Airports

On October 2, 2019, the Blue Ribbon Task Force on UAS Mitigation at Airports released its report on unmanned aircraft systems (UAS) integration, detection, identification, and mitigation in and around airports. The Task Force, jointly commissioned in April 2019 by Airports Council International-North America (ACI-NA) and the Association for Unmanned Vehicle Systems International (AUVSI), recommends the U.S. Congress appropriate more funds to the Federal Aviation Administration (FAA), the Canadian government appropriate more funds to Transport Canada, and both legislative bodies extend UAS interdiction authority to trained state and local law enforcement agencies. "Whether the origin of drone activity near airports is careless, clueless or criminal, the escalating frequency of drone-related incidents present a security, operational and economic challenge to North American airports and their surrounding communities," said Deborah Flint, Chief Executive Officer, Los Angeles World Airports (LAWA).

### 5. WestJet's flagship lounge in Calgary, a home within our home

WestJet on October 3, 2019 announced that work has begun on its first proprietary flagship lounge at the Calgary International Airport (YYC). As the airline with the most departures, destinations and seats from Calgary, the construction of the lounge underscores WestJet's ongoing commitment to growing its premium presence and guest experience. D'Arcy Monaghan, WestJet's Vice-President, Loyalty said "As WestJet continues its accelerated journey to becoming a global network carrier our new flagship lounge in Calgary will give top-tier WestJet Rewards members, Business cabin guests and select partner travellers a home within our home in Calgary. This lounge will showcase WestJet's award-winning hospitality, refined style, elevated products and premium experience our guests have been enjoying with the launch of our new Dreamliner."

## AIR TRANSPORTATION

### Canada

1. Aircraft movement statistics: Major airports, July 2019, September 27, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
2. Monthly civil aviation statistics, July 2019, September 30, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
3. UPS gets US government approval to become a drone airline, October 1, 2019, [www.ctl.ca](http://www.ctl.ca)
4. Blue Ribbon Task Force Releases Report on UAS Mitigation at Airports, October 2, 2019, [www.cacairports.ca](http://www.cacairports.ca)
5. WestJet's flagship lounge in Calgary, a home within our home, October 3, 2019, [www.westjet.ca](http://www.westjet.ca)
6. WestJet warns public of phishing email scam, October 4, 2019, [www.westjet.ca](http://www.westjet.ca)
7. Cargo airships could boost northern housing, October 5, 2019, [www.winnipegfreepress.ca](http://www.winnipegfreepress.ca)
8. Airlines welcome significant progress made at 40th ICAO Assembly, October 4, 2019, [www.iata.org](http://www.iata.org)
9. Mergers: Commission opens in-depth investigation into joint ventures proposed by Boeing and Embraer, October 4, [www.euroopa.eu](http://www.euroopa.eu)
10. The Sky's the Limit for UPS With New FAA Drone Approval, October 7, 2019, [www.inboundlogistics.com](http://www.inboundlogistics.com)
11. US-China Trade War Weighs Heavily on Air Cargo, October 9, 2019, [www.iata.org](http://www.iata.org)
12. oneworld crowned Best Airline Alliance by Business Traveller Awards, October 9, 2019, [www.transportworld.com](http://www.transportworld.com)
13. August Sees Moderate Pick-up in Passenger Demand, October 10, 2019, [www.iata.org](http://www.iata.org)
14. Air Canada to Present Third Quarter 2019 Results, October 10, 2019, [www.aircanada.ca](http://www.aircanada.ca)
15. TSB releases report after Air Canada jet slides during icy landing at Halifax airport, October 10, 2019, [www.globeandmail.ca](http://www.globeandmail.ca)
16. Aircraft movement statistics: Small airports, June 2019, October 10, 2019, [www.statcan.gc.ca](http://www.statcan.gc.ca)
17. Estimated September 2019 U.S. Airline Traffic Data, October 10, 2019, [www.bts.gov](http://www.bts.gov)
18. Air Travel Consumer Report: August 2019 Numbers, October 15, 2019, [www.dot.gov](http://www.dot.gov)
19. Second Quarter 2019 Air Fare Data, October 15, 2019, [www.bts.gov](http://www.bts.gov)
20. Technology to Drive Advances in Passenger Experience and Infrastructure, October 15, 2019, [www.iata.org](http://www.iata.org)

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

## **6. WestJet warns public of phishing email scam**

WestJet on October 4, 2019 warned the public of a new email scam using the WestJet Rewards name and brand likeness to get recipients to sign in or risk having their WestJet Rewards account deactivated. Vice-President Marketing Communications Richard Bartrem said "WestJet urges the public to be aware of unsolicited or spoofed emails from WestJet Rewards." The scammers are using the trusted WestJet name to create alarm around account deactivation in a fraudulent attempt to steal personal information. Please do not follow the instructions. These spoofed emails are not being sent by WestJet or on behalf of WestJet and we have alerted RCMP Canadian Anti-Fraud authorities and urge anyone with concerns to do so as well."

## **7. Cargo airships could boost northern housing**

Access to transportation is important to Canadians everywhere, so it would be valuable to learn the leaders' positions on transportation access to the remote northern communities, and whether they have formed an opinion on the use of cargo airships to provide year-round freight transport. Year-round construction supported by cargo airships would go a long way toward building more, higher-quality housing. When asked, provincial politicians always say that on-reserve housing is a federal matter; federal politicians point to the provinces to provide transportation access within their boundaries. Perhaps lost in this jurisdictional wrangling is that the people living in remote communities are still Canadians and deserve the same equity of access as all other citizens.

## **8. Airlines welcome significant progress made at 40th ICAO Assembly**

The International Air Transport Association (IATA) commended the significant progress made by governments at the 40th Assembly of the International Civil Aviation Organization (ICAO). Environment was at the top of the agenda, and after some robust discussions between states, there were two critical outcomes: 1) The ICAO Council will report to the next Assembly on options for the adoption of a long-term aspirational goal for reducing carbon emissions from international aviation. 2) The Assembly passed a resolution that reaffirmed and strengthened its support for the successful implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)—the world's first global carbon offsetting scheme.

## **9. Mergers: Commission opens in-depth investigation into joint ventures proposed by Boeing and Embraer**

The European Commission has opened an in-depth investigation to assess the

proposed creation of two joint ventures by aircraft manufacturers Boeing and Embraer, under the EU Merger Regulation. The Commission is concerned that the transaction may reduce competition as regards commercial aircraft. Commissioner Margrethe Vestager, in charge of competition policy, said: "Markets for commercial aircraft need to function well to deliver innovative and efficient products to customers at a fair price. Therefore, with our in-depth investigation, we want to make sure that mergers in commercial aircraft do not significantly reduce effective competition on prices and product development." The planned transaction consists in the creation of: (i) a joint venture solely controlled by Boeing that would take over Embraer's global commercial aircraft business (product development, production, marketing, services), and (ii) a joint venture jointly controlled by the two companies that would be in charge of the marketing of the Embraer KC-390 military aircraft.

## **10. The Sky's the Limit for UPS With New FAA Drone Approval**

On October 1st, 2019, UPS was the first company to receive approval from the Federal Aviation Administration for a broad plan to use a fleet of drones to expand its package delivery options. The milestone sets the pace for what many companies hope will become the norm in last-mile service. While other enterprises like Walgreens and FedEx are currently testing the same approach via partnerships with Wing Aviation, the trials are limited to small areas, making it difficult to lay out a more concrete plan for last mile advancements.

## **11. US-China Trade War Weighs Heavily on Air Cargo**

21. United Airlines posts \$1 billion profit on summer travel, October 16, 2019, [www.cargonews.com](http://www.cargonews.com)

22. Air Canada President and Chief Executive Calin Rovinescu Named Strategist of the Year and One of Canada's Top CEOs of the Year by Globe and Mail's Report on Business, October 16, 2019, [www.aircanada.ca](http://www.aircanada.ca)

23. August 2019 U.S. Passenger Airline Employment Data, October 16, 2019, [www.bts.gov](http://www.bts.gov)

24. Norwegian Air and JetBlue announce intent for partnership, October 16, 2019, [www.ajot.com](http://www.ajot.com)

25. WestJet stands out from the herd in latest advertising campaign, October 21, 2019, [www.westjet.ca](http://www.westjet.ca)

26. US air cargo volumes show big declines with top trading partners, October 22, 2019, [www.transportweekly.com](http://www.transportweekly.com)

27. UPS expands drone, other operations for healthcare companies; broadens e-commerce reach for smaller businesses, October 21, 2019, [www.americanshipper.com](http://www.americanshipper.com)

28. Vancouver, livin' the Dreamliner this summer with WestJet, October 22, 2019, [www.westjet.ca](http://www.westjet.ca)

29. Toronto and London, U.K. now connected on WestJet Dreamliner, October 23, 2019, [www.westjet.ca](http://www.westjet.ca)

30. Air Canada Announces Canada's Top 10 Best New Restaurants 2019, October 23, 2019, [www.aircanada.ca](http://www.aircanada.ca)

31. U.S. workers ratify labor deal with Air Canada, October 23, 2019, [www.americanshipper.com](http://www.americanshipper.com)

32. Air Canada Reports Third Quarter 2019 Results, October 29, 2019, [www.aircanada.ca](http://www.aircanada.ca)

33. WestJet reports its second-highest ever third quarter net earnings of \$119.4 million, October 28, 2019, [www.westjet.ca](http://www.westjet.ca)

34. Drone Delivery Canada to establish delivery hub at EIA, October 29, 2019, [www.cfl.ca](http://www.cfl.ca)

35. Asia Pacific air cargo declines 6.5pc in September, October 30, 2019, [www.transportweekly.com](http://www.transportweekly.com)

The International Air Transport Association (IATA) released data for global air freight markets showing that demand, measured in freight tonne kilometers (FTKs), contracted by 3.9% in August 2019, compared to the same period in 2018. This marks the tenth consecutive month of year-on-year decline in freight volumes, the longest period since the global financial crisis in 2008. Freight capacity, measured in available freight tonne kilometers (AFTKs), rose by 2% year-on-year in August 2019. Capacity growth has now outstripped demand growth for the 16th consecutive month. Air cargo continues to face strong headwinds from the intensifying trade war between the US and China, as well as weakness in some of the key economic indicators and rising political uncertainties worldwide. Global trade volumes are 1% lower than a year ago. All regions except Latin America showed negative demand as measured by FTKs.

#### **12. Oneworld crowned Best Airline Alliance by Business Traveller Awards**

Oneworld® has been named Best Airline Alliance in the 2019 Business Traveller Awards, making it the seventh year in a row that the alliance has won the recognition. Oneworld was selected as the Best Airline Alliance by Business Traveller readers who voted for their preferred travel providers in the annual awards, which have been a longstanding fixture in the business travel industry for more than 30 years. Oneworld Chief Transformation Officer Rishi Kapoor accepted the award on behalf of the alliance at the awards ceremony, presented by BBC News Deputy Political Editor John Pienaar, in London on 7 October, 2019. This award is just one among multiple repeat awards for oneworld in the recent year. In the past 12 months.

#### **13. August Sees Moderate Pick-up in Passenger Demand**

The International Air Transport Association (IATA) announced global passenger traffic data for August 2019. It showed that demand (measured in total revenue passenger kilometers or RPKs) climbed 3.8% compared to the year-ago period. This was above the 3.5% annual increase for July 2019. August 2019 capacity (available seat kilometers or ASKs) increased by 3.5%. Load factor climbed 0.3% percentage point to 85.7%, which was a new monthly record, as airlines continue to maximize asset use. Alexandre de Juniac, IATA's Director General and CEO said "While we saw a pick-up in passenger demand in August compared to July, growth remains below the long-term trend and well-down on the roughly 8.5% annual growth seen over the 2016 to Q1 2018 period. This reflects the impact of economic slowdowns in some key markets, uncertainty over Brexit and the trade war between the US and China. Nonetheless, airlines are doing a great job of matching capacity to demand. With passenger load factors reaching a new high of 85.7% this is good for overall efficiency and passengers' individual carbon footprint."

#### **14. Air Canada to Present Third 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 Tuesday, October 29, 2019 to present third 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.

#### **15. TSB releases report after Air Canada jet slides during icy landing at Halifax airport**

A report by the Transportation Safety Board says improved runway safety measures have been made at Halifax Stanfield International Airport after an Air Canada passenger jet slid on a runway in blustery and icy conditions in March 2019. The report says Air Canada Flight 614 from Toronto landed on Runway 23 and began sliding as it slowed near a taxiway during braking, eventually rotating 180 degrees before coming to rest facing the wrong way with all its wheels on the paved portion of the runway. None of the 211 passengers and 8 crew were injured, and there was no damage to the Boeing 767-375 aircraft.

#### **16. Aircraft movement statistics: Small airports, June 2019**

Take-offs and landings at 133 Canadian airports without air traffic control towers totalled 65,050 movements in June 2019. Ten airports accounted for 39.6% of the month's activity: Peterborough, Ontario (7,471 movements), Trois-Rivières, Quebec (3,124), Goose Bay, Newfoundland and Labrador (2,798), Barrie-Orillia-Lake Simcoe Regional, Ontario (2,206), Drummondville, Quebec (2,153), Collingwood, Ontario (1,964), Dawson, Yukon (1,649), Red Lake, Ontario (1,583), Pickle Lake, Ontario (1,429), and Comox, British Columbia (1,415).

#### **17. Estimated September 2019 U.S. Airline Traffic Data**

U.S. airlines carried an estimated 76.4 million systemwide (domestic and international) scheduled service passengers in September 2019, seasonally adjusted, according to the Bureau of Transportation Statistics' (BTS) first estimate, down 0.7% from the August 2019 second estimate. The BTS estimate of the September enplanement total of 76.4 million was down 1.7% from the all-time, seasonally adjusted, reported high of 77.7 million reached in June 2019 and up 4.3% from the previous year. For the first nine months of 2019, January through September, U.S. airlines carried 692.8 million passengers, the highest total based on comparable records since 2003. The January-September 2019 number has reached a new high for five consecutive years.

#### **18. Air Travel Consumer Report: August 2019 Numbers**

The U.S. Department of Transportation (DOT) on October 15, 2019 released its October 2019 Air Travel Consumer

Report (ATCR) on reporting marketing and operating air carrier data compiled for the month of August 2019. The full consumer report and other aviation consumer matters of interest to the public can be found at <http://www.transportation.gov/airconsumer>. A few matters that were reported are indicated: 1) August On-Time Performance: In August 2019, reporting marketing carriers posted an on-time arrival rate of 77.6%, up from both the 76.9% on-time rate in July 2019 and from 75.2% in August 2018. 2) August Cancellations: In August 2019, reporting marketing carriers cancelled 1.8% of their scheduled domestic flights, lower than both the rate of 2.1% in July 2019 and 2.0% in August 2018. 3) Tarmac Delays: In August 2019, airlines reported 46 tarmac delays of more than three hours on domestic flights, compared to 58 such tarmac delays reported in July 2019 and 42 tarmac delays reported in August 2018. In August 2019, airlines reported two tarmac delays of more than four hours on international flights, compared to three tarmac delays reported in July 2019 and three tarmac delays reported in August 2018. Extended tarmac delays are investigated by the Department. 4) Mishandled Baggage: In August 2019, the reporting marketing carriers posted a mishandled baggage rate of 6.06 mishandled bags per 1,000 checked bags, a lower rate than the July 2019 rate of 6.33 per 1,000 checked bags.

#### **19. Second Quarter 2019 Air Fare Data**

The second quarter 2019 average U.S. domestic itinerary air fare of \$364 was an increase from both the first quarter of 2019 and the second quarter of 2018, adjusted for inflation. Adjusted for inflation, (constant 2019 dollars) the 2Q 2019 air fare was: 1) Up 2.5% from 2Q 2018 (\$355); 2) Up 1.9% from 1Q 2019 (\$358); and 3) Down 14.4% from 2Q 2014 (\$426).

#### **20. Technology to Drive Advances in Passenger Experience and Infrastructure**

The International Air Transport Association (IATA) called on governments and industry to work together to make the best use of modern technology to put the passenger at the center of the journey and to achieve greater efficiency from infrastructure. The call came during the opening address by Alexandre de Juniac, IATA's Director General and CEO, at the IATA Global Airport and Passenger Symposium (GAPS) in Warsaw.

#### **21. United Airlines posts \$1 billion profit on summer travel**

Cheaper jet fuel and slightly higher fares helped United Airlines boost third-quarter profit 23% to \$1 billion. The results released on October 15, 2019 were better than Wall Street expected, and United raised its forecast of full-year profit. United indicated that demand for leisure and business travel is holding up.

#### **22. Air Canada President and Chief Executive Calin Rovinescu Named Strategist of the Year and One of Canada's Top CEOs of the Year by *Globe and Mail's* Report on Business**

Air Canada President and Chief Executive Officer Calin Rovinescu has been recognized as Strategist of the Year, as well as being named one of Canada's top leaders of 2019 representing the best of corporate leadership, innovation, vision and responsibility by the *Globe and Mail's* Report on Business. The Strategist of the Year is awarded by the *Globe and Mail's* Report of Business team to a CEO whose bold decisions have materially changed and improved the strategic position of his or her business.

#### **23. August 2019 U.S. Passenger Airline Employment Data**

The 21 U.S. scheduled passenger airlines employed 2.3% more workers in August 2019 than in August 2018 and 13.2% more than in 2015.

#### **24. Norwegian Air and JetBlue announce intent for partnership**

Norwegian Air and JetBlue have signed a Letter of Intent for an interline agreement. The partnership will allow customers to combine low fares in a convenient single booking for connecting flights between the Americas and Europe. Customers will have the possibility to book connecting flights on both airlines' websites by combining the best of the complementary and expansive networks. The partnership is planned to launch in early Summer 2020 and will be bookable in early 2020.

#### **25. WestJet stands out from the herd in latest advertising campaign**

Named TripAdvisor's best airline in Canada by the travelling public for three consecutive years, WestJet's latest campaign focuses on WestJet's award-winning guest service, no overbooking and being Canada's most on-time airline. It reaffirms the airline's continued commitment to making air travel something its guests not only enjoy but look forward to. "We want the travelling public to know that as we have become a global network carrier, we will never lose sight of the caring WestJet touch," said Richard Bartrem, WestJet Vice-President Marketing Communications. "Travel can be unpredictable and this campaign represents how we will always try to put ourselves in our guests shoes by delivering the caring guest experience that has made WestJet stand out from the herd."

#### **26. US air cargo volumes show big declines with top trading partners**

Air cargo volumes globally fell by 3.9 per cent in August 2019, according to data from the International Air Transport Association (IATA), representing 10 consecutive months of year-on-year declines. According to *WorldACD*, global volumes measured in kilogrammes were down 7.1 per cent and yields fell by 9.4 per cent in August 2019. With regards to the US' international trade, Census Bureau statistics show imports by air rose in value through August 2019 by 1.2

per cent, however, tonnage decreased by 3.9 per cent. The value of air exports from the US rose by 0.5 per cent, but tonnage was down by six per cent, reported *New York's FreightWaves*. More significantly, US trade data shows big declines this year in the top US trading partners. It's a huge gap to fill for airlines, forwarders, customs brokers, air cargo handlers and trucking firms that all service the air cargo business.

### **27. UPS expands drone, other operations for healthcare companies; broadens e-commerce reach for smaller businesses**

UPS Inc. said late on October 21, 2019 that it expanded its commercial drone operations to include deliveries for large healthcare providers, created an Internet-of-Things platform for time-critical healthcare shipments and broadened its e-commerce ties with digital shipping companies such as Stamps. The Atlanta-based company said it has inked agreements with retail pharmacy giant CVS Health to deliver products such as prescriptions by drone. It will also work with drug wholesaler *AmerisourceBergen* to deliver specific drugs, supplies and medical records to medical campuses served by the healthcare concern. In addition, health insurance firm Kaiser Permanente will use the UPS drone network to deliver drugs and supplies to Kaiser's U.S. campuses, UPS said. Earlier this month, UPS' drone airline, "UPS Freight Forward," received federal government authority to operate with virtually no limit on size or scope of operations.

### **28. Vancouver, livin' the Dreamliner this summer with WestJet**

WestJet on October 22, 2019 announced daily 787 Dreamliner service between Vancouver and London, Gatwick giving the airline's guests on the West Coast and across the Atlantic the opportunity to experience WestJet's new Business, Premium and Economy cabins. Service starts April 26, 2020. "As we receive our next 787 Dreamliner deliveries, we're thrilled to offer our business and leisure travellers this same convenient daily flight but on our newest, state-of-the-art aircraft," said Arved von zur Muehlen, WestJet Chief Commercial Officer. "By increasing capacity by over forty per cent between Vancouver and London, Gatwick guests can enjoy a superior travel experience featuring our award-winning service on either side of the Atlantic."

### **29. Toronto and London, U.K. now connected on WestJet Dreamliner**

On October 23, 2019, WestJet's state-of-the-art aircraft, the 787-9 Dreamliner, will be operating its inaugural Toronto-London (Gatwick) route giving guests on both sides of the Atlantic the opportunity to experience the airline's new Business and Premium service between two large financial and tourism centres. "This is a significant first for our guests who now have access to the WestJet Dreamliner nonstop between Toronto and London, U.K.," said Brian Znotins, WestJet Vice-President Network Planning and Alliances. "The Dreamliner was built for transoceanic routes with technology that reduces jetlag and leaves travellers feeling more refreshed upon arrival. We are proud to welcome guests on board the most comfortable aircraft we have ever operated."

### **30. Air Canada Announces Canada's Top 10 Best New Restaurants 2019**

Air Canada and presenting partner American Express revealed Canada's Best Top 10 New Restaurants on October 23, 2019. The Best New Restaurants for 2019 were: 1. ARVI (Quebec City); 2. Como Taperia (Vancouver); 3. Donna's (Toronto); 4. Pluvio restaurant + rooms (Ucluelet); 5. Nowhere a restaurant (Victoria); 6. Dreyfus (Toronto); 7. Wayfarer Oyster House (Whitehorse); 8. Pastel (Montreal); 9. Dispatch (St. Catharines); and 10. Ten (Toronto).

### **31. U.S. workers ratify labor deal with Air Canada**

Union members belonging to the International Brotherhood of Teamsters have ratified a new 10-year contract with Air Canada. The airline said it was notified of the results by the union on October 23, 2019. The IBT represents the airline's 700 U.S.-based employees, including air cargo workers. The long-term agreement, tentatively reached in mid-August 2019, includes a number of new benefits, including signing bonuses ranging from \$5,000 to \$10,000, guarantees for medical rates and job security, annual raises and the elimination of black-out periods for vacation, according to the Teamsters.

### **32. Air Canada Reports Third Quarter 2019 Results**

Air Canada on October 29, 2019 reported third quarter 2019 EBITDA (earnings before interest, taxes, depreciation, amortization and impairment) of \$1.472 billion compared to third quarter 2018 EBITDA of \$1.351 billion, an increase of \$121 million or 9 per cent. The airline reported third quarter 2019 operating income of \$956 million compared to third quarter 2018 operating income of \$923 million. Calin Rovinescu, President and Chief Executive Officer of Air Canada said "I am pleased to report an excellent third quarter for Air Canada, in which we generated record operating revenues of close to \$5.6 billion and reached record liquidity of nearly \$7.4 billion. Impressive as such strong results are on their own, they are even more meaningful given that we achieved them despite the serious disruption to our operations and to our cost structure created by the Boeing 737 MAX grounding. Our record performance is a testament to the resourcefulness, skill and dedication of the entire Air Canada team, and I applaud and thank them for their hard work taking care of our customers since the Boeing 737 MAX grounding occurred." Other highlights were: total revenue, net income, available seat miles, revenue passenger miles and load factor changed 2.5%, -9.4% -2.1%, -1.8% and 0.2 points, respectively to \$5,553m, \$636m, 32,457m, \$27,954m and 86.1% from \$5,415m, \$702m, 33,137m,



\$28,465m and 85.9%. Its diluted earnings per share was \$2.35 a change of -7.8% from \$2.55.

### **33. WestJet reports its second-highest ever third quarter net earnings of \$119.4 million**

WestJet on October 28, 2019 announced its third quarter results for 2019, with net earnings of \$119.4 million, or \$1.02 per fully diluted share compared with net earnings of \$70.1 million, or \$0.61 per fully diluted share reported in the third quarter of 2018, a year-over-year increase of 70.4 per cent and 67.2 per cent respectively. Ed Sims, WestJet President and CEO said "We are very pleased with these remarkable results, achieving our highest ever third quarter load factor, second-highest ever third quarter net earnings and the third-highest quarterly net earnings in WestJet's history. These results would not have been possible without the continued energy and dedication of all 14,000 WestJetters in delivering our award-winning brand of friendly and caring service through the busy summer period. I also want to thank the almost seven million guests who travelled with us in the third quarter for their continued support." Other highlights were: total revenue, available seat miles, revenue passenger miles and load factor changed 10.5%, -0.5%, 2.1% and 2.2%, respectively i.e., from \$1,392.9m, 8.838b, \$7.671b and 86.8% to \$1,260.9m, 8.880b, \$7.517b and 84.6%, respectively. On October 28, 2019, WestJet's Board of Directors declared a cash dividend of \$0.14 per common voting share and variable voting share for the fourth quarter of 2019, to be paid on December 31, 2019, to shareholders of record on December 18, 2019.

### **34. Drone Delivery Canada to establish delivery hub at EIA**

Drone Delivery Canada (DDC) is pleased to announce that with the assistance of its sales agent Air Canada, it has entered into a commercial agreement with the Edmonton Regional Airports Authority (ERAA), operating Edmonton International Airport (EIA) and Villeneuve Airport, for the purpose of establishing the world's first airport drone delivery hub, at Edmonton International Airport using DDC's proprietary drone delivery platform.

### **35. Asia Pacific air cargo declines 6.5pc in September**

The Association of Asia Pacific Airlines (AAPA) saw cargo volumes decline 6.5 per cent year on year in September 2019 - roughly in line with performance for the rest of the year. "Unresolved trade frictions have undermined business confidence and disrupted global supply chains, said the AAPA. Asian airlines saw overall demand for air cargo fall by 5.8 per cent during the first nine months of the year, with the outlook remaining subdued in the near term," said AAPA director general Andrew Herdman. "Operating conditions are challenging for Asian carriers, which face intense competitive pressures against a backdrop of moderating economic sentiment. Nevertheless, airlines are carefully managing capacity expansion, exercising cost discipline, and streamlining operations in a bid to maintain profitability," he said.

## **WATER TRANSPORTATION**

### **1. Hamilton-Oshawa port rebrands with new logo**

Following its amalgamation in June 2019, the Hamilton-Oshawa Port Authority (or HOPA) has launched a rebrand with a new logo. "The Port Authority sought a modern brand and visual identity that would resonate in Hamilton and Oshawa, and convey its evolution into a progressive maritime industry leader," the port stated in a press release.

### **2. Port Report: Houston looks to start expansion efforts by 2021**

The Port of Houston is going forward on boosting its container capacity with plans to purchase three new ship-to-shore cranes and to study a widening and deepening project for the ship channel. The Port of Houston Authority said it signed a \$35 million contract for three neopanamax cranes to be installed at the Bayport Container Terminal. The cranes are expected to be operational in the summer of 2021 and will be the tallest to date for the Port of Houston at 158 feet under the spreader. The cranes are capable of handling ships up to 18,000 twenty-foot equivalent units (TEUs) in capacity. The three cranes will bring the Port of Houston's fleet of ship-to-shore cranes to 29 cranes in total. Houston's container throughput is one of the strongest in the U.S. thanks to strong export growth from the region's petrochemical manufacturers. Year-to-date TEUs handled in through August 2019 totaled nearly two million, an increase of 11 percent compared to this time last year.

### **3. Vancouver Fraser Port Authority renders decision on Westridge Marine Terminal Upgrade and Expansion Project permit application**

## **WATER TRANSPORTATION Canada**

1. Hamilton-Oshawa port rebrands with new logo, September 27, 2019, [www.ctf.ca](http://www.ctf.ca)
2. Port Report: Houston looks to start expansion efforts by 2021, September 30, 2019, [www.americanshipper.com](http://www.americanshipper.com)
3. Vancouver Fraser Port Authority renders decision on Westridge Marine Terminal Upgrade and Expansion Project permit application, September 30, 2019, [www.portofmetrovancouver.com](http://www.portofmetrovancouver.com)
4. Competition watchdog growls at world's biggest coal port, September 30, 2019, [www.americanshipper.com](http://www.americanshipper.com)
5. Fares for commercial trucks using B.C. Ferries could increase 2.3% annually, October 2, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)
6. Shipping goods for the upcoming holiday season requires expert planning and efficiency, October 2, 2019, [www.nationalpost.ca](http://www.nationalpost.ca)
7. Dynamic pricing allows for forward shipping contracts: Drewry, October 2, 2019, [www.joc.com](http://www.joc.com)
8. Port policy: which principles are still relevant today?, October 4, 2019, [www.porteconomics.com](http://www.porteconomics.com)

The Vancouver Fraser Port Authority has approved a permit application from Trans Mountain Pipeline ULC for the portion of the Trans Mountain Expansion Project within their jurisdiction involving the upgrade and expansion of the existing Westridge Marine Terminal in the Port of Vancouver.

#### **4. Competition watchdog grows at world's biggest coal port**

Rod Sims, the chairman of the Australian Competition and Consumer Commission, has barked at the many monopolists inhabiting Australia, including the world's biggest coal export port, the Port of Newcastle. Describing the current environment as a "tussle" between Australia's regulatory framework and the owners of monopoly infrastructure, Sims argued that the monopolists are "winning" during a speech to the Australasian Transport Research Forum. The National Competition Council, which advises on whether third parties should be allowed access to monopoly infrastructure, recently enabled the revocation of a declaration that third parties can have access rights on potentially regulated terms to the privately-owned shipping channels at the Port of Newcastle.

#### **5. Fares for commercial trucks using B.C. Ferries could increase 2.3% annually**

Rates for the use of B.C. Ferries could go up by a maximum of 2.3% annually from April 1, 2020 to March 31, 2024, including rates for commercial traffic. The Office of B.C. Ferries Commissioner confirmed to Truck News-West that trucks will be subject to the same price cap increase as all other fares, and that the cap applies to the average of all fares. "This final price cap decision confirms the preliminary decision announced on April 1 of this year," said Commissioner Sheldon Stoilen. "We believe these increases are in the public interest—affordable to ferry users and taxpayers, while sufficient to allow B.C. Ferries to meet their financial targets, barring any extraordinary situation." Though the Commissioner does not set the fares for B.C. Ferries, it does place caps on how much they can be increased.

#### **6. Shipping goods for the upcoming holiday season requires expert planning and efficiency**

Shipping experts play a vital role in our everyday lives and the health of the entire Canadian retail landscape, as they ensure the goods consumers need are accessible for purchase in nearly all industries. But for business owners, their role is even more complex. Transportation professionals are essential partners in the vitality and growth of their companies. And with the advent of new shipping technologies, such as smart containers, it's never been more important or advantageous to work with the right container shipping experts. "The ability of shippers to deliver on their orders is essential to consumers and clients' bottom lines," said Najim Shaikh, vice-president of commercial import, MSC Mediterranean Shipping Co. This is especially evident as we head into the fall and holiday retail shopping seasons. The amount of lead time and management involved among vendors and different stakeholders is huge. It takes months of planning for events like Black Friday to happen; in fact, the purchase orders for the holiday season were made back in May, and cargo coming in from somewhere like Asia started shipping in July in order to be on the shelves in time.

#### **7. Dynamic pricing allows for forward shipping contracts: Drewry**

Drewry's contention is that an online marketplace where ocean freight buyers and sellers could agree on binding forward commitments would eliminate inefficiencies in the existing spot market.

#### **8. Port policy: which principles are still relevant today?**

In 1990 Richard O. Goss wrote four seminal articles about the economic principles underlying port policies, which were published in *Maritime Policy and Management* under the title *Economic Policies and Seaports*. These

9. Strong growth in H1 2019 for top European container ports, October 4, 2019, [www.porteconomics.com](http://www.porteconomics.com)
10. Box shipping faces \$11 billion IMO 2020 bill, October 8, 2019, [www.americanshipper.com](http://www.americanshipper.com)
11. Federal Maritime Commission splits World Shipping Council exemption, October 8, 2019, [www.transportweekly.com](http://www.transportweekly.com)
12. Hapag-Lloyd says it will not use arctic sea routes, October 7, 2019, [www.ctl.ca](http://www.ctl.ca)
13. Gordie Howe international bridge and WDBA winners at P3 awards 2019, Oct. 4, 2019, [www.gordiehoweinternationalbridge.com](http://www.gordiehoweinternationalbridge.com)
14. PRPA Invests \$100,000 Into Terrace Search And Rescue Emergency Operations Centre, October 9, 2019, [www.rupertport.com](http://www.rupertport.com)
15. LA port September box volumes slip 2.7pc, October 14, 2019, [www.transportweekly.com](http://www.transportweekly.com)
16. Port of Tokyo records decline in cargo volumes and box ship calls, October 13, 2019, [www.americanshipper.com](http://www.americanshipper.com)
17. Jump in box ship sizes serving US and Europe, October 12, 2019, [www.americanshipper.com](http://www.americanshipper.com)
18. The Port of Montreal – Accumulated Container Traffic (January to September 2019), October 15, 2019, [www.portofmontreal.ca](http://www.portofmontreal.ca)
19. The Port of Metro Vancouver – Accumulated Container Traffic (January to September 2019), October 15, 2019, [www.metrovancouver.com](http://www.metrovancouver.com)
20. Commentary: The tides of unionization and container port automation, October 14, 2019, [www.americanshipper.com](http://www.americanshipper.com)
21. The Port of Virginia achieved strong growth in September, October 16, 2019, [www.transportweekly.com](http://www.transportweekly.com)
22. Late harvests slow Seaway cargo volumes in September, October 16, 2019, [www.ctl.ca](http://www.ctl.ca)
23. Port of Oakland says 2019 growth reflects strong economy in North California, October 16, 2019, [www.americanshipper.com](http://www.americanshipper.com)
24. The Port of Halifax – Accumulated Container Traffic (July to September 2019), October 18, 2019, [www.portofhalifax.ca](http://www.portofhalifax.ca)
25. Prince Rupert Port Authority Invests Over \$160,000 in Support of Skeena River Salmon Stocks and Habitat, October 18, 2019, [www.rupertport.ca](http://www.rupertport.ca)
26. Port Report: Long Beach moves record number of containers in September, October 18, 2019, [www.americanshipper.com](http://www.americanshipper.com)
27. LA-LB ports fight to retain market share by enhancing efficiency, October 21, 2019, [www.transportweekly.com](http://www.transportweekly.com)
28. Dynamic pricing has potential for forward contracts between carriers and shippers, October 22, 2019, [www.transportweekly.com](http://www.transportweekly.com)
29. California ports suffer from higher costs, October 23, 2019, [www.transportweekly.com](http://www.transportweekly.com)
30. US imports from China fell by 9.3 per cent, October 23, 2019, [www.transportweekly.com](http://www.transportweekly.com)
31. S.C. Ports makes a \$63.4 billion annual economic impact on S.C., October 22, 2019, [www.inboundlogistics.com](http://www.inboundlogistics.com)
32. The Port of Prince Rupert – Accumulated Container Traffic (January to September 2019), October 25, 2019, [www.rupertport.com](http://www.rupertport.com)

explored the economic functions of seaports, the diversity of port institutions, the need for port authorities, and the strategies that ports might adopt to promote port efficiencies. Economic principles included the existence of seaports for the benefit of traders, the use of competition to maximise public welfare, the customisation of port institutions to meet local circumstances, and the need to involve all levels of government in seaport governance. The latest port study of PortEconomics member Mary Brooks, co-authored with Sheila Farrell, titled *Port policy: are the Goss principles still relevant today?*, looks at the relevance of these principles today, taking into account changes that have occurred since 1990, and their incorporation into port reforms in various parts of the world. Finally it asks if there are any additional principles that need to be considered.

33. Northern New Brunswick port gets \$7 million from province for expansion project, October 24, 2019, [www.ctl.ca](http://www.ctl.ca)  
34. Oakland port's Q1-3 loaded box throughput is up 3.1pc, October 25, 2019, [www.transportweekly.com](http://www.transportweekly.com)  
35. Port of NY-NJ accelerates scanning of rail freight containers, October 28, 2019, [www.transportweekly.com](http://www.transportweekly.com)

### **9. Strong growth in H1 2019 for top European container ports**

The top European container ports show strong growth in the first quarter of 2019. First, the top 15 ports had an overall weighted average growth of 5.7% (4.5% unweighted) in 2019 and are performing better than in 2018 (+4.2%), 2017 (+4.6%), 2016 (+2.1%) and 2015 (-1.6%). Second, the top three ports recorded a weighted average growth of 6.3% in H1 2019 compared to 4.1% in 2018. While Rotterdam and Antwerp also saw healthy container volume increases in previous years, Hamburg succeeds in presenting strong growth figures for the first time in many years. Part of Hamburg's growth comes from the arrival of new deepsea liner services at the expense of neighbouring Bremerhaven. Moreover, the ongoing deepening and widening of the Elbe river gives a positive signal to the container market. Hamburg's growth has not stopped the rise of Gdansk. The Polish port is expected to pass the 2 million TEU mark this year.

### **10. Box shipping faces \$11 billion IMO 2020 bill**

Container shipping lines will attempt to pass on extra fuel costs due to the introduction of low-sulfur IMO 2020 fuels next year. If shippers prove unwilling to foot the bill, carriers will likely make major cuts to service levels, according to new analysis by Drewry Shipping Consultants. The analyst estimates box shipping lines will be faced with an additional \$11 billion fuel bill next year due to the switch to low-sulfur fuel oil, although the recent drone attacks on Saudi oil facilities have muddied estimates by adding to oil price volatility. The degree of compensation that carriers receive from shippers will dictate the level of service disruption during 2020, believes Simon Heaney, senior manager of container research at Drewry and editor of the *Container Forecaster*. "Our working assumption is that carriers will have more success in recovering that cost than previously, to the point that there will be no major disruption to supply," he said.

### **11. Federal Maritime Commission splits World Shipping Council exemption**

The US Federal Maritime Commission (FMC) will retain the requirement for ocean container carriers to file service contracts in response to a petition from the World Shipping Council (WSC) to exempt carriers from publication requirements in the *Shipping Act*. The FMC agreed that continued publication of essential terms no longer serves a purpose, but rejected the WSC's call to eliminate the ocean carrier confidential service contract filing requirements of the *Shipping Act*, reports American Shipper. "I would point out that we have three very large alliances that carry something north of 80 per cent of the cargo in the US east-west trades," said FMC chairman Michael Khouri. "One thing we're making sure is that there is competitive pricing among the members in each alliance."

### **12. Hapag-Lloyd says it will not use arctic sea routes**

German shipping firm Hapag-Lloyd says it will not use the Arctic shipping passages which are now open as the sea ice in the Arctic is melting. "Hapag-Lloyd does not use the Northwest Passage or the Northeast Passage as shipping routes right now, nor are there any plans to do so in the future," stated Jörg Erdmann, Senior Director Sustainability at Hapag-Lloyd. With its stance on the possible route through the Arctic, the German carrier joins French container shipping company CMA CGM. In August 2019, CMA CGM said that none of its 500 vessels would use the Northern Sea Route along Siberia as it would represent "a significant danger to the unique natural ecosystems."

### **13. Gordie Howe international bridge and WDBA winners at P3 awards 2019**

Windsor-Detroit Bridge Authority (WDBA) on October 4, 2019 announced that they have been recognized as Government Agency of the Year at the 2019 P3 Awards hosted by P3 Bulletin while the Gordie Howe International Bridge project also won in the category of Best Road/Bridge/Tunnel Project. The respective honours came amid strong competition from other industry leaders and renowned projects. The P3 Awards, held in New York, is one of the largest events recognizing and rewarding the best in public-private partnerships (P3s). The Gordie Howe International Bridge is expected to be in service by the end of 2024 and will be an impressive and inspiring new gateway symbol for Canada and United States. The project involves not only construction of what will be the longest cabled-stayed bridge in North America but two of the largest Ports of Entry for a land border crossing and a connection to I-75 in Michigan.



#### **14. PRPA Invests \$100,000 Into Terrace Search And Rescue Emergency Operations Centre**

The Prince Rupert Port Authority announced on October 9, 2019 its investment of \$100,000 into establishing a new Search and Rescue Emergency Operations Centre in Terrace, BC, to grow regional emergency response capacity in the Northwest. Through its Community Investment Fund, the Prince Rupert Port Authority (PRPA) partnered with the Terrace Search and Rescue Society, along with other donors and significant fundraising efforts, to build a dedicated, modern emergency response facility to house Search and Rescue operations and store the vast specialized equipment necessary to fulfill their regional rescue role. The total project is valued at over \$500,000.

#### **15. LA port September box volumes slip 2.7pc**

The Port of Los Angeles' September 2019 container throughput slipped 2.7 per cent year on year to 779,903 TEU while year-to-date volumes were up 4.7 per cent to 7.1 million TEU. September 2019 imports decreased 2.9 per cent to 402,320 TEU while exports decreased 11 per cent to 130,769 TEU, marking the 11th straight month of export decline. Said LA port boss Gene Seroka: "The ill-advised US-China trade war continues to wreak havoc on American exporters and manufacturers. We've seen declining exports for 11 consecutive months while our fastest growing market segment is exporting empty containers back to Asia."

#### **16. Port of Tokyo records decline in cargo volumes and box ship calls**

Freight volumes in and out of Japan's busiest port, the Port of Tokyo, have declined in the first six months of 2019 compared to the first six months of 2018, new comprehensive data shows. The Port of Tokyo is Japan's busiest container port with just under 4.6 million twenty foot equivalent units of throughput. Both import and export freight volumes at the Port of Tokyo have decreased in the first six months of 2019 compared to the first six months of 2018, according to recently released data from the Tokyo metropolitan government. The total number of oceangoing ship port calls at Tokyo in the first half of 2019 was 11,749, which was 296 less than in the first half of 2018. The number of port calls by full container ships declined too. There were 2,353 ports calls by full box ships in the first half of 2019, which was 126 less than in the first half of 2018.

#### **17. Jump in box ship sizes serving US and Europe**

The average size of container ships deployed on the Asia-Europe and trans-Pacific trades is continuing to rise as carriers take delivery of ultra-large vessels. According to the latest analysis by *Alphaliner*, container lines are removing smaller vessels on the world's two highest volume box shipping routes and replacing them with larger vessels best able to generate economies of scale, a strategy that is helping offset bearish freight rates. "This year saw the departure of the last 4,200- to 5,500-TEU ships from the Asia-Europe routes, following ZIM's decision to withdraw the Asia-Mediterranean ZMP service in March and HMM suspending its Asia-North Europe AEX service in August," said *Alphaliner* in its latest weekly report. "Widely used on the Asia-Europe trades 15 years ago, tonnage of this size class was now been completely displaced by ships that are — most recently — up to four times larger than their predecessors in the mid-2000s." In July, MSC deployed the first 23,700-TEU "megamax-24" vessel on the Asia-Europe trade and an additional five units have been delivered in the last three months. "Twenty-four such ships from various carriers will join the world fleet before the end of 2020," reported *Alphaliner*. "All these ships are earmarked for the Asia-North Europe trade, where average vessel size is expected to reach 17,000 TEU by September next year."

#### **18. The Port of Montreal – Accumulated Container Traffic (January to September 2019)**

The Port of Montreal has released its container traffic for the first nine months of 2019. Total container traffic for the first nine months (January to September 2019) was 1,305,179 TEUs a 4.6% increase from 1,248,126 TEUs for the same period in 2018. Total inbound traffic (imports) for this period increased 3% (i.e. to 643,252 TEUs from 624,764 TEUs) and total outbound traffic (exports) for this period increased 6.2% (i.e. to 661,927 TEUs from 623,362). Total container traffic for the months of July, August and September 2019 increased 5.2%, 5.5% and 4.6% compared to the same months in 2018.

#### **19. The Port of Metro Vancouver – Accumulated Container Traffic (January to September 2019)**

The Port of Metro Vancouver has released its container traffic for the first nine months of 2019 on October 15, 2019. Total container traffic for the first nine months (January to September 2019) was 2,596,150 TEUs a 3% increase from 2,520,152 TEUs for the same period in 2018. Total inbound traffic (imports) for this period increased 0% (i.e. to 1,329,605 TEUs from 1,329,098 TEUs) and total outbound traffic (exports) for this period increased 6.3% (i.e. to 1,266,546 TEUs from 1,191,054).

#### **20. Commentary: The tides of unionization and container port automation**

Automation tends to make some people nervous. Ever since the invention of the steam engine, common carriage has since been expected to become ever faster, more reliable, and offer larger carrying capacity. Couple this with cheaper and faster access to information. That, too, makes some people nervous – from the original printing presses (which displaced medieval scribes) to the one-click-away Uber/Lyft drivers (who are now displacing traditional taxicab companies). In each of these cases, markets became more efficient (i.e., using fewer inputs to generate higher-value outputs). As a result, jobs were lost and those remaining were re-tasked to utilize the latest technologies. These

structural changes are rarely smooth but, at the same time, they are hard to stop. Automation is now being widely discussed at container ports. The July 2019 study by Toronto-based Prism Economics and Analysis noted job loss as part of the economic impact of partial to full automation of port activities in British Columbia. The report also examines the other effects of automation.

#### **21. The Port of Virginia achieved strong growth in September**

The Port of Virginia in September 2019 processed more than 241,416 TEUs (twenty-foot equivalent units) – an increase of more than 9 percent vs. Sept. 2018 — putting the port’s cargo volume growth for the first quarter of fiscal year 2020 at more than 4 percent. September’s volumes were driven by the repositioning of empty containers: export empties increased nearly 7,800 units, or more than 17 percent, and import empties were up 630 units, an increase of more than 34 percent. Export loads increased nearly 6,000 units, or 9 percent, and loaded imports were up 5,600 units, an increase of 5 percent.

#### **22. Late harvests slow Seaway cargo volumes in September**

St. Lawrence Seaway cargo shipments in September 2019 were buoyed by road salt, iron ore exports and general cargo such as aluminum and wind energy components. However, overall Seaway volumes were slower due in part to the late Prairie harvest. From March 22, 2019 to September 30, 2019, Seaway cargo shipments totaled 24.8 million tonnes, down 6 per cent from 2018. The figures reflect a combination of factors including the decrease in U.S. grain exports from earlier in the spring and current delays in the Canadian harvest due to the wet field conditions.

#### **23. Port of Oakland says 2019 growth reflects strong economy in North California**

The Port of Oakland said loaded container volume in September 2019 was 156,959 TEUs, about a 1% increase over September 2018. The increase was due to a 2.8% increase in inbound containers to 84,901 TEUs moving through the port’s terminals; there was a slight 1.2% dip in loaded outbound containers to 72,058 TEUs in September 2019. However, for the first nine months of 2019, the port said loaded volumes were up 3.1% year-over-year, with loaded imports up 3.5% and loaded exports up 2.7%. The port attributed growth this year “to continued demand for imports of goods to satisfy the demand from consumers in the strong regional economy of Northern California. Export volumes also continue to grow as U.S. shippers find new markets outside of China.”

#### **24. The Port of Halifax – Accumulated Container Traffic (July to September 2019)**

The Port of Halifax has released its container traffic for the third quarter of 2019 on October 18, 2019. Total container traffic for the third quarter (July to September 2019) was 133,897 TEUs, a 5.3% decrease from 141,340 TEUs for the same period in 2018. Total inbound traffic (imports) for this period decreased 9.1% (i.e. to 66,063 TEUs from 72,649 TEUs) and total outbound traffic (exports) for this period decreased 1.3% (i.e. 67,824 TEUs from 68,691 TEUs). For the first nine months, total container traffic decreased 0.1% to 416,883 TEUs from 417,245 TEUs.

#### **25. Prince Rupert Port Authority Invests Over \$160,000 in Support of Skeena River Salmon Stocks and Habitat**

The Prince Rupert Port Authority (PRPA) announced on October 18, 2019 its investment of \$161,372 into the first five salmon enhancement and sustainability projects under its new Skeena River Salmon Enhancement Program, launched earlier this year. “The Prince Rupert Port Authority recognizes that a healthy salmon population is vital to not only the community of Prince Rupert, but to the entire Northwest region,” said Shaun Stevenson, President & CEO of the Prince Rupert Port Authority. “We take our commitment to our communities and our environment seriously, and it is our privilege to partner with organizations and to contribute dedicated resources to the betterment of the Skeena River and its salmon populations. Our organization wants to be part of a local solution to address some of the critical challenges that are facing Skeena salmon.”

#### **26. Port Report: Long Beach moves record number of containers in September**

In a reversal of a downward trend this year, the Port of Long Beach said that its terminals handled 706,956 TEU of containers in September 2019, a slight 0.8% increase in volume over September 2018. It was the highest amount of container traffic handled in one September in the port’s 108-year history. The change came before a newly instituted incentive program designed to attract more containers goes into effect. In the port’s 2018-19 fiscal year, which ended on Sept. 30, preliminary figures show that the port handled 7,747,252 TEU, 3.2% fewer than in fiscal year 2017-18. Long Beach said that an incentive program by the neighbouring Port of Long Angeles that went into effect on Sept. 1, 2018, “resulted in incremental cargo volume shifting from the Port of Long Beach to the Port of Los Angeles.”

#### **27. LA-LB ports fight to retain market share by enhancing efficiency**

Faced with mounting pressure from declining US exports to China, coupled with slowing import growth and congestion-related performance issues, the port of Los Angeles and Long Beach are doubling down on efficiency enhancements to stem the loss of discretionary cargo to other regions of North America, according to *Shipping Gazette*. The Southern California gateway is moving towards adopting new strategies, which include enhanced sharing of shipment data with stakeholders through port portals. In addition, there are intermodal improvements designed to increase on-dock rail, and a continued investment of billions of dollars in infrastructure to expand what is already the largest network of container terminals, on-dock intermodal rail facilities, and roadway access in the US. Executive

director of the Port of Los Angeles, Gene Seroka, said Los Angeles and Long Beach must accelerate cargo velocity in order to compensate for the higher costs involved in shipping cargo through the ports. "I continue to believe we can command a premium," Mr. Seroka told the Harbour Association of Industry and Commerce recently.

#### **28. Dynamic pricing has potential for forward contracts between carriers and shippers**

An internet-based marketplace enabling ocean freight buyers and sellers to agree on binding forward commitments would make the existing spot market more efficient, according to maritime research consultancy *Drewry*. Inefficiencies create supply chain uncertainty for shippers and also hurt carriers in terms of cost of sales and freight rate stability, according to a white paper released by *Drewry* with logistics software provider *CyberLogitec*. "Our study concluded that many of the market's main points could be addressed through a capability to flexibly buy or sell ocean freight services in advance, using a neutral, global platform," *Drewry* Supply Chain Advisors' head of e-business Philippe Salles was quoted as saying in a report by *JOC Technology*.

#### **29. California ports suffer from higher costs**

President of the Pacific Merchant Shipping Association (PMSA), John McLaurin, says California's ports have lost market share over the past decade due to high costs, regulatory uncertainties, and environmental restrictions, noting the beneficiaries have been ports on the US East and Gulf coasts and Canada's West Coast. Addressing the Propeller Club of Los Angeles-Long Beach recently, Mr McLaurin, however acknowledged California's ports have reduced harmful diesel emissions more than any other United States port, and drayage trucks servicing the ports are the cleanest in the world. In addition, he pointed out that some costs that beneficial cargo owners (BCOs) face in California are beyond the control of the ports, such as high intermodal rail rates compared with those charged by Canadian railroads, reported *IHS Media*. Mr. McLaurin urged California's ports and public policy makers to engage in a "calm, rational, and honest discussion" with members of the transportation supply chain.

#### **30. US imports from China fell by 9.3 per cent**

US imports from China fell by 9.3 per cent in September 2019, marking a fifth consecutive month of declines year on year, while imports from Asia overall grew by just 0.6 per cent. Carriers have responded by blanking 37 sailings in October and November 2019 after a weak peak season and without the spot rate spike they experienced during the 2018 peak season, reported *IHS Media*. Imports from all of Asia were up two per cent in the first nine months of the year compared with the same period in 2018. However, imports from China declined by five per cent year to date. The modest growth in imports from all of Asia demonstrates that the ability of some retailers and manufacturers to shift sourcing to other countries in North and Southeast Asia was limited. Furthermore, the front-loading of 2019 imports in autumn 2018 built up inventories at distribution warehouses, preventing those merchandise imports from being imported in early 2019.

#### **31. S.C. Ports makes a \$63.4 billion annual economic impact on S.C.**

South Carolina Ports Authority has long been a powerful economic engine for South Carolina, and as container volumes have doubled over the past decade, the Port's positive economic impact on the state has significantly increased. S.C. Ports Authority (SCPA) makes a \$63.4 billion annual economic impact on South Carolina and creates 1 in 10 S.C. jobs, according to a new Economic Impact Study from the University of South Carolina's Darla Moore School of Business. The analysis finds that S.C. Ports's operations and all associated activities correspond to nearly 225,000 jobs and \$12.8 billion in wages and salaries for South Carolinians that would otherwise not exist.

#### **32. The Port of Prince Rupert – Accumulated Container Traffic (January to September 2019)**

The Port of Prince Rupert has released its container traffic for the first nine months of 2019 on October 25, 2019. Total container traffic for the first nine months (January to September 2019) was 896,466.00 TEUs a 16% increase from 771,216.00 TEUs for the same period in 2018. Total inbound traffic (imports) for this period increased 20% (i.e. to 501,274.75 TEUs from 419,381.25 TEUs) and total outbound traffic (exports) for this period increased 12% (i.e. to 395,192.00 TEUs from 351,835.75). For the month of September 2019 total traffic increased 8% to 113,800.00 from 105,059.00

#### **33. Northern New Brunswick port gets \$7 million from province for expansion project**

The New Brunswick government has announced a \$7-million investment to increase capacity at the Port of Belledune. The funding includes a \$5-million grant and a loan of up to \$2 million under the Northern New Brunswick Economic Development and Innovation Fund. The assistance is part of a \$21-million expansion project that will fill in the water gap between two terminals and enlarge the berth by 15,000 square metres.

#### **34. Oakland port's Q1-3 loaded box throughput is up 3.1pc**

The US port of Oakland's loaded container volumes in the first nine months of the year rose by 3.1 per cent compared to the same period last year, with loaded imports up 3.5 per cent and loaded exports up 2.7 per cent. The port attributed growth "to continued demand for imports of goods to satisfy the demand from consumers in the strong regional economy of northern California. Export volumes also continue to grow as US shippers find new markets outside of China." Loaded container volume in September 2019 rose by one per cent year on year to 156,959 TEU. The increase

was due to a 2.8 per cent increase in inbound containers to 84,901 TEU. However, the volume of loaded outbound containers dropped by 1.2 per cent to 72,058 TEU in September, reported *FreightWaves*, New York.

### **35. Port of NY-NJ accelerates scanning of rail freight containers**

Maier Terminals in the port of New York and New Jersey has reduced ship-to-vessel time "significantly", after redesigning the way that import cargo to be transported by rail is scanned for radioactivity. Under the new system, introduced by the terminal in July in cooperation with US Customs and Border Protection (CBP), a straddle carrier carrying the containers passes through two stacks of containers on which a radiation portal monitor (RPM) is mounted. The RPM scans the cargo as it passes through, without stopping, on its way from the ship to the rail terminal. The previous system required the terminal to line up containers on the ground - sometimes 20 or 30 at once - and then scan them with an RPM mounted on a truck, which was far slower, reported *IHS Media*. "The new system speeds up the process," as well as reducing the amount of terminal space needed to scan containers, said Port Authority of New York and New Jersey's intermodal rail development manager Cory Wyatt.

## **RAIL TRANSPORTATION**

### **1. CP to report third-quarter 2019 earnings results on October 23, 2019**

Canadian Pacific (CP) will release its third-quarter 2019 financial and operating results after the market close on Oct. 23, 2019. CP will discuss its results with the financial community in a conference call beginning at 4:30 p.m. eastern time (2:30 p.m. mountain time) on Oct. 23, 2019.

### **2. CN supports Supply Chain Analytics Lab at Mount Royal University**

A new \$500,000 analytics lab at Mount Royal University lets students seek out and analyze live and historical business data crucial to navigating Canada's new economy. The industry-leading technology in the CN Supply Chain Analytics Lab provides students with dedicated space to work on the Refinitiv Eikon Data Platform that accesses the inner-workings of companies around the world in real time. Data from this platform shows students how ethics, the environment and other factors combine with price to influence decision-making and the supply chain. The analytics lab will provide a vital learning environment within the Bissett School of Business.

### **3. Unifor Affiliated CNTL Drivers Ratify New Collective Agreement**

CN announced on October 2, 2019 that truck drivers for CNTL, a CN subsidiary dedicated to container pickup and deliveries, have ratified a recently negotiated collective agreement. This four-year agreement covers 950 owner-operators under contract with CNTL in Canada and is retroactive to September 16, 2019.

### **4. CN to report third-quarter 2019 financial and operating results on Oct. 22, 2019**

CN will issue its third-quarter 2019 financial and operating results on Oct. 22, 2019, at 4.01 p.m. Eastern Daylight Time (EDT).

### **5. AAR: "Fundamental Long-Term Structural Changes" Hindering U.S. Rail Traffic**

According to the Association of American Railroads (AAR) long-term structural changes such as: dwindling coal markets; domestic intermodal and chemical sector growth; and disruptions to manufacturing, agricultural and international intermodal markets have led to the eighth consecutive month of U.S. rail traffic declines. In September 2019, U.S. railroads originated 992,542 carloads, down 7%, or 74,172 carloads, from September 2018. U.S. railroads also originated 1,061,483 containers and trailers in September 2019, down 5.9%, or 65,989 units, from the same month last year. Combined U.S. carload and intermodal originations in September 2019 were 2,054,025, down 6.4%, or 140,161 carloads and intermodal units from September 2018. Total U.S. carload traffic for the first nine months of 2019 was 9,864,246 carloads, down 3.8%, or 384,418 carloads, from the same period last year; and 10,389,926 intermodal units, down 4.1%, or

## **RAIL TRANSPORTATION**

### **Canada**

1. CP to report third-quarter 2019 earnings results on October 23, 2019, September 27, 2019, [www.cpr.ca](http://www.cpr.ca)
2. CN supports Supply Chain Analytics Lab at Mount Royal University, October 1, 2019, [www.ctl.ca](http://www.ctl.ca)
3. Unifor Affiliated CNTL Drivers Ratify New Collective Agreement, October 2, 2019, [www.cn.ca](http://www.cn.ca)
4. CN to report third-quarter 2019 financial and operating results on Oct. 22, 2019, October 2, 2019, [www.cn.ca](http://www.cn.ca)
5. AAR: "Fundamental Long-Term Structural Changes" Hindering U.S. Rail Traffic, October 2, 2019, [www.railwayage.com](http://www.railwayage.com)
6. Confederation Line Opens in Ottawa, October 9, 2019, [www.railwayage.com](http://www.railwayage.com)
7. AAR: U.S. Rail Traffic Down 4% Yearly, October 9, 2019, [www.railwayage.com](http://www.railwayage.com)
8. Railroads to renew push for one man crews in contract talks, October 9, 2019, [www.ctl.ca](http://www.ctl.ca)
9. Long-Haul Interswitching reference materials now available, October 15, 2019, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)
10. STB's Cost of Capital Dilemma, October 15, 2019, [www.railwayage.com](http://www.railwayage.com)
11. Technology to meet transportation challenges: panel, October 17, 2019, [www.ctl.ca](http://www.ctl.ca)
12. AAR: Make it 41 Straight Weeks of U.S. Traffic Downturn, October 16, 2019, [www.railwayage.com](http://www.railwayage.com)
13. UP Sets Quarterly OR Record, October 17, 2019, [www.railwayage.com](http://www.railwayage.com)
14. CSX Sets Operating Ratio Record in 3Q19, October 17, 2019, [www.railwayage.com](http://www.railwayage.com)
15. Unifor Affiliated CNTL Drivers Ratify New Collective Agreement, October 21, 2019, [www.cn.ca](http://www.cn.ca)
16. CN reports strong third-quarter financial results, October 22, 2019, [www.cn.ca](http://www.cn.ca)
17. CN declares fourth-quarter 2019 dividend, October 22, 2019, [www.cn.ca](http://www.cn.ca)
18. CN Rail cuts full-year adjusted profit outlook on lower demand, October 22, 2019, [financialpost.ca](http://financialpost.ca)
19. Norfolk Southern Corporation (NYSE: NSC) today reported third-quarter financial results,



441,953 containers and trailers, from last year. Total combined U.S. traffic for the first 39 weeks of 2019 was 20,254,172 carloads and intermodal units, a decrease of 3.9% compared to last year. Canadian railroads reported 83,791 carloads for the week ending September 28, 2019, down 5.8%, and 73,658 intermodal units, down 0.3% compared with the same week in 2018. For the first 39 weeks of 2019, Canadian railroads reported cumulative rail traffic volume of 5,924,320 carloads, containers and trailers, up 1.4%.

#### **6. Confederation Line Opens in Ottawa**

Ottawa, Ontario, Canada's National Capital regained an electric rail transit system when its eight-mile crosstown Confederation Line opened to revenue passengers on Saturday, Sept. 14, 2019. The line's name reflected the original hope of opening the service in 2017, the 150th anniversary of Canada becoming a nation. Somewhat ironically, it was 60 years ago, 1959, that the city's streetcars were abandoned. The project cost an estimated C\$2.1 billion, making it the largest infrastructure project in Ottawa's history. The bulk of the cost was for construction, as most of the property needed was already publically owned. Ottawa signed a 30-year DBFM (Design-Build-Finance-Maintain) agreement with the Rideau Transit Group. The city's public transportation agency, OC Transpo, operates the system with its own employees.

#### **7. AAR: U.S. Rail Traffic Down 4% Yearly**

For the 40th consecutive week, U.S. rail freight traffic has declined—a 4% year-over-year drop—according to the Association of American Railroads (AAR), while Canadian traffic saw some slight year-over-year improvements and Mexican traffic was slightly down. For the week ended Oct. 5, 2019, total U.S. weekly rail traffic was 515,061 carloads and intermodal units, down 7.1% compared with the same week last year. Total carloads for this week were 247,028 carloads, down 8.5% compared with the same week in 2018, while U.S. weekly intermodal volume was 268,033 containers and trailers, down 5.8% compared to 2018. For the first 40 weeks of 2019, U.S. railroads reported cumulative volume of 10,111,274 carloads, down 3.9% from the same point last year; and 10,657,959 intermodal units, down 4.1% from last year. Total combined U.S. traffic for the first 40 weeks of 2019 was 20,769,233 carloads and intermodal units, a decrease of 4% compared to last year. Canadian railroads reported 76,176 carloads for the week, down 11.7%, and 72,550 intermodal units, up 3.6% compared with the same week in 2018. For the first 40 weeks of 2019, Canadian railroads reported cumulative rail traffic volume of 6,073,046 carloads, containers and trailers, up 1.2%.

#### **8. Railroads to renew push for one man crews in contract talks**

The biggest U.S. freight railroads appear ready to renew their push to reduce their crews to one person from the current two-man operation used at major railroads now. Eight U.S. railroads have filed a federal lawsuit against the union that represents rail conductors to force the union to negotiate about crew sizes during the next round of contract talks that starts in November 2019. The union says the railroads are undermining the bargaining process by turning to courts to force the issue.

#### **9. Long-Haul Interswitching reference materials now available**

On May 23, 2018, amendments to the *Canada Transportation Act* (the Act) provided the Canadian Transportation Agency (Agency) with the authority to resolve disputes between a shipper and a local carrier related to Long-Haul Interswitching (LHI). The LHI provisions enable a shipper who has a dispute with a Class 1 railway company (local carrier) about a rate, a route, and/or terms of service, to make an application to the Agency for an LHI order. To better help shippers determine their eligibility and apply for LHI, the Agency has developed a series of reference materials, found in: 1) Checking your eligibility; 2) Long-Haul Interswitching: A guide for freight rail shippers and federal railway companies; 3) LHI Application Form; 4) Proposed Rules of Procedures; 5) How to Provide an Undertaking to the Local Carrier; 6) How to Request Confidentiality; 7) How to Authorize Someone Who is Not a Lawyer to Represent Your Company (published by the Agency)

#### **10. STB's Cost of Capital Dilemma**

The Surface Transportation Board (STB) proposes to change the formula for computing the cost of the equity component of the railroad industry's cost of capital. This is of consequence to railroads, shippers and investors because cost of capital is a determinant of railroad revenue adequacy and a threshold for a host of other regulatory limitations on rail ratemaking.

#### **11. Technology to meet transportation challenges: panel**

Transportation industry leaders vowed on October 16, 2019 to innovate and adapt to meet the challenges of the future.

October 23, 2019, [www.nscorp.com](http://www.nscorp.com)

20. CP reports record Q3 revenues of \$1.98 billion, record-low operating ratio of 56.1 percent, October 23, 2019, [www.cpr.ca](http://www.cpr.ca)

21. CN Rail cuts profit forecast for 2019 amid 'softer' economy and lower net income, October 23, 2019, [www.ctl.ca](http://www.ctl.ca)

22. CP Rail remains bullish amid global headwinds and record third quarter revenues, October 24, 2019, [www.ctl.ca](http://www.ctl.ca)

23. CN announces C\$450-million debt offering, October 24, 2019, [www.cn.ca](http://www.cn.ca)

24. CP and CN both lower their shipment forecasts, signalling an economic slowdown, October 25, 2019, [www.financialpost.ca](http://www.financialpost.ca)

25. Strike looms at Canadian National, October 28, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)

26. CP, short line railroads and transload operators meet to create innovative joint opportunities and drive growth, October 29, 2019, [www.cpr.ca](http://www.cpr.ca)

27. Joint Statement by Ministers of Transportation on the Province's GTA Transit Plan, October 29, 2019, [www.mto.gov.on.ca](http://www.mto.gov.on.ca)

28. 2019 Rail Tank Car Safety Report, October 29, 2019, [www.bts.gov](http://www.bts.gov)

Kicking off a panel discussion at the 11th Surface Transportation Summit, Tim Roulston, director of sales for intermodal at CN Rail, told delegates that transformation through advanced technologies would be a key focus of the company. Roulston said CN is leveraging enterprise architecture, and implementing rail and non-rail technology to further drive growth. CN's plans include autonomous track inspection, handheld technology for mechanics and crews, and a smart network that can respond quicker and act faster. "We can find out things in 20 minutes that we used to find out in seven days," said Roulston. He said CN now has a business-led technology-enabled mindset.

#### **12. AAR: Make it 41 Straight Weeks of U.S. Traffic Downturn**

For this week [October 12, 2019 ]—and as we've seen for the past 40 weeks and counting—total U.S. weekly rail traffic was 510,820 carloads and intermodal units, down 7% compared with the same week last year. Total carloads for the week ended October 12, 2019 were 243,807 carloads, down 7.5% compared with the same week in 2018, while U.S. weekly intermodal volume was 267,013 containers and trailers, down 6.6% compared to 2018. For the first 41 weeks of 2019, U.S. railroads reported cumulative volume of 10,355,081 carloads, down 4% from the same point last year; and 10,924,972 intermodal units, down 4.2% from last year. Total combined U.S. traffic for the first 41 weeks of 2019 was 21,280,053 carloads and intermodal units, a decrease of 4.1% compared to last year. Canadian railroads reported 78,196 carloads for the week, down 8.3%, and 73,060 intermodal units, up 4.8% compared with the same week in 2018. For the first 41 weeks of 2019, Canadian railroads reported cumulative rail traffic volume of 6,224,302 carloads, containers and trailers, up 1.1%.

#### **13. UP Sets Quarterly OR Record**

Union Pacific (UP) reported 3Q19 net income of \$1.6 billion, or \$2.22 per diluted share. This compares to \$1.6 billion, or \$2.15 per diluted share, in the same period last year. UP set an all-time best quarterly operating ratio of 59.5%. Also, UP's operating revenue of \$5.5 billion was down 7% in 3Q19, compared to third quarter 2018. Third quarter business volumes—measured by total revenue carloads—decreased 8% compared to 2018. Growth in industrial volumes was more than offset by declines in agricultural products, premium and energy shipments. Lance Fritz, UP Chairman, President and CEO said "Given the challenging volume environment, we delivered solid third quarter financial results, including an all-time best quarterly operating ratio of 59.5%. The work our employees are doing as part of Unified Plan 2020 is foundational to the company's success and I am confident there are additional improvement opportunities going forward for our customers and shareholders."

#### **14. CSX Sets Operating Ratio Record in 3Q19**

CSX announced 3Q19 net earnings of \$856 million, or \$1.08 per share, versus \$894 million, or \$1.05 per share in the same period last year—an EPS increase of 3%. CSX's operating ratio set a new company record of 56.8%, improved from 58.7% in the prior year. CSX's EPS of \$1.08, up 3% year over year, "is above our and the Street's \$1.02 and \$1.01 projections, respectively," said Cowen and Company Managing Director and Railway Age Wall Street Contributing Editor Jason Seidl. "Excluding a \$22 million non-railroad asset impairment related to an intermodal terminal sale agreement, EPS would have been \$1.10. Operating income of ~\$1.29 billion was above our \$1.24 billion estimate and the Street's \$1.23 billion. Revenue came in at \$2.98 billion, slightly below our estimate and slightly above the Street's. The operating ratio (OR) of 56.8% was ~190 bps improved year over year, ~160 bps better than our estimate, and ~190 bps better than the Street's." Similar to 2Q19, records were set, but revenue for the third quarter decreased by 5% over the prior year to \$2.98 billion, as merchandise revenue growth was more than offset by coal and intermodal declines, CSX noted. Its expenses decreased 8% y/y to \$1.69 billion, driven by "continued efficiency gains and volume-related savings." The operating income was roughly flat at \$1.29 billion, compared to the same period last year.

#### **15. Unifor Affiliated CNTL Drivers Ratify New Collective Agreement**

CN announced on October 21, 2019 that truck drivers for CNTL, a CN subsidiary dedicated to container pickup and deliveries, have ratified a recently negotiated collective agreement. This four-year agreement covers 950 owner-operators under contract with CNTL in Canada and is retroactive to September 16, 2019.

#### **16. CN reports strong third-quarter financial results**

CN on October 22, 2019 reported its financial and operating results for the third quarter ended September 30, 2019. Financial highlights for the third-quarter 2019 compared to third-quarter 2018 were as follows: 1) Revenues increased by four per cent, or C\$142 million, to C\$3,830 million; 2) Diluted earnings per share (EPS) increased by eight per cent (or 11 per cent on an adjusted basis) to C\$1.66; 3) Operating ratio was 57.9 per cent, an improvement of 1.6 points; 4) Operating income increased by eight per cent, or C\$121 million, to C\$1,613 million; and 5) Operating expenses for the third quarter increased by one per cent to C\$2,217 million. JJ. Ruest, president and chief executive officer of CN said "CN delivered strong results, despite a softening economy. Our team of experienced railroaders swiftly aligned resources with the weaker demand to achieve solid efficiency gains. We remain committed to our long-term agenda of growing faster than the economy at low incremental cost, and to taking Scheduled Railroading to the next level by deploying advanced operating technology."

**17. CN declares fourth-quarter 2019 dividend**

CN announced on October 22, 2019 that its Board of Directors has approved a fourth-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 Dec. 30, 2019, to shareholders of record at the close of business on Dec. 9, 2019.

**18. CN Rail cuts full-year adjusted profit outlook on lower demand**

Canadian National Railway Co. on October 22, 2019 cut its adjusted profit forecast for the year and said it expects the first half of 2020 to be "challenging" as freight demand in North America takes a hit from a weakening economy. Chief Executive Officer Jean-Jacques Ruest said on a conference call with analysts that he expects things to get better in the second half of 2020. "It's a crystal ball for next year, it's not clear yet," he added. CN Rail now expects full-year adjusted earnings per share growth in the high single-digit percentage range compared with an earlier estimate of low double-digit range.

**19. Norfolk Southern Corporation (NYSE: NSC) today reported third-quarter financial results.**

Norfolk Southern Corporation reported its third quarter results on October 23, 2019. Its net income was \$657 million and diluted earnings per share were \$2.49. The operating ratio for the quarter was 64.9%, a third-quarter record for NS. These results include a \$32 million write-off of a receivable resulting from a legal dispute, which unfavorably impacted the operating ratio by 110 basis points and earnings per share by \$0.09. James A. Squires, Norfolk Southern chairman, president and CEO said "Our team achieved a record third-quarter operating ratio while successfully rolling out the first phase of our TOP21 operating plan, followed by the swift transition to the plan's second phase. These efforts produced an 11% reduction in crew starts and reworks compared to the third-quarter last year, robustly outpacing the 6% volume decline while maintaining resilient service that supported an 11th consecutive quarter of year-over-year revenue per unit growth." Other highlights were: 1) Railway operating revenues of \$2.8 billion decreased 4% compared with third-quarter 2018; 2) Railway operating expenses were \$1.8 billion, a decrease of \$82 million compared with the same period last year; 3) Income from railway operations was \$1.0 billion, a decrease of \$24 million year-over-year; 4) The railway operating ratio was a third-quarter record 64.9%, despite the unfavorable impact of 110 basis points related to a legal dispute; and 5) Quarterly dividend increased by 9% from \$0.86 to \$0.94 per share.

**20. CP reports record Q3 revenues of \$1.98 billion, record-low operating ratio of 56.1 percent**

Canadian Pacific Railway Limited (CP) on October 23, 2019 announced record third-quarter revenues of \$1.98 billion, and reported diluted earnings per share (EPS) of \$4.46, or \$4.61 on an adjusted diluted EPS basis. The Company also achieved a record-low quarterly operating ratio of 56.1 percent. Other third quarter highlights were: 1) Strong operational performance was achieved in train speed, terminal dwell, fuel efficiency and record car miles per car day; 2) Revenues were increased by 4 percent to \$1.98 billion, a record, from \$1.90 billion last year; 3) Diluted EPS of \$4.46 was reported, a 3 percent increase from \$4.35 last year, and adjusted diluted EPS was reported of \$4.61, a 12 percent increase from \$4.12 last year; and 4) Operating ratio was a record-low of 56.1 percent, a 220 basis point improvement over last year's third-quarter operating ratio of 58.3 percent and a 40 basis point improvement over the Q4 2018 record of 56.5 percent. Keith Creel, CP President and CEO said "After a record second-quarter that included strong operating metrics including train speed and terminal dwell, we continue to see those performance measures be improved upon. Our disciplined approach to precision scheduled railroading and the commitment of our 13,000-strong CP family puts us in a position to control what we can as we navigate softer volumes, macroeconomic challenges and geopolitical tensions into the fourth quarter."

**21. CN Rail cuts profit forecast for 2019 amid 'softer' economy and lower net income**

Canada's largest railroad operator cut its profit outlook for 2019 on October 23, saying a weaker economy has eroded rail demand. Canadian National Railway Co. lowered its expectations for adjusted earnings per share to the high single digits, down from predictions of low double-digit growth. Chief financial officer Ghislain Houle said "While economic weakness and geopolitical issues are creating headwinds, unemployment levels are still at record lows and consumer spending so far remains resilient."

**22. CP Rail remains bullish amid global headwinds and record third quarter revenues**

The head of the country's second-biggest railway remained bullish about the coming year despite currently facing lower freight volumes, trade tensions and a sluggish global economy. Canadian Pacific Railway Ltd. chief executive Keith Creel said "Unless mother nature humbles us and brings us to our knees...we see an opportunity to move more freight and drive more earnings and drive more revenue growth. Creel was speaking at a conference call on October 23, 2019 about the third-quarter results and current market conditions of "softer volumes, macroeconomic challenges and geopolitical tensions." He said in a statement "While we now expect low-single digit volume growth for the year, we remain confident in our guidance to deliver full-year double-digit adjusted diluted EPS growth."

**23. CN announces C\$450-million debt offering**

CN on October 24, 2019 announced a public debt offering of C\$450 million 3.05% Notes due 2050. CN expects to close the offering on Nov. 1, 2019, subject to customary closing conditions. CN plans to use the net proceeds from the

offering for general corporate purposes, including the redemption and refinancing of outstanding indebtedness, share repurchases, acquisitions and other business opportunities. The debt offering is being made in Canada under CN's base shelf prospectus dated Feb. 13, 2018.

#### **24. CP and CN both lower their shipment forecasts, signalling an economic slowdown**

Canada's two railroads expect to ship less freight than previously forecast this year, signalling a larger economic slowdown given the transportation industry's status as an economic bellwether. Canadian National Railway and Canadian Pacific Railway both revised their annual volume predictions this week, with CN now expecting slightly negative volume growth down from mid-single digit growth and CP forecasting low-single digit volume growth down from mid-single digit growth. CN blamed declining volumes on "deterioration in North American rail demand, as the economy continues to weaken." CP stated it expects to "navigate softer volumes, macroeconomic challenges and geopolitical tensions in the fourth quarter."

#### **25. Strike looms at Canadian National**

Members of the Teamsters Canada Rail Conference (TCRC) at Canadian National could go on strike as early as Nov. 19, the union said on October 28, 2019 after the legally mandated conciliation period ended last week. Some 3,000 conductors, trainpersons and yardpersons voted 99.2% in favor of strike action last month. The union has said it will give at least 72 hours' notice of any strike action. The next round of talks is set for Nov. 12, 2019. Lyndon Isaak, president of the TCRC said "We will continue to negotiate in good faith with Canadian National in hopes of reaching a negotiated settlement. To that end, we will not be bargaining in the press or discussing the sticking points publicly at this time." The previous collective agreement expired on July 23, 2019. Teamsters represent 125,000 workers across Canada, including over 16,000 workers in the rail industry.

#### **26. CP, short line railroads and transload operators meet to create innovative joint opportunities and drive growth**

Over the past two days, Canadian Pacific brought together short line railroads and transload operators to nurture collaboration and develop efficient service offerings to customers, with the goal of fostering sustainable, profitable growth. Building on the success of the 2018 Reconnect Conference, representatives of more than 50 companies were at CP's Calgary headquarters for Connect 2019. John Brooks, Executive Vice-President and Chief Marketing Officer, CP said "Our short line and regional connections, and transload operators are key extensions of the CP business that allow us the scalable reach to new markets and optionality for our customers. Our terminal capacity and strategic land holdings are unique to CP, providing increased optionality for this segment of the transportation supply chain. Our goal in bringing together these companies annually is to find efficiencies and opportunities, something of critical importance in today's economic climate."

#### **27. Joint Statement by Ministers of Transportation on the Province's GTA Transit Plan**

Following a decision by City of Toronto Council on the province's Greater Toronto Area (GTA) Transit Plan, Caroline Mulroney, Minister of Transportation, and Kinga Surma, Associate Minister of Transportation GTA, issued the following statement: "Today's vote marks a pivotal moment in the history of Toronto transit. After years of discussions, the City of Toronto and the Province of Ontario have endorsed one single unified plan for subway expansion in Toronto. Finally, commuters will get the transit they deserve - an integrated, modern and efficient network that expands across the region."

#### **28. 2019 Rail Tank Car Safety Report**

One-third (34%) of the nation's rail tank cars met new safety requirements in 2018, up from 20% in 2017, according to *Fleet Composition of Rail Tank Cars Carrying Flammable Liquids: 2019 Report* released on October 29, 2019 by the U.S. Department of Transportation's Bureau of Transportation Statistics.



## HIGHWAY TRANSPORTATION

### 1. Minister Mulroney Meets OTA Reps in Sudbury to Talk Business, N. Ont Issues

The Honourable Caroline Mulroney continues to work with the trucking industry to assist carriers in every part of the province by listening to ideas intended to eliminate red tape as well as promoting the “Open for Business” mandate of the Government of Ontario. Visiting OTA Board member Manitoulin Transport’s terminal in Sudbury, Minister Mulroney heard from Jeff King, President, Manitoulin Transport, about many of these opportunities from a carrier operating in northern Ontario. “The Government of Ontario is listening to the concerns of our sector. We appreciated the opportunity to host the minister and highlight these important issues as well as those which specifically matter most to carriers serving northern Ontario,” said OTA Board member Jeff King. “By working together and eliminating red tape in government programs we can make the trucking industry in northern Ontario safer, greener and more efficient, which bodes well for the future of all northern Ontario communities.”

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

The For-hire Motor Carrier Freight Services Price Index advanced 1.7% in the 2019 second quarter, following a 0.3% decline in the first quarter. Both the general freight (+1.8%) and the specialized freight (+1.7%) trucking components increased. Year-over-year the index rose 4.0% in the 2019 second quarter compared with the same quarter in 2018. Both the general freight (+5.0%) and the specialized freight (+2.1%) trucking components showed gains.

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

The Couriers and Messengers Services Price Index (CMSPI) was down 1.0% in August 2019, after decreasing 0.5% in July 2019. The couriers component fell 1.2%, while the local messengers and local delivery component increased 0.1%. While base prices did not change in August 2019, fuel surcharges fell overall, leading to a decrease in the total index. Year-over-year the CMSPI rose 1.8% in August 2019 compared with the same month in 2018. Both the couriers (+1.7%) and the local messengers and local delivery (+2.4%) components increased.

### 4. Monthly Passenger Bus and Urban Transit, July 2019

Total operating revenues (excluding subsidies) for urban transit companies totalled \$332.9 million in July 2019. Ridership amounted to 143.2 million passenger trips over the same period.

### 5. Metro Supply Chain Group acquires white glove delivery firm

Metro Supply Chain Group announced on October 3, 2019 that it has finalized an agreement to acquire Custom Delivery Solutions, a leading Canadian provider of end-to-end delivery solutions including white glove home delivery of ‘big and bulky’ products.

### 6. Ontario Repairing Roads and Bridges to Get People Moving

The Ontario government is putting people first by helping municipalities make roads and bridges safer, while ensuring Ontario is open for business and open for jobs. Applications are now open for the next round of the Connecting Links program for new projects starting in spring 2020. Connecting links are municipal roads or bridges that connect two ends of a provincial highway through a community or to a border crossing. Transportation Minister Caroline Mulroney said “We will continue to invest in municipal roads and bridges to keep families safe and support jobs and growth in local communities.” The province provided \$30 million in 2019-20 to support Connecting Links projects across Ontario. The funding

## HIGHWAY TRANSPORTATION Canada

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24. FedEx Cross Border opens three new facilities, October 15, 2019, [www.transportweekly.com](http://www.transportweekly.com)
25. Remarks for Kinga Surma, Associate

covers up to 90 per cent of eligible project costs, to a maximum of \$3 million.

### **7. Ottawa to probe possible abuse of foreign workers as B.C. reviews trucking rules**

The federal department responsible for the Temporary Foreign Worker Program is promising to investigate "all allegations of abuse" while the B.C. government has ordered a sweeping review of its practices governing the trucking industry. The moves come after a *Globe and Mail* investigation revealed how some companies based in the province are using untrained foreign drivers, putting lives at risk across the country. Any employer found to have violated the rules will face serious consequences," said a statement from Michael O'Shaughnessy at Employment and Social Development Canada. He said the government is very serious about protecting "the safety and welfare of temporary foreign workers, and does not tolerate any abuse."

### **8. Ontario Launches Free Online Driver's Licence Check Service**

Ontario's government is making it easier for people and businesses to check the status of an Ontario driver's licence by eliminating the \$2 fee and modernizing the online Driver's Licence Check service. "We are putting money back in people's pockets by making it free for Ontarians to check if their driver's licence is valid before getting behind the wheel," said Minister of Transportation Caroline Mulroney. "This is part of our government's commitment to deliver simpler, better and faster services that put people at the centre of everything we do."

### **9. Driver fatigue kills, but do you know what it looks like?**

The Canadian Council of Motor Transport Administrators says driver fatigue is a contributing factor in 20% of Canada's fatal car crashes, the fatigue specialist told the annual meeting of the Fleet Safety Council. "Those are just fatal accidents, but that doesn't consider the number of incidents and near misses out there," he added. In a 2008 poll, 60% of surveyed drivers admitted to driving fatigued as well. "We all know we can drive fatigued without having a negative outcome, but there is a risk." If anything, Marquardt believes the transportation industry underestimates the number of incidents that can be traced to fatigue and rarely looks at it in the context of safety or accident investigations.

### **10. Automation eliminating truck driving jobs is overstated: study**

An article in the *Harvard Business Review*, says that while the risk of job loss from automation in the trucking industry is very real, the projections that often get touted are overstated. In a study in the *Industrial and Labor Relations Review*, authors Maury Gittleman and Kristen Monaco argue that there are three key reasons why: 1) Truck drivers do more than drive trucks. 2) Truck driving with full automation of is far into the future. 3) Truck drivers in the U.S. aren't as many as people think.

### **11. The IRTAD Road Safety Annual Report 2019**

The International Transport Forum (OECD) released The IRTAD Road Safety Annual Report 2019 on October 7, 2019. It provides an overview of road safety performance for 41 countries. The report outlines the most recent road safety developments there and provides comparative data for the main road safety indicators. It also offers detailed analysis by road user, age group and types of road. It describes the crash data collection process in IRTAD countries, the road safety strategies and targets in place and information on recent trends in speeding, drunk-driving and other aspects of road user behaviour.

### **12. Manitoulin Global Forwarding acquires U.S. logistics firm**

Manitoulin Global Forwarding announced it has acquired Demark Global Logistics of Miami, Fla. U.S. The acquisition complements the purchase of N/J International Inc. of Houston, Texas in November 2018, and continues the expansion of MGF into the United States, strengthening its coverage, particularly along the Eastern Seaboard.

### **13. Fourth-Quarter Trucking Outlook: Analyzing the Peak Season (2)**

US truck shippers are enjoying the feast stage of a feast-and-famine cycle, as last year's tightest trucking market on record gives way to an all-time capacity glut this year. As the fall shipping season approaches, spot dry van truckload rates are down by double-digit percentages from this time last year, and contract rates are nearly flat year over year.

Minister of Transportation, October 16, 2019, [www.mto.gov.on.ca](http://www.mto.gov.on.ca)

26. Dynamic Infrastructure implements deep AI technology to prevent bridges and tunnels from collapsing, October 15, 2019, [www.ajot.com](http://www.ajot.com)

27. STS: No 'drop-off' in volumes say trucking executives, October 17, 2019, [www.ctl.ca](http://www.ctl.ca)

28. NHTSA Seeks Comments on Rear-Visibility Camera Systems, October 17, 2019, [www.ontruck.ca](http://www.ontruck.ca)

29. Minister Caroline Mulroney's Speech at the Toronto Region Board of Trade, October 18, 2019, [www.mto.ont.gov.ca](http://www.mto.ont.gov.ca)

30. Trucking HR Canada Awards 2019 Top Fleet Employers, October 18, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)

31. Congestion noticeably worse in past year: survey, Oct. 21, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)

32. Mental health issues impacting trucking industry, October 23, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)

33. Demand for fast, online delivery drives UPS 3Q, October 22, 2019, [www.ctl.ca](http://www.ctl.ca)

34. Video: 2020 economic outlook for fleets and shippers, October 23, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)

35. August 2019 North American Transborder Freight Numbers, October 23, 2019, [www.bts.gov](http://www.bts.gov)

36. TFI International posts strong Q3, October 24, 2019, [www.todaystrucking.com](http://www.todaystrucking.com)

37. Ontario to Provide New York State with Driver Licence Plate Information For the Collection of Highway Toll Fees, October 24, 2019, [www.mto.gov.on.ca](http://www.mto.gov.on.ca)

38. UPS starts a string of new drone delivery operations, chiefly for pharma sector, October 28, 2019, [www.transportweekly.com](http://www.transportweekly.com)

39. U.S. Transportation Secretary Elaine L. Chao Announces Nearly \$50 Million to Improve Access and Mobility for All Americans, October 29, 2019, [www.dot.gov](http://www.dot.gov)

Where rates are rising — in the less-than-truckload market, for example — they're climbing much more slowly than last year. Shippers say LTL carriers that initially seek high single-digit percentage rate hikes in annual contracts often settle for much lower increases. There's debate over how long this shipper's market will last, however, with some optimistic trucking executives expecting a rebound in the second half of 2019. Others don't expect much change until 2020. The Journal of Commerce webcast will discuss what trucking shippers, motor carriers, and others can expect in the truckload, LTL, and other sectors as 2019 enters the home stretch.

#### **14. Automation and the Value of Time in Passenger Transport**

The International Transport Forum (OECD) has released a paper *Automation and the Value of Time in Passenger Transport* on October 9, 2019. This paper reiterates the basic principles and rationale for valuing travel time savings. It explains the type of impacts that the valuation of travel time savings intends to capture and discusses whether and how those fundamental principles continue to hold with automation and increased possibility of productive time use while travelling. The paper also discusses implications for traffic management and urban form that follow from increased in-vehicle productivity.

#### **15. U.S. Secretary of Transportation Elaine L. Chao Announces Major New Initiative to Support Rural Transportation Needs**

U.S. Secretary of Transportation Elaine L. Chao on October 8, 2019 announced the creation of a major new initiative to support transportation needs in rural America. The initiative, known as the Rural Opportunities to Use Transportation for Economic Success (ROUTES) Initiative, will analyze the Department's discretionary funding and financing opportunities to ensure nationwide outcomes for rural communities' transportation infrastructure. Secretary Chao made the announcement during her remarks at the annual meeting of the American Association of State Highway Transportation Officials (AASHTO) in St. Louis, Missouri.

#### **16. Manitoulin Transport celebrates grand opening of new terminal**

Manitoulin Transport celebrated the official grand opening of its new transportation terminal in Kingston, Ontario. Located at 1265 McAdoo Lane, Glenburnie, ON, the new terminal provides increased shipping capacity and ensures Manitoulin can meet future customer demand as economic growth in the area continues.

#### **17. Parts for Trucks celebrates a century of success**

Parts for Trucks has celebrated its 100th birthday by opening a 56,000-sq.ft distribution center in the Burnside Industrial Park in Dartmouth, N.S. "It is actually the biggest parts distribution center east of Montreal," said marketing manager Lori Rogers.

#### **18. Hundreds of Alberta truck drivers exempt from tighter safety rules**

Alberta is granting exemptions to its tightened safety rules to large numbers of big-rig drivers, with that group far outnumbering those who have had to pass the tougher training and testing requirements. Alberta, under the previous government, allowed new Class 1 drivers operating on farms to skip new training requirements that took effect in March 2019, but they were required to eventually pass tougher tests. The United Conservative government said this week it had changed the rules so that new Class 1 drivers who did not have to take the mandatory training course can now skip the new tests entirely, so long as they have clean driving records.

#### **19. August 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, rose 1.4% in August 2019 from July 2019, rising to a new all-time high with the second consecutive monthly increase, according to the U.S. Department of Transportation's Bureau of Transportation Statistics' (BTS). From August 2018 to August 2019, the index rose 4.1% compared to a rise of 5.5% from August 2017 to August 2018.

#### **20. ATRI identifies Top 10 concerns in trucking**

For the third year in a row, the driver shortage topped the list of industry concerns, as compiled by the American Transportation Research Institute (ATRI). Other industry concerns in order were: 2) Hours-of-Service; 3) Driver compensation; 4) Detention time; 5) Truck parking; 6) Driver retention; 7) ELD mandate; 8) CSA; 9) Infrastructure and congestion; and 10) The economy.

#### **21. Lorraine Complains: Alberta easing trucking regulations is a recipe for disaster**

Previously, only Ontario had mandatory driver training for semi drivers, though many independent companies do have rigorous training in place. Earlier this year, those other three provinces (Sask., Man., and Alta.) announced new training regulations, and by 2020, the federal government will require training across the country. Now, with the turn of a new government in Alberta, that province has once again relaxed training of those piloting semis for agricultural use, and for school buses. The outcry was instantaneous, with parents of those who lost children (in the Humboldt accident) were incensed and took to social media. The original exemption made sense, to give those sectors time to get caught up. Saskatchewan and Manitoba did the same thing. But now, these exemptions in Alberta are stretching into 2020, and beyond.

## **22. UPS to add more than 6,000 CNG vehicles to its fleet**

UPS announced plans to purchase more than 6,000 natural gas-powered trucks beginning in 2020 and running through 2022. This three-year commitment represents a US\$450M investment in expanding the company's alternative fuel and advanced technology vehicle fleet as well as supporting infrastructure.

## **23. Trucking environment “mediocre” for carriers: FTR**

The environment for carriers was “mediocre” in August 2019, according to FTR's latest Trucking Conditions Index (TCI). Active truck utilization edged down to 87.4%, and is expected to remain below the 10-year average of 91% through 2020, FTR predicts. FTR's loadings outlook is for a 0.5% increase this year and 0.9% growth next year. Avery Vise, vice-president of trucking, said, “Although trucking conditions are weak, we believe that they have stabilized for the industry as a whole...”

## **24. FedEx Cross Border opens three new facilities**

FedEx Cross Border, a subsidiary of FedEx Corp., announced the expansion of its global e-commerce business to new locations in Saddle Brook, NJ, (U.S.), Fontana, CA, (U.S.) and Venlo (The Netherlands). Carl Asmus, president & CEO, FedEx Cross Border said “This expansion enables FedEx Cross Border to help more merchants reach new customers in over 200 countries and territories around the world, increasing our ability to capture more of the growing global e-commerce market. We continue to invest in the transportation and technology solutions our customers want and expect, strengthening an already robust e-commerce portfolio.” Asmus added: “By providing post-click delivery options that balance speed and costs, and pre-click technology that can be used to develop effective online marketplaces and platforms, FedEx Cross Border is enabling online merchants to flourish in this thriving industry.”

## **25. Remarks for Kinga Surma, Associate Minister of Transportation**

On October 16, 2019, Kinga Surma made these remarks "Thank you, Minister Mulroney. It is great to be here with all of you. Building subways is what our government campaigned on, and we are delivering on our promise to build the public transit system that the people of the Toronto and the broader GTHA so desperately need. That's why we put forward a \$28.5 billion plan - Ontario's "New Subway Transit Plan for the GTHA" - which will deliver a better regional transit network that connects more people and reduces travel times throughout the region. Our plan represents the single largest investment in subway expansion and extensions in Ontario's history.

## **26. Dynamic Infrastructure implements deep AI technology to prevent bridges and tunnels from collapsing**

The New York and Tel Aviv based startup Dynamic Infrastructure is implementing the world's first deep-learning solution which allows bridge and tunnel owners and operators to obtain visual diagnosis of the assets they manage. The system provides live, cloud-based, 3D views of the bridge or tunnel and automatically alerts when changes are detected in maintenance and operation conditions - before the issues evolve into large-scale failures.

## **27. STS: No ‘drop-off’ in volumes say trucking executives**

Global trade is contracting for the first time since the 2009 financial crisis, but a recession isn't imminent. Josh Nye, senior economist with RBC, told a packed house at the Surface Transportation Summit Oct. 16, 2019 that the services sector is holding up well. He also noted trade talks between the U.S. and China are now moving in a more promising direction. While Nye said there is a “heightened risk” of recession, he added “our expectation at this point is that we will see continued slow growth in the number of advanced economies we track, but not an outright recession.”

## **28. NHTSA Seeks Comments on Rear-Visibility Camera Systems**

The National Highway Traffic Safety Administration is seeking comments on an advanced notice of proposed rulemaking that could lead to camera-based, rear-visibility systems replacing mirrors on heavy trucks and cars. The ANPRM, published in the Federal Register on Oct. 10, 2019 is in response to two rulemaking petitions from manufacturers seeking permission to install camera monitoring systems on light vehicles and heavy trucks, reports Transport Topics. The ANPRM builds on the agency's prior efforts to obtain supporting technical information, data and analysis on camera monitoring systems so that it can determine whether the systems can provide the same level of safety as the rear view mirrors currently required under federal regulations.

## **29. Minister Caroline Mulroney's Speech at the Toronto Region Board of Trade**

On October 28, 2019, Caroline Mulroney, Minister of Transportation spoke to the Toronto Region Board of Trade. The speech had many positive messages for residents and businesses in the Toronto Region. But there was one message every commuter in the Toronto region has been waiting to hear: “Finally, after years of discussion, the City of Toronto and the Province of Ontario are on the cusp of endorsing one single unified plan for subway expansion in Toronto”. She indicated that there are: More service. More trains. More stations. More connections. And more convenience - especially throughout the day. A few months ago, “we launched *Kids GO free!* Children under 12 now travel free. Kids GO free! means more families are using GO Transit.” Adult fares are coming down, too. Rides of about 10 kilometres or less are now similar to the cost of riding the local bus or the subway. Further, she indicated “we are solving gridlock” and “we are also working with the private sector on transit-oriented development. Our government has been advancing transit-oriented development since our election.” Furthermore, she described the largest subway



expansion in Ontario history. Not one, not two, not three, but four new or expanded subway lines.

### **30. Trucking HR Canada Awards 2019 Top Fleet Employers**

Trucking HR Canada held its annual Top Fleet Employers Awards Gala Dinner on October 17, 2019, bringing together over 380 industry professionals to shine the spotlight on some of the best workplaces in Canada's trucking and logistics industry. All 63 fleets were celebrated for their commitment to sound HR policies that meet Trucking HR Canada's Standards of Excellence. Awards were given to celebrate the most impressive workplaces across the country, taking into consideration online applications and employee surveys which look at a variety of HR best practices. The Top Private Fleet Award went to Trailer Wizards. ONE For Freight was the recipient of the Top Small Fleet Award. The Top Medium Fleet Award went to Q-Line Trucking and rounding out the fleet awards was Bison Transport who took home the Top Large Fleet Award.

### **31. Congestion noticeably worse in past year: survey**

Canadian truckers are reporting that traffic congestion is noticeably worse in 2019 than it was a year ago, and about one in three have missed a scheduled appointment in the last month because of it. Seventy-seven percent of those who participated in the latest Today's Trucking Pulse reader survey report that traffic congestion is noticeably worse today than a year ago. While 34% missed a scheduled appointment or delivery this month because of congestion, 22% missed one in the past week. Still, 27% said they had been more than six months since they missed a scheduled appointment or delivery because of traffic. When it comes to work-related routes, 74% of survey respondents said traffic congestion is a significant issue all year long, although 15% said the issue is largely limited to peak periods such as holidays or special events.

### **32. Mental health issues impacting trucking industry**

Mental health, bullying, harassment, diversity. These are issues the trucking industry have historically tossed to the wayside, but can do so no longer. An employees' well-being encompasses more than their physical health, and how employers can ensure they are taking the necessary steps to address mental health was the topic of discussion during SafetyDriven's Speaker Series on October 23, 2019 in Prince George, B.C. Cathy Cook, president of Safe Harbour Consulting, said psychological disorders and mental health issues are more prevalent in the trucking industry than in the general public. She said though most transportation companies approach physical health in a variety of ways, there remains a stigma toward mental health.

### **33. Demand for fast, online delivery drives UPS 3Q**

UPS is doing booming business in next-day deliveries in the United States while keeping costs under control, but the weakening global economy is contributing to disappointing revenue growth. The delivery giant said on October 22, 2019 that third-quarter profit rose 16% to \$1.75 billion. Revenue, however, fell short of Wall Street expectations, and UPS shares dipped in morning trading. UPS is taking advantage of the increasingly demanding consumers. In the 2019 third quarter, its volume of next-day deliveries in the U.S. jumped 24% and two-day service surged 17% compared with a year ago.

### **34. Video: 2020 economic outlook for fleets and shippers**

In brief the video indicates that the economic pendulum has swung when it comes to setting trucking rates. Carriers are giving up some of the gains secured last year, particularly in the spot market. But other factors will continue to place pressure on rates in the year to come. Related insights were shared during the Surface Transportation Summit's presentation on the 2020 economic outlook (review the video for further insights in the source indicated below).

### **35. August 2019 North American Transborder Freight Numbers**

Transborder freight between the U.S. and other North American countries (Canada and Mexico) for August 2019 was released on October 23, 2019 by the US Bureau of Transportation Statistics. Total Transborder Freight was \$105.1 billion moved by all modes of transportation, down 1.7% compared to August 2018. Trucks moved \$66.1 billion of freight, down 0.8% compared to August 2018 and Railways moved \$16.1 billion of freight, up 3.9% compared to August 2018. *U.S.-Canada trade* in both directions was: Truck - 28.9 b.; Rail - \$8.5 b; Pipeline - \$5.6 b; Air - \$2.8 b; and Vessel - \$2.7 b.

### **36. TFI International posts strong Q3**

TFI International posted record Q3 results for operating income on October 24, 2019, highlighted by a 19% year-over-year increase in the truckload division. The company's operating income was up 3% y-o-y at \$131.9 million. The company also said it is expanding its share repurchase program and raising its quarterly dividend by two cents to 26 cents. "TFI International has continued to perform well throughout 2019 and we are pleased to report record third quarter results. While we closely monitor economic conditions and their impact on the North American freight business, our own attention to the fundamentals of the business has allowed us to outperform," said Alain Bedard, chairman, president and CEO. "We set another third quarter TFI record for operating income, and produced double-digit growth in net cash from operating activities. Three of our four segments produced higher operating income than a year earlier, including a 19% increase for truckload." Total revenue for the quarter was \$1.3 billion, an increase of 1%. Net of fuel

surcharge, revenue was up 3%. Operating income grew 3% y-o-y. Profit was \$82.6 million, a decrease from \$86.7 million last year.

### **37. Ontario to Provide New York State with Driver Licence Plate Information For the Collection of Highway Toll Fees**

The Province of Ontario has signed an agreement with New York State to provide them with formal access to individual licence plate information on vehicles registered in Ontario that use New York's tolled highways.

### **38. UPS starts a string of new drone delivery operations, chiefly for pharma sector**

Express company UPS is launching in collaboration with drone manufacturer Matternet a new service for University of Utah Health hospital campuses that will involve using drones to deliver samples and other cargo. UPS Flight Forward has also announced an agreement with CVS Health to develop a variety of drone delivery use cases for business-to-consumer applications. The programme will include evaluation of delivery of prescriptions and retail products to the homes of CVS customers, reported *Air Cargo News*. UPS is also partnering with wholesale pharmaceutical distributor AmerisourceBergen. The collaboration will begin with deploying the UPS Flight Forward drone airline to transport pharmaceuticals, supplies and records to qualifying medical campuses served by AmerisourceBergen across the US. In addition, UPS Flight Forward will soon develop drone delivery services in support of Kaiser Permanente, one of America's top health care providers. The delivery applications will involve shipping healthcare shipments or other items on the company's hospital campuses. The express firm has also unveiled another new service targeting the pharma industry: UPS Premier.

### **39. U.S. Transportation Secretary Elaine L. Chao Announces Nearly \$50 Million to Improve Access and Mobility for All Americans**

U.S. Transportation Secretary Elaine L. Chao on October 29, 2019 announced nearly \$50 million in new initiatives to expand access to transportation for people with disabilities, older adults, and individuals of low income. At the Access and Mobility for All Summit, Secretary Chao announced her intent to fund new programs to develop and deploy innovations in technology and further interagency partnerships to improve mobility. U.S. Department of Housing and Urban Development Secretary Ben Carson and Rep. Cathy McMorris Rodgers also participated in the event.

## **GENERAL TRANSPORTATION**

### **Canada**

#### **1. Montreal hosts e-commerce logistics conference**

Quebec Minister of the Economy and Innovation Pierre Fitzgibbon opened the Innovation and the Impact of E-commerce on the Logistics Industry conference held at the Montreal Port Authority. Co-organized by CargoM and CEFRIO, the event brought together some 100 stakeholders and decision makers interested in the present state of affairs and future prospects of e-commerce for logistics companies in Quebec.

#### **2. World trade forecast gets haircut for 2019 and 2020 from WTO**

The World Trade Organization (WTO) cut its 2019 forecast for trade growth in half due to slower global economic growth and ongoing political issues of U.S.-China trade relations and the U.K.'s pending departure from the European Union. While 2020 is expected to be stronger, the WTO warned that its member nations will have to create a more stable business climate for trade to grow again. The Geneva-based group charged with enforcing the rules set out in trade agreements said trade in real goods is expected to rise 1.2% in 2019, compared to an earlier forecast of 2.6% made in April 2019. The first half of 2019 saw export and import volumes rise 0.6% from a year earlier, a "substantial slowdown compared to recent years," the WTO said.

#### **3. The Impact of E-Commerce Growth on Logistics Companies**

The rise of e-commerce and the digital marketplace phenomenon, also known as "The Amazon Effect," has changed the composition of consumer buying behavior and expectations, as consumers now expect fast, free shipping and competitive pricing. This demanding delivery schedule challenges traditional logistics and supply chain models, and companies are now forced to adjust their strategies to provide the low-

## **GENERAL TRANSPORTATION**

### **Canada**

1. Montreal hosts e-commerce logistics conference, September 30, 2019, [www.ctl.ca](http://www.ctl.ca)
2. World trade forecast gets haircut for 2019 and 2020 from WTO, October 1, 2019, [www.americanshipper.com](http://www.americanshipper.com)
3. The Impact of E-Commerce Growth on Logistics Companies, Oct. 1, 2019, [www.inboundlogistics.com](http://www.inboundlogistics.com)
4. What is the Value of Saving Travel Time?, October 2, 2019, [www.itf-oecd.org](http://www.itf-oecd.org)
5. China buys 1 million tons of U.S. soy after tariff waivers, October 1, 2019, [www.ajot.com](http://www.ajot.com)
6. Oil freight rates surge after US sanctions against COSCO, October 2, 2019, [www.transportweekly.com](http://www.transportweekly.com)
7. Travel spending by visitors to Canada: Early indicators, second quarter 2019, October 2, 2019, [www.destinationcanada.com](http://www.destinationcanada.com)
8. WTO: US can put \$7.5B in tariffs on EU goods for Airbus case, October 2, 2019, [www.ctl.ca](http://www.ctl.ca)
9. Innovation and the Role of TMS for Dangerous Goods, October 3, 2019, [www.ctl.ca](http://www.ctl.ca)
10. DHL's global trade barometer drops, October 4, 2019, [www.transportweekly.com](http://www.transportweekly.com)
11. Brexit – What will happen at the Port of Gothenburg?, October 7, 2019, [www.transportweekly.com](http://www.transportweekly.com)
12. US tariffs on China prompt manufacturing migration, October 4, 2019, [www.americanshipper.com](http://www.americanshipper.com)
13. US-China trade talks resume ahead of threatened tariff rate increase, October 10, 2019, [www.cargonews.com](http://www.cargonews.com)
14. US-China reach 'substantial' first phase of trade

cost and on-demand delivery service that consumers now demand. E-commerce represents a growing share of the retail market. Reports indicate that e-commerce accounted for 14.3% of all retail sales in 2018, up 15 percent year-over-year. In fact, it estimated that e-commerce sales will reach 17.5 percent of retail sales worldwide by 2021. This exponential growth and demand will undoubtedly impact the logistics and transportation industry as they will need to be prepared to manage increased volume and delivery expectations.

#### **4. What is the Value of Saving Travel Time?**

The International Transport Forum released a report on October 2, 2019 entitled *What is the Value of Saving Travel Time?* This report revisits the rationale and methods for estimating the value of reductions in travel time. In doing so, it considers changes in the way people use time and specifically explores whether the value of time will fall towards zero as connected technologies allow a wide range of activities while travelling. The report also reviews evidence and methodologies to account for the utility derived from such activities, as well as implications for modelling, appraisal and policy planning. It summarises the findings of an ITF Roundtable held with 30 experts from 14 countries in September 2018 in Paris.

#### **5. China buys 1 million tons of U.S. soy after tariff waivers**

Chinese companies purchased U.S. soybeans after the government issued more waivers for retaliatory-tariff free imports, according to people familiar with the situation. Both state-owned and privately run firms purchased between 12 and 15 cargoes, or as much as 1 million tons, of the commodity, said the people, who asked not to be identified as the information is private. Some of the cargoes will be for loading in January 2020, one of the people said. Beijing officials gave waivers for another 2 million tons in purchases without paying the extra tariffs, people said earlier. That's on top of the 2 million to 3 million tons in waivers awarded last week.

#### **6. Oil freight rates surge after US sanctions against COSCO**

Oil freight rates in the Middle East and Asia have increased by almost 20 percent on October 2, 2019 following new US sanctions on units of Chinese company COSCO for its alleged involvement in ferrying crude oil out of Iran. In what the U.S. State Department has described as "one of the largest sanctions actions the U.S. has taken" since restrictions were re-imposed on Iran in November 2018, two units of COSCO, as well as other companies, were named in claims of involvement in sanctions-breaking Iranian oil shipments.

#### **7. Travel spending by visitors to Canada: Early indicators, second quarter 2019**

Early small area indicators of foreign visitors' spending in the second quarter of 2019 from the Visitor Travel Survey are now available on the Destination Canada website. Over the second quarter of 2019, visitors from the United States represented 48% (\$3.1 billion) of all spending by international visitors. Over the same period, there were 6.7 million visitors from the United States, of which 4.1 million stayed for one or more nights.

#### **8. WTO: US can put \$7.5B in tariffs on EU goods for Airbus case**

The World Trade Organization says the United States can impose tariffs on up to \$7.5 billion worth of goods from the European Union as retaliation for illegal subsidies that the bloc gave to plane-maker Airbus — a record award from the trade body. The move green-lights the Trump administration to slap countermeasures on the 28-member bloc and follows a WTO ruling in May 2018 on the Airbus subsidies.

#### **9. Innovation and the Role of TMS for Dangerous Goods**

All shippers strive to keep costs under control while running a smooth, efficient and time-sensitive supply chain in order to successfully fulfill orders and satisfy customers. However, for chemical and hazmat companies, this challenge is compounded by the need to comply with a myriad of domestic and international regulations and exacerbated by unique equipment configuration requirements. Fortunately, advanced Transportation Management Systems (TMS) can help dangerous goods shippers manage their supply chains safely and efficiently.

#### **10. DHL's global trade barometer drops**

The DHL Global Trade Barometer (GTB) has fallen by one point overall to 47, indicating slightly negative growth. The decrease was attributed to global air trade that shed four points to 45. On the other hand, the index for global ocean trade held steady at 48. DHL GTB forecasts global trade will further lose momentum over the next three months. In June 2019, the GTB index registered a loss of eight points. The deceleration is spreading across GTB countries with five out of the seven in negative territory. The GTB anticipates a positive growth momentum for the next three months (53 points) for only Japan and the UK. Due to the ongoing Brexit uncertainty, both air and ocean trade in the UK decreased, following the cooling of several industry sectors, particularly consumer fashion goods, industrial raw

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23. EU grants Brexit extension, October 28, 2019, [www.americanshipper.com](http://www.americanshipper.com)

materials, and land vehicles and parts, Mumbai's *STAT Trade Times* reported.

#### **11. Brexit – What will happen at the Port of Gothenburg?**

According to the current timetable, the UK is due to leave the EU on 31 October 2019. But what does withdrawal mean for those who ship freight between Sweden and the UK via the Port of Gothenburg? And will it affect those handling non-UK bound freight at the port? Although the road leading to this point has been long and at times rocky, the date of the UK's withdrawal from the EU is approaching relentlessly. A 'soft' or 'hard' Brexit does not matter – the UK will be classed as a 'third country' in relation to EU countries such as Sweden, as it will be outside the single market. In its dealings with the UK, the EU will accordingly apply third-country regulations in areas such as tariffs, customs controls, and verification of compliance with EU rules governing the nature and quality of goods.

#### **12. US tariffs on China prompt manufacturing migration**

As U.S.-China trade tensions escalated earlier this year, President Trump demanded U.S. companies “immediately start looking for an alternative to China, including bringing your companies HOME and making your products in the USA.” There is growing evidence that only half of his order is being heeded. To avoid U.S. tariffs of up to 25% on most imports from China, many producers are indeed moving production out of China. Yet rather than shifting manufacturing to the U.S., most are instead opting for low-cost options elsewhere in Asia to maintain profit levels. “Definitely we are seeing many of our BCO (beneficial cargo owners) customers — especially those in the 25% tariff category — changing strategy to ramp down China and ramp up Southeast Asia production,” said Vivien Cheong, regional sales manager APAC at Ticontract & Tim Consult. According to Japanese financial services group Nomura, unless the U.S. and China strike a trade deal, this is a trend that will accelerate once the effects of front-loading to avoid U.S. tariffs declines and China's exports to the U.S. drop away.

#### **13. US-China trade talks resume ahead of threatened tariff rate increase**

As U.S. and Chinese negotiators sat down in Washington to resume high-level talks on October 10, 2019, President Donald Trump played coy about his desire to cut a deal with China in a tweet as he also announced that he is set to have a face-to-face meeting with China's top negotiator on October 11, 2019. While the president projected an air of nonchalance in his morning tweet as top negotiators for both sides sat down for the first time since July, Trump also told reporters on October 9, 2019 that he thought there was a "really good chance" of making a deal. Even so, the president continues to contend that China is more eager to cut a deal than he. "In my opinion, China wants to make a deal more than I do, OK?" Trump told reporters on October 9, 2019. "The question is: Do I want to make a deal? And the answer would be, if we make the right deal, I'd love to do it."

#### **14. US-China reach ‘substantial’ first phase of trade deal**

The United States and China have reached the first phase of a trade deal that could signal the end of a tariff war between the two powers that has lasted for more than a year and a half. President Donald Trump on October 11, 2019 said US and Chinese negotiators agreed to a “very substantial phase one deal,” adding it would take several weeks to write the agreement. Part of the deal involves China buying \$40 billion to \$50 billion worth of US agricultural products, according to the *New York Times*. Trump announced the deal after meeting with Liu He, China's vice premier. Trump also said the US has dropped plans to raise tariffs to 30 percent on \$250 billion worth of Chinese goods now subject to a 25 percent levy. No decision has been made on 15 percent tariffs on an additional \$300 billion in imports from China, including footwear and apparel, due to take effect Dec. 15.

#### **15. China ready to open more to foreign investors**

The People's Bank of China (PBOC) said it would step up adjustments to counter its slowing economy to ensure there is "adequate liquidity" for the financial sector by opening more sectors of the economy to foreign investors, reports the *UK Guardian*. Recent economic data has shown that China's economy is suffering from Washington's imposition of tariffs on over half its exports to the US. Factory output growth has hit a 17-year low, and car sales have fallen in 14 of the last 15 months, said the report.

#### **16. Global Economy Will Avoid Recession, and See Some Recovery in 2020**

The global economy significantly weakened in 2019 to 2.3 percent growth in GDP, down from 3.0 percent in 2018. However, a small recovery in 2020 to 2.5 percent growth is likely, according to The Conference Board Global Economic Outlook 2020. In the longer-term, the global economy will grow at about 2.7 percent by the middle of the next decade. Consumers around the world will benefit from rising wages and low inflation rates, while businesses continue to leverage innovation and digital transformation to grow top-line revenue and reduce costs to avoid a major squeeze on profits. Underpinnings of the 2020 Outlook Suggest a Plausible Recovery Scenario. While the projected long-term growth rate for the next decade is well below the average of the past 10 years, it will stay strong enough to sustain average income growth at more than 2 percent per year (real GDP per capita) because projections of global population growth have also dropped substantially. Purchasing power and consumer growth will remain a critical source of growth.

#### **17. China ties agriculture binge to Trump reducing US tariffs**

China will struggle to buy \$50 billion of U.S. farm goods annually unless it removes retaliatory tariffs on American products, and doing so would require reciprocal action by President Donald Trump, people familiar with the matter said. Beijing is willing to start purchasing more U.S. agricultural products as part of the “phase one” trade deal, but it is not likely to reach the \$40 billion to \$50 billion touted by Trump under current circumstances, the people said. The people asked not to be identified discussing the private negotiations. The condition highlights how far apart Washington and Beijing remain, even after reaching the handshake accord touted by the U.S. last week. Washington had said China, which imported about \$20 billion of U.S. farm goods in 2017, agreed to make large agricultural purchases in exchange for relief on upcoming tariffs. Beijing’s position makes a deal more complex than initially described.

#### **18. No-deal Brexit: an adverse impact on European e-commerce**

“70% of European e-shoppers may stop buying from UK websites,” reveals a study conducted by GfK for DPDgroup. Payment of additional taxes and duties, as well as longer delivery times, could prove a stumbling block to the future development of cross-border e-commerce in Europe. DPDgroup tasked market research institute GfK with conducting a survey amongst 24,258 e-shoppers in 21 European countries to assess trends in e-commerce. The study reveals that, should additional costs apply, 70% of e-shoppers purchasing from UK websites may stop doing so while 69% of UK e-shoppers would simply stop buying cross-border altogether. In the event of a no-deal Brexit, goods purchased online between the UK and European countries could require the payment of additional customs duties, taxes and administration fees. End consignees may need to pay those charges prior to delivery, once their purchased goods have reached the destination country. The goods would be retained until these extra charges are paid, resulting in supplementary steps and longer delivery times.

#### **19. Trade war with US: China's GDP growth sinks to 6% in 3rd quarter, lowest in 27 years**

BEIJING: China's economy grew at the slowest rate in 27 years in the third quarter, official figures showed on October 18, 2019, as the country grapples with a protracted trade war with the US and slowing domestic demand. Gross domestic product (GDP) figures showed that the Chinese economy expanded 6.0 percent in July-September 2019.

#### **20. Shaping the future of intelligent transport**

Current transport systems and the policies that guide them must anticipate disruptions that originate outside the sector. Transport system will benefit from policy frameworks that help foster innovation. This was ITF Secretary-General Young Tae Kim's message to a distinguished audience on the opening day of the ITS World conference in Singapore on 21 October 2020. At a high-level Policy Roundtable, Secretary-General Kim underlined that smart policies will take into account incentives for transport users and avoid incentive structures that generate undesirable outcomes.

#### **21. Tariffs, overcapacity reshaping project supply chains**

Recently imposed tariffs, a persistent oversupply of vessels, and evolving shipper requirements are redrawing traditional trade lanes for multipurpose and heavy-lift (MPV/HL) carriers.

#### **22. China says part of trade deal text basically completed**

China said parts of the text for the first phase of a trade deal with the U.S. are “basically completed” as the two sides reached a consensus in areas including standards used by agricultural regulators. The October 26, 2019 comments followed a call on the previous day with Chinese Vice Premier Liu He, U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin. The trade negotiators “agreed to properly resolve their core concerns and confirmed that the technical consultations of some of the text agreement were basically completed,” China’s Ministry of Commerce said in a statement on October 26, 2019. Earlier on October 25, 2019, the Office of the U.S. Trade Representative said in a statement that the U.S. and China are close to finalizing sections of the first phase of a trade deal that President Donald Trump and China’s Xi Jinping hope to sign at a summit in Chile next month. Stocks climbed on the news, sending the Standard & Poor’s 500 Index to a record. In the statement from China, the two sides reached an agreement for the U.S. to import cooked poultry products from China, as well as to regard its catfish product regulation system as equivalent to the U.S. The Asian country will also lift the ban on American poultry exports and apply the Public Health Information System for meat products, the ministry said.

#### **23. EU grants Brexit extension**

The European Union (EU) has agreed to a Brexit extension of three more months rather than see the United Kingdom plunge out of the bloc with no deal on October 31, 2019. After a meeting of European ambassadors, Donald Tusk, president of the European Council, announced that the 27 EU member nations had agreed to Prime Minister Boris Johnson’s request for an extension. “The EU27 has agreed that it will accept the U.K.’s request for a new flexextension until January 31, 2020,” he tweeted. “The decision is expected to be formalized through a written procedure.” The latest extension removes the immediate threat of a no-deal Brexit on the scheduled October 31, 2019 departure date, an outcome the freight industry expected would cause supply chain chaos across northern Europe. The extension until January 31, 2020 announced this morning (October 28, 2019) includes an option for the U.K. to leave the EU earlier if Parliament approves the withdrawal agreement Johnson agreed to with the EU earlier this month.