

# Transportation Information Update\*

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Editor: Joseph Monteiro\*

May 2020, No. 189

Associate Editor: Gerald Robertson\*

## AIR TRANSPORTATION

### 1. Aircraft movement statistics: Major airports, February 2020

As a result of the COVID-19 outbreak, the Canadian government restricted flights between Canada and China in late January 2020. In February, traffic between the two countries dropped by 49.8%, to 385 takeoffs and landings from 767 in February 2019. Flights between China and Toronto/Lester B. Pearson International, Ontario were down 56.4% while those between China and Vancouver International, British Columbia were down 41.8%. Itinerant movements (flights from one airport to another) grew 8.9% to 279,079 and local movements (flights that remain in the vicinity of the airport) were up 32.4% to 127,861. Each was impacted by increased activity by general aviation operations. In February 2020, the 10 busiest airports accounted for almost 4 out of every 10 (39.7%) movements.

### 2. U.S. Transportation Secretary Elaine L. Chao Announces Over \$1 Billion in Grants to 439 Airports in 50 States

U.S. Secretary of Transportation Elaine L. Chao announced on April 30, 2020 that the Department of Transportation's Federal Aviation Administration (FAA) will award \$1.187 billion in airport safety and infrastructure grants. The total includes \$731 million in Airport Improvement Program (AIP) grants and an additional \$455 million in Supplemental Discretionary grants. The money will be available for 100 percent of the eligible costs under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

### 3. Air Canada Reports First Quarter 2020 Results

Air Canada on May 4, 2020 reported first quarter 2020 EBITDA (earnings before interest, taxes, depreciation and amortization) of \$71 million compared to first quarter 2019 EBITDA of \$583 million. The airline reported an operating loss of \$433 million compared to operating income of \$127 million in the first quarter of 2019. At March 31, 2020, unrestricted liquidity amounted to \$6.523 billion compared to unrestricted liquidity of \$7.380 billion at December 31, 2019. Calin Rovinescu, President and Chief Executive Officer of Air Canada said "Our first quarter results reflect the severity and abruptness of the impact that the COVID-19 pandemic has had on Air Canada, which started to be felt across the global airline industry in late January with the suspension by many carriers, including Air Canada, of services to China. The impact was exacerbated during the month of March with mandated social distancing, unprecedented government-imposed travel restrictions in Canada and around the world and the shutting down of economies..."

### 4. Canada's airports look for government relief to ease liquidity crisis caused by COVID-19 travel bans

Joyce Carter and RJ Steenstra, appeared before the House of Commons Standing Committee on Finance on May 1, 2020. They were there to address the current state of Canada's airports and urge further government action on relief measures that include permanent rent relief, loan or bond guarantees and funding for small airports. Ms. Carter clearly articulated the dramatic

## AIR TRANSPORTATION

### Canada

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2. U.S. Transportation Secretary Elaine L. Chao Announces Over \$1 Billion in Grants to 439 Airports in 50 States, April 30, 2020, [www.dot.gov](http://www.dot.gov)
3. Air Canada Reports First Quarter 2020 Results, May 4, 2020, [www.aircanada.ca](http://www.aircanada.ca)
4. Canada's airports look for government relief to ease liquidity crisis caused by COVID-19 travel bans, May 1, 2020, [www.cacairports.ca](http://www.cacairports.ca)
5. Recovery in aviation could take up to 3 years: Experts, May 1, 2020, [www.iata.org](http://www.iata.org)
6. Air Canada sees long road to recovery after big Q1 loss, May 4, 2020, [www.americanshipper.com](http://www.americanshipper.com)
7. Air Canada Announces Renewal of Shareholder Rights Plan, May 4, 2020, [www.aircanada.ca](http://www.aircanada.ca)
8. 2019 Annual and 4th Quarter U.S. Airline Financial Data, May 4, 2020, [www.bts.gov](http://www.bts.gov)
9. Air Canada offers Customers a Sneak Peek at Improvements Coming with the New Aeroplan Program, May 7, 2020, [www.aircanada.ca](http://www.aircanada.ca)
10. Monthly civil aviation statistics, February 2020, May 7, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)
11. Weekly aircraft movements, December 28, 2019, to April 24, 2020, May 7, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)
12. Delta, LATAM lay groundwork to implement joint venture, May 8, 2020, [www.americanshipper.com](http://www.americanshipper.com)
13. From passengers to cargo: How airlines are overhauling their business - and their planes, May 11, 2020, [www.globeandmail.ca](http://www.globeandmail.ca)
14. Request to suspend the application of the Provincial Aviation Fuel Tax due to COVID-19, May 12, 2020, [www.cacairports.ca](http://www.cacairports.ca)
15. Preliminary Air Traffic Data, March 2020: 50% Reduction in U.S. Airline Passengers, May 12, 2020, [www.bts.gov](http://www.bts.gov)
16. Delta Air Lines cranks up cargo-only flights from Asia to U.S., May 12, 2020, [www.americanshipper.com](http://www.americanshipper.com)
17. Airlines Balance Fewer Flights With Angry Travelers Seeking Social Distance, May 12, 2020, [www.iata.org](http://www.iata.org)
18. Weekly aircraft movements, April 25 to May 1, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

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

impact of the nation-wide travel restrictions, telling the committee “We expect to see just 200 travellers today, compared to a daily average of 11,000”. Since the onset of COVID-19, there has been precipitous decline in Canadian air traffic –and revenues. Overall passenger traffic declined by 90 percent in April, and it is expected to continue at this low level until travel restrictions are lifted, with revenue losses estimated at more than \$2 billion. Ms. Carter thanked the government for their early assistance in the crisis by providing ground lease rent relief, which is helping preserve some cash flow in 2020, particularly for Canada’s eight busiest airports that pay 97 percent of the rent. She asked for additional support.

#### **5. Recovery in aviation could take up to 3 years: Experts**

“Talking to airline executives, 80 per cent is their new 100 per cent,” said the chief executive of the Airline Passenger Experience Association, Mr Joe Leader, whose firm, together with satellite firm Inmarsat, played host to a panel discussion on April 29, 2020. The speakers, dialling in via video chat, included aviation analysts and chief executives of airlines. Ms Victoria Moores, the European editor of publication Aviation Week, said the industry could emerge much leaner, possibly half the size it was prior to the crisis. The International Air Transport Association (IATA), releasing its latest estimates, described the plunge in global passenger traffic as the “largest decline in recent history”. It nosedived 52.9 per cent in March 2020, compared with the same period a year ago, said IATA. Asia-Pacific airlines led the fall, losing 65.5 per cent of passenger traffic.

#### **6. Air Canada sees long road to recovery after big Q1 loss**

Air Canada said it will take three years to get back to 2019 revenue and capacity levels, and that it is accelerating the retirement of 79 older planes to make ends meet while it rides out the coronavirus crisis. That recovery timeline was echoed last week by executives for U.S. carriers. Canada’s biggest airline reported on May 4, 2020 that first-quarter revenue fell 16% to CA\$3.7 billion (\$2.6 billion), the first time in 27 consecutive quarters it has not had revenue growth.

#### **7. Air Canada Announces Renewal of Shareholder Rights Plan**

Air Canada announced on May 4, 2020 that its Board of Directors has approved a shareholder rights plan to renew Air Canada's existing rights plan. The renewed rights plan is substantially unchanged from Air Canada's current rights plan. It is not being adopted in response to any specific proposal to acquire control of Air Canada, nor is the Board of Directors aware of any pending or threatened take-over bid for Air Canada. The renewed rights plan is similar to plans recently adopted by other Canadian companies and approved by their shareholders.

#### **8. 2019 Annual and 4th Quarter U.S. Airline Financial Data**

U.S. scheduled passenger airlines reported a 2019 after-tax net profit of \$14.8 billion for the 2019 4<sup>th</sup> quarter, the 7th consecutive annual after-tax profit and a pre-tax operating profit of \$20.8 billion, the 11th consecutive annual pre-tax profit. U.S. airline financial reports are filed quarterly with the Bureau of Transportation Statistics (BTS).

#### **9. Air Canada offers Customers a Sneak Peek at Improvements Coming with the New Aeroplan Program**

Air Canada has introduced two new Aeroplan features in advance of the re-launch of its loyalty program later this year. Members can buy or gift miles at any time and can now use Aeroplan Miles to bid on cabin seating upgrades on Air Canada flights. Key features are: 1. All members can now bid for cabin upgrades using their Aeroplan Miles. 2. All members can now buy and gift Aeroplan Miles with ease, at any time. 3. New buy miles feature highlighted in Travel at Home special introductory promotion. 4. A portion of all the sales proceeds will support leading mental health and addiction organization

#### **10. Monthly civil aviation statistics, February 2020**

While the full impacts of this pandemic on the industry will become more evident in March 2020 and April 2020, they were not yet evident in February 2020. The seven Canadian Level I air carriers flew 6.9 million passengers on scheduled and charter services in February 2020, up 3.5% compared with February 2019, when there were only six carriers. This follows a 2.5% increase in January 2020 and represents the fourth year-over-year monthly increase. The number of air carriers increased from six in 2019 to seven in 2020, as one Level II air carrier was reclassified to Level I.

19. February 2020 U.S. Airline Traffic Data, May 14, 2020, [www.bts.gov](http://www.bts.gov)

20. Chinese carriers see mixed domestic traffic recovery in April, May 18, 2020, [www.iata.com](http://www.iata.com)

21. Air Travel Consumer Report: March 2020 and 1st Quarter 2020 Numbers, May 20, 2020, [www.bts.gov](http://www.bts.gov)

22. Airlines Financial Monitor, May 20, 2020, [www.iata.org](http://www.iata.org)

23. Edmonton Airport cuts workforce, May 21, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)

24. March 2020 U.S. Airline Cargo Data (Preliminary): International Cargo Weight Down 14%, May 20, 2020, [www.bts.gov](http://www.bts.gov)

25. Air Canada Announces New Schedule Offering Customers Wide Choice of Destinations for Safe Travel this Summer and Expands Goodwill Policy, May 22, 2020, [www.aircanada.ca](http://www.aircanada.ca)

26. Statement on Canada’s Airports and Federal Relief Programs: Without further action, many airports will have to raise rates and charges, May 22, 2020, [www.cacairports.ca](http://www.cacairports.ca)

27. WestJet saves 1,000 pilot jobs through ALPA agreements, April 30, 2020, [www.westjet.ca](http://www.westjet.ca)

28. Monthly civil aviation statistics, March 2020, May 25, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

29. Lufthansa agrees €9bn bailout with German government, May 26, 2020, [www.cargonews.com](http://www.cargonews.com)

30. Flirtey wins patent for drone technology, May 25, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)

31. Air Canada Announces Offering of Shares and Convertible Senior Notes, May 26, 2020, [www.aircanada.ca](http://www.aircanada.ca)

32. Leading indicator of international arrivals to Canada by air, April 2020, May 26, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

33. AC Cargo adding five new stops, May 27, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)

34. Weekly aircraft movements, May 9 to 15, 2020, May 27, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

Operating revenue for these airlines totalled \$1.9 billion in February 2020, up 4.5% from the same month a year earlier.

#### **11. Weekly aircraft movements, December 28, 2019, to April 24, 2020**

Total aircraft itinerant movements at major airports in Canada plunged by almost 50% in the week following the announced closure of the Canadian border to most foreign travellers. Five weeks following the announcement and closure, total aircraft movements had declined by 72% during the week ending April 24, 2020.

#### **12. Delta, LATAM lay groundwork to implement joint venture**

Delta Air Lines and LATAM Airlines Group moved a step closer to integrating operations with the signing on May 7, 2020 of an agreement outlining how they will implement their joint venture agreement struck September 2019. The airlines are anticipating U.S. and Chilean competition authorities will grant permission to coordinate in all areas of their business later this year. Shippers could benefit from the arrangement as much as passengers because of the combined reach of their networks, LATAM's dedicated freighter fleet and greater efficiencies.

#### **13. From passengers to cargo: How airlines are overhauling their business - and their planes**

More than a quarter of a century after retiring its last dedicated freighter, Air Canada is back in the business of flying exclusive cargo flights. Last month, the passenger airline removed seats from four Boeing 777 300ERs, more than doubling the space available for goods on the planes. The aircraft are primarily moving masks, gowns and other personal protective equipment necessary to combat COVID-19 from Shanghai to Canada. The airline also plans to convert four Airbus A330s to serve routes to Europe and South America. "We weren't looking to be in the freighter business until this moment," said Tim Strauss, the airline's vice-president of cargo. "We're doing this so we can get more PPE equipment back into Canada faster than could have been done otherwise."

#### **14. Request to suspend the application of the Provincial Aviation Fuel Tax (AFT) due to COVID-19**

The COVID-19 crisis has brought the global aviation industry to a virtual standstill. Increasingly, Governments have locked down economic activity to control the spread and mitigate the impact of the virus. Over 180 countries, representing more than 95% of global air traffic, have imposed restrictions on travel, of which the majority comprise either partial or total bans on international travel. Given the current crisis, and in order to support the recovery effort which will be an unprecedented challenge that will require collaboration with Governments and the value chain, we respectfully request that the AFT be suspended with immediate effect. Alternatively, and should such a suspension not be deemed feasible, then at a minimum, the current tax payment relief period without interest and penalties (in effect for a five-month period starting April 1, 2020) should be extended until March 31, 2021.

#### **15. Preliminary Air Traffic Data, March 2020: 50% Reduction in U.S. Airline Passengers**

U.S. airlines carried 51% fewer scheduled service passengers in March 2020 than in March 2019, according to preliminary data filed with the Bureau of Transportation Statistics (BTS) by 24 airlines that carry 99% of the passengers, dropping to the lowest level of air travel in almost two decades. The 51% decline in the number of passengers from March 2019 was the largest year-to-year decrease on record. The airlines carried slightly more total, domestic and international passengers in March 2020 than in September 2001, the month of the 9/11 terrorist attacks. March 2020 passenger numbers (24 carriers reporting): 1) Total: 38.7 million passengers, down 51% from March 2019 (79.9M); 2) Domestic: 34.1 million passengers, down 51% from March 2019 (69.6M); and 3) International: 4.6 million passengers, down 53% from March 2019 (9.9M).

#### **16. Delta Air Lines cranks up cargo-only flights from Asia to U.S.**

Delta Air Lines said it will increase its passenger freighter flights from Seoul, South Korea, to Atlanta and Los Angeles to daily service beginning May 13, 2020 in response to continued growth in demand to transport medical supplies and other products from Asia to the U.S. In March 2020, passenger airlines began repurposing some of their aircraft for dedicated cargo operations after travel demand fell off a cliff due to coronavirus travel restrictions. Consequently, shippers were left with a shortage of available capacity because of the subsequent groundings. Delta was one of the first airlines to establish scheduled cargo routes, in addition to offering charter flights. Delta last month began so-called "ghost flights" – no passengers aboard – from Seoul's Incheon airport to Atlanta four times weekly and three times per week to Los Angeles. Delta also operates daily cargo flights between Seoul and Detroit.

#### **17. Airlines Balance Fewer Flights With Angry Travelers Seeking Social Distance**

U.S. airlines are grappling with one outcome of the deep schedule cuts they've made in response to near-zero travel demand: Many of the flights that remain are starting to fill up, complicating social distancing guidelines and angering some passengers. While carrier traffic is still down about 90% from typical levels, not everyone has stopped flying. More than 215,000 people traversed U.S. security checkpoints on May 8, 2020, the highest total since March 25, according to the Transportation Security Administration. As air travel gradually returns in the pandemic era, airlines will face a fraught choice: Continue on board social-distancing by limiting cabin occupancy and increasing scheduled flights, or keep the number of trips in line with demand, which could lead to more crowded planes but also financially benefit cash-strapped carriers.

#### **18. Weekly aircraft movements, April 25 to May 1, 2020**

Data on weekly aircraft itinerant movements are now available for April 25 2020 to May 1, 2020. Domestic movements were 14,781, transborder movements were 817, and international movements were 469 for the above period. The movements were all down compared to a week ago (April 18 to April 24, 2020) i.e., 13,820, 898 and 454, respectively.

#### **19. February 2020 U.S. Airline Traffic Data**

U.S. airlines carried 78.3 million systemwide (domestic and international) scheduled service passengers in February 2020, seasonally-adjusted, according to the Bureau of Transportation Statistics' (BTS), down 0.6% from January 2020.

#### **20. Chinese carriers see mixed domestic traffic recovery in April**

After being hit hard by the coronavirus outbreak at the start of the year, China's three largest carriers saw some degree of recovery in domestic traffic for April 2020 — even while their international networks continue to suffer steep declines. Of the three, only Air China saw fewer domestic passengers for the month, carrying 2.65 million passengers, a 4.2% month-on-month drop.

#### **21. Air Travel Consumer Report: March 2020 and 1st Quarter 2020 Numbers**

The U.S. Department of Transportation on May 20, 2020 released its May 2020 Air Travel Consumer Report (ATCR). 1) In March 2020, reporting marketing carriers posted an on-time arrival rate of 74.7%, down from both the 83.8% on-time rate in February 2020 and from 80.9% in March 2019. 2) In March 2020, reporting marketing carriers cancelled 16.9% of their scheduled domestic flights, a higher rate than both 1.0% in February 2020 and 2.0% in March 2019. 3) In March 2020, airlines reported one tarmac delay of more than three hours on domestic flights, compared to one tarmac delay reported in February 2020 and the five tarmac delays reported in March 2019. In March 2020, airlines reported no tarmac delays of more than four hours on international flights, compared to two such tarmac delays reported in both February 2020 and three tarmac delays in March 2019. Extended tarmac delays are investigated by the Department.

#### **22. Airlines Financial Monitor**

For March - April 2020, the IATA Airlines Financial Monitor reports the following key points 1. The initial Q1 2020 financial results confirm the expected significant deterioration in industry-wide profitability amidst the negative impact of the coronavirus outbreak on air travel. The outcome was driven by Asia Pacific airlines, however EBIT margins also deteriorated in Europe and North America. 2. Global airline share prices moved higher in April 2020, reflecting government support to the industry and airline announcements about restarting part of their operations. Oil and jet fuel prices also ticked up as demand for fuel lifted amidst lockdown easing and the introduction of OPEC+ planned output cuts. 3. Global passenger yields fell sharply in March 2020, down 11% year-on-year, reflecting declines in both the premium and economy cabins. 4. In March 2020, the impact from the COVID-19 crisis on aviation worsened significantly as the virus spread worldwide. Passenger demand and the load factor fell sharply. Two thirds of the global passenger fleet was grounded. The cargo market however continued to provide some relief to carriers, with the cargo load factor rising 4.8ppts year-on-year in March.

#### **23. Edmonton Airport cuts workforce**

Edmonton International Airport (EIA) is cutting its workforce by up to 40 percent. This is expected to impact up to 100 union and non-union positions at the airport. The workforce reductions are expected to begin after June 30, 2020. "This is a difficult and sad day for Edmonton Airports, and we regret having to take these steps. Our employees are the foundation of our organization and our contribution to our communities, and we feel this loss profoundly", said Tom Ruth, President and CEO, Edmonton Airports.

#### **24. March 2020 U.S. Airline Cargo Data (Preliminary): International Cargo Weight Down 14%**

U.S. airlines carried 1.4% less cargo (1,455 thousand tons for 15 carriers) by weight in March 2020 than in March 2019, according to preliminary data filed with the Bureau of Transportation Statistics (BTS) by 15 of the leading cargo airlines. The 15 airlines carry more than 95% of the total cargo by weight on U.S. airlines. Cargo data consists of freight and mail carried within the U.S. and between the U.S. and foreign points.

#### **25. Air Canada Announces New Schedule Offering Customers Wide Choice of Destinations for Safe Travel this Summer and Expands Goodwill Policy**

Air Canada is offering customers a choice of nearly 100 destinations in Canada, the U.S. and around the world with an abridged schedule this summer. To ensure customers can book with confidence, the airline has implemented the Air Canada CleanCare+ biosecurity program and is introducing new cancellation options retroactive to March 1, 2020, to give customers greater flexibility and choice should their travel plans change for any reason.

#### **26. Statement on Canada's Airports and Federal Relief Programs: Without further action, many airports will have to raise rates and charges**

Canada's airports appreciate the swift efforts taken to control the spread of COVID-19 and mitigate the economic impact of lock-downs on the Canadian economy. However, without direct action by the federal government on sector-specific challenges, many airports will have to raise rates and charges to users in order to repay debt and interest incurred to cover operating expenses. There have been positive steps. Some programs, such as the Canada Emergency

Wage Subsidy, have been helpful to airports. We also appreciate the active engagement by the federal government on airports' needs, including regulatory relief and ongoing discussions on mitigating the financial impact of COVID-19.

#### **27. WestJet saves 1,000 pilot jobs through ALPA agreements**

On April 30, 2020, WestJet announced it has reached an agreement with the Airline Pilot Association (ALPA), to save more than 1,000 pilot jobs at WestJet, WestJet Encore and Swoop amidst the COVID-19 crisis. The airline had previously confirmed that 1,700 pilots across WestJet, WestJet Encore and Swoop had received layoff notifications, effective either May 1 or June 1, 2020. "I'm pleased that ALPA and WestJet, through robust negotiations and collaboration have come together to minimize the impact of the unprecedented COVID-19 pandemic on our pilot groups," said Jeff Martin, WestJet Executive Vice-President, and Chief Operating Officer. "We thank ALPA for the joint effort in working with us to assist our airline in remaining flexible and competitive. Our pilots will be a critical element of our recovery and retaining these important roles leaves us better positioned to recover strongly and return WestJet to a global airline."

#### **28. Monthly civil aviation statistics, March 2020**

The major Canadian air carriers flew 4.3 million passengers on scheduled and charter services in March 2020, down 44.1% compared with March 2019—the largest decline ever recorded in the monthly civil aviation statistics. Similarly, air traffic dropped 45.0% in March year over year to 10.9 billion passenger-kilometres. As a result, operating revenue for these airlines totalled \$1.3 billion in March 2020, down 41.0% from the same month a year earlier.

#### **29. Lufthansa agrees €9bn bailout with German government**

Germany has thrown Lufthansa a €9bn (£8bn) lifeline, agreeing a bailout that gives Berlin a veto in the event of a hostile bid for the airline. The largest German corporate rescue since the coronavirus crisis struck will result in the government taking a 20% stake, which could rise to 25% plus one share in the event of a takeover attempt, as it seeks to protect thousands of jobs. Lufthansa has been locked in talks with Berlin for weeks over aid it needs to survive a protracted travel slump, with the airline wrangling over how much control to yield in return for financial support.

#### **30. Flirtey wins patent for drone technology**

Drone delivery pioneer Flirtey has been granted a patent for drone delivery of packages. The patent describes a combination of hardware and software that enables the delivery of packages by a drone, potentially lifting the package to pick it up, holding it securely and lowering it at the point of delivery. Flirtey's drone delivers its contents by lowering a tether, while the drone is hovering, and once the package is delivered, it then retracts the tether. Flirtey invented this method of delivery to be the safest and most precise, and it has since become the standard for the drone delivery industry.

#### **31. Air Canada Announces Offering of Shares and Convertible Senior Notes**

Air Canada on May 26, 2020 announced that it has commenced a marketed public offering of Class A Variable Voting Shares and/or Class B Voting Shares of the Company ("Shares") for gross proceeds of approximately C\$500 million (the "Share Offering") and a concurrent marketed private placement of convertible senior unsecured notes ("Convertible Notes") for gross proceeds of approximately US\$400 million (the "Convertible Notes Offering" and together with the Share Offering, the "Offerings").

#### **32. Leading indicator of international arrivals to Canada by air, April 2020**

International travel has virtually ground to a halt amid the COVID-19 pandemic. A new study, "Leading indicator of international arrivals to Canada by air, for April 2020," looks at how the once-commonplace activity of crossing our border has now become a rarity. For example, the number of US residents entering Canada by air this April was down by 99.5% compared with 2019. The number of people arriving at major Canadian airports from overseas countries during April fell 97.7%, from 257,000 in 2019 to 6,000 arrivals in 2020.

#### **33. AC Cargo adding five new stops**

Air Canada Cargo is adding five new destinations in Europe and South America beginning June 1, 2020. Pending government approval the carrier will begin serving Bogota, Lima, Amsterdam, Dublin, and Madrid. The nonstop flights will originate from Montreal to Europe and South America.

#### **34. Weekly aircraft movements, May 9 to 15, 2020**

Data on weekly aircraft itinerant movements are now available for May 9 to 15, 2020 on Statistics Canada website.

## **WATER TRANSPORTATION**

### **1. SeaIntelligence’s Jensen: container market recovery looks likelier in 2021... maybe**

“There are few signs of a possible recovery until the Covid-19 crisis is well behind us and the earliest that I see this is in early 2021,” says Lars Jensen, CEO, Copenhagen-based SeaIntelligence Consulting. “Even so, we are already seeing a second wave of Covid cases in Asia ... and so that date could go out much further. This means that carriers will continue to reduce the number of sailings and the longer this lasts the more this will become problematic for the Ports,” Jensen added. Jensen told AJOT that there are three projections for recovery: 1) The V Shape: “This assumes that the pandemic concerns have disappeared by July 2020 and that shippers are confident enough to order their Christmas supplies with big volumes starting to show up in August, September, etc. This appears to be very optimistic because we are already seeing a second wave of Covid cases in Asia.” 2) The U Shape: “This assumes a recovery in early 2021 in which accelerated orders occur before Chinese New Year and there is a ramp up in container volumes.” 3) The Third Option: “The third option is that we don’t see a recovery in either period and we are in uncharted waters.”

### **2. U.S. Transportation Secretary Elaine L. Chao Announces \$500 Million Loan for Port of Long Beach**

Transportation Secretary Elaine L. Chao on May 4, 2020 announced that the U.S. Department of Transportation’s Build America Bureau will provide a loan of \$500 million under the Transportation Infrastructure Finance and Innovation Act (TIFIA) to the City of Long Beach, California, acting through its Board of Harbor Commissioners (the Port of Long Beach). U.S. Transportation Secretary Elaine L. Chao said “This \$500 million federal investment reflects the President’s continued emphasis on infrastructure that will reduce traffic congestion while enhancing the Port of Long Beach’s ability to handle large container ships to support economic growth in the region and the country.”

### **3. Container Import Weakness Could Peak in 2Q2020**

U.S. ports should see sharply lower container imports in the 2020 second quarter, but throughput could pick up in the second half—assuming there is not a major resurgence of coronavirus cases. “The container shipping industry has spent the past month in the eye of the storm [and will] now face the full impact of the international spread of COVID-19,” said U.K.-based consultancy Maritime Strategies International (MSI) in its latest monthly outlook. Then, after a “disastrous” second quarter, MSI expects “an uneven recovery in mainline volumes in the third quarter.” “Attention is turning to how soon container trade will get back to normal,” the consultancy explained. “In reality, there will be a high degree of differentiation by region and by industry. Consumer retail goods are of course a huge driver of containerized trade, but their share of overall volume is sometimes overstated.

### **4. Government of Canada announces second year of enhanced measures to protect Southern Resident killer whales**

On May 7, 2020, the Government announced protective measures for this year and beyond to protect the Southern Resident killer whales. This year’s measures focus on the primary threats to Southern Resident killer whales: prey availability and accessibility, acoustic and physical disturbance, and contaminants.

### **5. Fifth IAPH-WPSP COVID-19 Port Economics Barometer reports European ports impacted more by reduced cargo vessel calls**

In the fifth report of the WPSP-IAPH COVID19 Port Economic Impact Barometer, a focus on European ports reveals that many of them are already feeling a greater impact of reduced cargo vessel calls than other regions of the world. The European region also has a smaller share of ports now facing capacity shortages of warehousing and storage facilities with a progressive overall decline in utilization being reported over the time period. Also, it appears that the European Region is slightly more impacted by shortages of dockworkers, with 28% reporting this occurrence during the recent

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1. SeaIntelligence’s Jensen: container market recovery looks likelier in 2021... maybe, April 30, 2020, [www.ajot.com](http://www.ajot.com)
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14. East Coast ports optimistic for post-coronavirus recovery, May 22, 2020, [www.americanshipper.com](http://www.americanshipper.com)
15. FMC investigates Canada’s proposed ballast water rules for Great Lakes, May 20, 2020, [www.americanshipper.com](http://www.americanshipper.com)
16. Canada turns to maritime to help move 1.6 billion pieces of PPE, May 26, 2020, [www.americanshipper.com](http://www.americanshipper.com)
17. Container shipping sector to be “most affected” by pandemic, May 26, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)

week.

#### **6. Will Ocean Carriers Scale Back Sailing Cancellations?**

Arrival schedules for May and June 2020 are set. U.S. ports will see double-digit declines in inbound capacity. Whether carriers will keep “blanking” (canceling) sailings on the same scale into the third quarter remains unknown – but not for much longer. If mass cancellations extend into July at elevated May-June levels, it means that carriers are not receiving enough bookings from shippers, implying a weak recovery after social distancing restrictions are lifted. If carriers move back in the direction of pre-coronavirus scheduling levels, it’s a positive signal on demand. “For the month of July, we’re at 10% cancellations, while May and June are at 19% and 18%, respectively,” said Simon Sundboell, founder and CEO of Copenhagen-based eeSea, a platform that maps container-industry schedules.

#### **7. Port of Virginia Decline in Container Volumes Continues**

The Port of Virginia’s April 2020 cargo volumes were down nearly 16 percent when compared with last year as the port and the shipping industry continue to deal with the effects of the ongoing pandemic on world trade. “The number of blank sailing continues to increase and that is being reflected in the declining cargo volumes in Virginia and at ports across the nation,” said John F. Reinhart, the CEO and executive director of the Virginia Port Authority. “We are seeing parts of the nation slowly starting to re-emerge from quarantine and we are watching to see what effect this will have on trade, but we are being realistic and do not expect any volume growth in the near-term.”

#### **8. Stay safe—and at a distance—when boating this season**

As boating season begins and more people are sharing the waterways, it’s critical to follow safe boating practices to ensure everyone’s safety on the water. The Vancouver port authority is reminding boaters to take caution around human-powered water craft, be sure to follow the recommended speed restrictions, and watch your wake! This season, being safe on the water also includes following the safe physical distancing guidance from Transport Canada and health authorities when planning outings on the water. Review these safe boating reminders before setting sail; 1) Follow safe, physical distancing guidelines; 2) Pay attention to your surroundings; 3) Monitor official radio channels; 4) Check current conditions; 5) Boating at night is different; 6) Go slowly; 7) Be prepared and consult official publications; and 8) Never get between a tugboat and its tow.

#### **9. The Government of Canada announces new measures for pleasure craft in northern communities**

On May 14, 2020, the Minister of Transport, the Honourable Marc Garneau, introduced new measures to reduce the risk of COVID-19 transmission in remote and vulnerable Arctic communities.

#### **10. Port of Long Beach volume down 17.3% in April**

The Port of Long Beach said continuing economic fallout from the COVID-19 pandemic resulted in a 17.3% year-over-year volume drop as well as an expectation of more cancelled sailings. The California port said while manufacturing in China is rebounding from the pandemic, U.S. demand remains below normal due to the ongoing crisis and it expected 16 sailings would be blanked between April 1, 2020 and June 30, 2020. The port moved 519,730 twenty-foot equivalent units (TEUs) in April 2020, down 17.3% from April 2019, Long Beach’s busiest April on record. Imports dropped 20.2% to 235,540 TEUs as consumer demand was down during stay-at-home mandates, according to the port, which said exports declined 17.2% to 102,502 TEUs and were hampered by a shift of carrier services. The port moved 2,202,650 TEUs during the first four months of 2020, down 9.5% from the same period in 2019.

#### **11. Ports of Tacoma and Seattle see 23.5% volume drop**

The Northwest Seaport Alliance (NWSA) handled 247,675 twenty-foot equivalent units (TEUs) in April 2020, a 23.5% year-over-year decline in total container volume. “The economic fallout from the COVID-19 pandemic continues to disrupt the global supply chain,” NWSA CEO John Wolfe said during a press conference. Empty containers moved plunged 38.3% year-over-year, from 276,731 TEUs in April 2019 to 170,622 TEUs this year. Full exports declined 17.6% year-over-year in April 2020 and full imports decreased 13.9%. “During the first four months of 2020, we handled 1,036,556 TEUs. As a result, the total cargo volume is down 17.5% over last year through April,” Wolfe said.

#### **12. The Port of Montreal, barometer of the economy and partner of the recovery**

On the cruise front, the 2020 season in Montreal is hard hit by the health crisis, as is the case all over the world. Currently, due to the fact that cruise ships cannot come to Canada until July 1, 2020 and given the cancellations recently. Turning to the volume of goods handled, after operating at full capacity and experiencing a solid first quarter with a 2.5% increase compared to the same period in 2019, in recent weeks the MPA has begun to see the first signs of a slowdown on the docks, even though the intermodal chain is still fully up and running at the Port. The MPA anticipates a 12% drop in freight traffic for 2020, compared with the previous year. As Ms. Vachon explained during the talk, according to the MPA’s forecasts, this drop should be followed by a recovery at the end of the year and early 2021.

#### **13. National Shipper Advisory Committee for FMC gets Senate push**

The U.S. Senate Commerce Committee has approved a bill that would allow the formation of a committee of American shippers to advise the Federal Maritime Commission on policies related to competitiveness, reliability, integrity and

fairness in ocean shipping. FMC Commissioner Rebecca Dye proposed the FMC National Shipper Advisory Committee two years ago when the agency was analyzing persistent ocean shipping bottlenecks due to systemic port congestion throughout the U.S.

#### **14. East Coast ports optimistic for post-coronavirus recovery**

Officials from South Carolina and New York/New Jersey ports see an end in sight to blanked sailings and lower volumes. “Despite what’s happening right now, we are very optimistic. We think May and June is going to be the worst of it in terms of COVID impacts and then I think we’re going to bounce back quite strong,” Sam Ruda, marine director for the Port Authority of New York and New Jersey (PANYNJ), told the Agriculture Transportation Coalition (AgTC) during its virtual annual meeting on May 21, 2020. “Big picture we were down 8% in April. Year-to-date through April we’re down about 2.5%. I think obviously May and June are going to be our big months” for year-over-year cargo volume declines, Ruda said.

#### **15. FMC investigates Canada’s proposed ballast water rules for Great Lakes**

The U.S. Federal Maritime Commission (FMC) said it will investigate whether Canada’s proposed ballast water regulations discriminate against U.S.-flag vessels operating in the Great Lakes and St. Lawrence Seaway. All five FMC commissioners — Chairman Michael Kouri, Rebecca Dye, Louis Sola, Daniel Maffei and Carl Bentzel — voted to approve the petition from the Lake Carriers’ Association (LCA), which asked the agency to carry out the investigation. Under Section 19(1)(b) of the 1920 Merchant Marine Act, the FMC has the authority to conduct the investigation into the competitive fairness of Canada’s ballast water regulations.

#### **16. Canada turns to maritime to help move 1.6 billion pieces of PPE**

When the Canadian government started importing personal protective equipment (PPE) and other medical supplies from China for COVID-19, it leaned on air cargo flights — 42 to be exact. But with 1.6 billion pieces still on order, the feds need ships. “We now intend to resort to maritime considering the volume of PPE that could be shipped,” Anita Anand, the federal minister of public services and procurement, said during a news conference on May 26, 2020. The federal government’s outstanding orders include 1 billion pairs of gloves, 93 million N95 respirator masks, 133 million gowns, 48 million face shields, and 254 million surgical masks, according to [government data released on May 19](#). Most are coming from China.

#### **17. Container shipping sector to be “most affected” by pandemic**

The container industry is likely to be the shipping sector most affected by the Covid-19 pandemic, with global box trade set to be heavily impacted by disruption to the world economy, consumer activity and supply chains. Financial health remains weak and uncertain exacerbated by downgrades in global growth for 2020. These are the key findings of a report published this week by Drewry Maritime Financial Research Services (DMFR) into the financial health of the global container shipping industry.

## **RAIL TRANSPORTATION**

### **1. Railway carloadings, February 2020**

Canadian railways transported 27.5 million tonnes of freight in February 2020, an increase of 5.8% over February 2019. In any given year, February 2020 generally has the lowest railway carloadings. In February 2019, carloadings fell strongly compared with the same period in 2017 and 2018, mainly due to oil production limits imposed in Alberta and a few major train derailments. As a result, the February 2020 increase brought the freight volume transported back to levels normally expected for the same period. The month of February 2020 was marked by two events: the rail blockades in Canada and the global spread of COVID-19.

### **2. AAR: “Reasonable to Expect Losses to Begin Their Return After Coronavirus Passes”**

Total carloads for the week ended April 25, 2020 were 192,110 carloads, down 28.2% compared with the same week in 2019, while U.S. weekly intermodal volume was 222,013 containers and trailers, down 16.5% compared to 2019. AAR attributes the declines to the coronavirus. Canadian railroads reported 71,689 carloads for the week, down 19.7%, and 69,898 intermodal units, down 2.4% compared with the same week in 2019. For the first 17 weeks of 2020, Canadian railroads reported cumulative rail

## **RAIL TRANSPORTATION**

### **Canada**

1. Railway carloadings, February 2020, April 29, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)
2. AAR: “Reasonable to Expect Losses to Begin Their Return After Coronavirus Passes”, April 29, 2020, [www.railwayage.com](http://www.railwayage.com)
3. Norfolk Southern anticipates some cost cuts as permanent, April 29, 2020, [www.americanshipper.com](http://www.americanshipper.com)
4. Collaboration between CP, agricultural supply chain and customers delivers the best month for Canadian grain movements in company’s 139-year history, May 4, 2020, [www.cpr.ca](http://www.cpr.ca)
5. CN Proud to be Supporting Agri-Food Supply Chain as Company Sets New Grain Records, May 5, 2020, [www.cn.ca](http://www.cn.ca)
6. Canada’s Class I railroads ship record grain volumes in April, May 6, 2020, [www.americanshipper.com](http://www.americanshipper.com)
7. Warning: Disturbing Images, May 6, 2020, [www.railwayage.com](http://www.railwayage.com)
8. CN surpasses CP grain record in April, May 8,



traffic volume of 2,394,855 carloads, containers and trailers, down 5.2%.

### **3. Norfolk Southern anticipates some cost cuts as permanent**

Norfolk Southern (NS) expects some of the cost cuts it made in response to the pandemic-induced rail volume decline to be permanent, its executives said during the eastern U.S. railroad's first-quarter 2020 earnings call on April 29, 2020. The railroad has removed excess locomotives and reduced crew starts, with expectations to cut crew starts even further, executives said. NS is also examining which terminals and rail yards to close, including outlying smaller yards that "we can continue to live without," according to NS Chief Operating Officer Mike Wheeler. These operational changes, while hastened by the COVID-19 pandemic, are also part of NS' broader efforts to implement TOP21, NS' version of precision scheduled railroading (PSR), an operating model that seeks to streamline operations and cut costs.

### **4. Collaboration between CP, agricultural supply chain and customers delivers the best month for Canadian grain movements in company's 139-year history**

Canadian Pacific is proud to report another record-setting month in the movement of Canadian grain and grain products. In April 2020, CP moved a best-ever monthly total of 2.8 million metric tonnes (MMT) to market, bettering the previous record set in November 2019 by more than 100,000 metric tonnes (MT). Joan Hardy, Vice-President Sales and Marketing Grain and Fertilizers said "CP's family of professional railroaders continues to deliver for our customers and the economy during this extremely challenging COVID-19 period."

### **5. CN Proud to be Supporting Agri-Food Supply Chain as Company Sets New Grain Records**

CN announced that after having its second best Q1 western Canadian grain movement result with 6.59 million metric tonnes (MMT) moved, the Company moved 2.73 MMT in April 2020, exceeding its previous April record of 2.72 MMT. Movements also exceeded the three-year average of 2.55 MMT for April and March's record result of 2.65 MMT. As the Canadian agricultural sector works to keep up with the increased demand for staple food, CN's railroaders are determined to keep the goods North-Americans need moving. CN is proud that the cumulative total of all Canadian tonnage moved by CN for the 2019-2020 crop year has reached 21.55 MMT so far with 20.7 MMT coming from Western Canada.

### **6. Canada's Class I railroads ship record grain volumes in April**

Despite the COVID-19 pandemic threatening to disrupt supply chain flows, the Canadian railways boasted record volumes of grain shipped in April. Canadian National moved 2.73 million metric tonnes (mmt) in April, 2020, beating an April record of 2.72 mmt from 2019. The railway also moved 6.59 mmt in the first quarter of 2020, which the company said was its second-best first-quarter grain movement ever. Since the start of the 2019-2020 crop year on Aug. 1, Canadian National has moved 21.55 mmt, with 20.7 mmt coming from western Canada. Since Aug. 1, CP moved 21.4 mmt, 6% more than the same point last year and 8% higher than its previous three-year average, the company said. The reopening of the Port of Thunder Bay should enable "strong grain shipping for the remainder of the 2019-2020 crop year," CP said.

### **7. Warning: Disturbing Images**

U.S. railroads originated 980,535 carloads in April 2020, down 25.2%, or 329,693 carloads, from April 2019. U.S. railroads also originated 1,095,423 containers and trailers in April 2020, down 17.2%, or 227,165 units, from the same month last year. Combined U.S. carload and intermodal originations in April 2020 were 2,075,958, down 21.2%, or 556,858 carloads and intermodal units from April 2019. Canadian railroads reported 67,952 carloads for the week, ending May 2, 2020 down 23.8%, and 69,551 intermodal units, down 6.2% compared with the same week in 2019. For the first 18 weeks of 2020, Canadian railroads reported cumulative rail traffic volume of 2,532,358 carloads, containers and trailers, down 5.8%

### **8. CN surpasses CP grain record in April**

Canadian National Railway Co. moved a record 2.81 million tonnes of grain for April 2020, slightly ahead of CP Rail's record volume for the month. The country's largest railway says the movement included 2.73 million tonnes from Western Canada, which exceeded the three-year average of 2.55 million tonnes for April 2020. The Montreal-based railway's all-time monthly record was 2.89 million tonnes of Canadian grain in October 2019.

2020, [www.insidelogistics.com](http://www.insidelogistics.com)

9. North American rail volumes could dip in the double digits, May 10, 2020, [www.americanshipper.com](http://www.americanshipper.com)

10. AAR: "Railroads Have Experience Weathering Difficult Times, and They'll Weather This One", May 13, 2020, [www.railwayage.com](http://www.railwayage.com)

11. TSB urges new way to test train brakes, May 14, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)

12. Rail transportation, 2018, May 15, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

13. Brake Defects Plague Canada's Aging Grain Cars, May 15, 2020, [www.railwayage.com](http://www.railwayage.com)

14. US Class I railroads inch toward full positive train control implementation, May 19, 2020, [www.americanshipper.com](http://www.americanshipper.com)

15. AAR: "As the COVID-19 Situation Evolves, Freight Railroads Will Remain Focused", May 20, 2020, [www.railwayage.com](http://www.railwayage.com)

16. Intermodal volumes will take months to improve, panel predicts, May 20, 2020, [www.americanshipper.com](http://www.americanshipper.com)

17. Rail pins hopes on auto manufacturing as US carloads sustain record decline, May 21, 2020, [www.americanshipper.com](http://www.americanshipper.com)

18. CN Announces New Intermodal Rail Service Between Moncton and Halifax, May 22, 2020, [www.cn.ca](http://www.cn.ca)

19. Railway carloadings, March 2020, May 27, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

20. AAR: "These Are Encouraging Signs", May 27, 2020, [www.railwayage.com](http://www.railwayage.com)

## **9. North American rail volumes could dip in the double digits**

In 2020, North American rail volumes could fall roughly 15% or more compared to a year ago. This projection, amidst others for deep declines in coal traffic and a shaky environment for intermodal volumes, was divulged in a report from *Moody's Investor Service*, a credit ratings firm. "Continuing declines in coal shipments will weigh heavily on the sector, while relatively stable carloads of agricultural products and more modest declines in chemicals mitigate the overall decline in freight in the sector," said a May 7 sector comment by Moodys. Meanwhile, "soaring" unemployment could dampen consumer demand, putting intermodal volumes at risk.

## **10. AAR: "Railroads Have Experience Weathering Difficult Times, and They'll Weather This One"**

The Association of American Railroads (AAR) reported U.S. rail traffic for the week ended May 9, 2020, and, for this week, total U.S. weekly rail traffic was 412,549 carloads and intermodal units, down 22.1% compared with the same week last year; total carloads were 185,144 carloads, down 28.4% compared with the same week in 2019; and U.S. weekly intermodal volume was 227,405 containers and trailers, down 16% compared to 2019. Canadian railroads reported 67,481 carloads for the week, down 21.1%, and 69,234 intermodal units, down 0.9% compared with the same week in 2019. For the first 19 weeks of 2020, Canadian railroads reported cumulative rail traffic volume of 2,669,073 carloads, containers and trailers, down 6.2%.

## **11. TSB urges new way to test train brakes**

The Transportation Safety Board says there should be a better way of determining whether a train's brakes are working as they should. The agency wrote to Transport Canada last month asking what it intends to do about shortcomings with the current method for testing air brakes. The issue came up during the board's ongoing investigation into a Canadian Pacific train derailment near Field, B.C., that killed three railroaders last year. The agency says that train passed the No. 1 brake test in Calgary before it set out on the fatal trip. The No. 1 test is meant to verify that at least 95 per cent of a train's air brakes are operative, but does not physically measure their force or effect. The safety board says research comparing brake testing methods, along with concerns flagged by Canadian Pacific employees before the Field derailment, suggest the No. 1 brake test is not reliable. "Given this information, Transport Canada is advised that an alternate approach to determining the effectiveness of freight car air brakes is required to ensure that departing trains have sufficient effective brakes to operate safely," the board wrote in its April 17 letter.

## **12. Rail transportation, 2018**

Canadian railways reported record operating revenues of \$16.3 billion in 2018, up 9.6% from 2017. The increase was driven by freight movements, which accounted for 91.6% of overall operating revenues, while the remaining 8.4% was from passenger and other operating revenues. Freight carriers reported the strongest revenue growth in four years, up 10.3% from 2017. Freight tonnage increased 5.4% to 328.5 million tonnes. A higher volume of valuable commodities such as fuel oils and crude petroleum contributed to increased operating revenues. On the other side of the ledger, railway operating expenses rose 15.7% to \$10.8 billion, partially offsetting the gains in revenue. Expenses rose for every component. As a result of growing expenditures, the industry operating ratio (operating expenses expressed as a proportion of operating revenue) rose from 0.63 in 2017 to 0.66 in 2018. In other words, the railway industry incurred expenses of \$66 to generate \$100 in revenue in 2018.

## **13. Brake Defects Plague Canada's Aging Grain Cars**

Hard-to-detect braking system defects have rendered Canada's aging fleet of grain hoppers a safety hazard, says a former director of derailment investigations for the country's Transportation Safety Board (TSB), the Canadian equivalent of the U.S. NTSB. Ian Naish, who retired from the TSB in 2009, in a CBC interview posted May 15, declared, "The grain car fleet overall is quite defective." Naish's warning followed his former employer's Rail Safety Advisory Letter dated April 20, 2020, which said that the standard visual inspection of brake pipe connections and piston applications—the so-called "Number 1 Test" performed by car inspectors prior to trains departing originating yards—is unreliable and does not reveal a high percentage of malfunctioning railcar brakes.

## **14. US Class I railroads inch toward full positive train control implementation**

One hundred percent of the tracks owned by the U.S. operations of the Class I railroads have completed the advanced field testing of positive train control (PTC), a federally mandated safety technology that must be implemented on all Class I railroads, Amtrak and certain commuter rail lines by December 31 of 2020, according to the Federal Railroad Administration (FRA). The advanced field testing stage, known as revenue service demonstration (RSD), is among the last steps to completing the installation and implementation of PTC. Meanwhile, 58.7% of the U.S. Class I rail network is interoperable as of the end of the first quarter of 2020, compared with 48% by the end of the fourth quarter of 2019, FRA said. Interoperability occurs when the controlling locomotives and/or cab cars of any host railroad and tenant railroad operating on the same PTC-equipped main line are able to communicate with and respond to the PTC system, even when trains are moving over property boundaries. The final step is interoperability with other trains, which is viewed as the last piece in fulfilling the statutory mandate.

## **15. AAR: "As the COVID-19 Situation Evolves, Freight Railroads Will Remain Focused"**

The Association of American Railroads (AAR) reported U.S. rail traffic for the week ended May 16, 2020, and, for this week, total U.S. weekly rail traffic was 416,115 carloads and intermodal units, down 22% compared with the same week last year. Total carloads for the week ended May 16 were 184,415 carloads, down 30.2% compared with the same week in 2019, while U.S. weekly intermodal volume was 231,700 containers and trailers, down 14% compared to 2019. Canadian railroads reported 64,416 carloads for the week, down 25.4%, and 66,940 intermodal units, down 3.7% compared with the same week in 2019. For the first 20 weeks of 2020, Canadian railroads reported cumulative rail traffic volume of 2,800,429 carloads, containers and trailers, down 6.7%.

#### **16. Intermodal volumes will take months to improve, panel predicts**

Intermodal volumes could start to improve around the fourth quarter of 2020 or the first quarter of 2021, but uncertainty surrounding the coronavirus pandemic makes any volume forecast dicey, said a trio of panelists at Wolfe Research's Global Transportation and Industrials conference on May 19, 2020. "You have some really big factors that aren't normal items," and it's not just an economic issue but a biological one, said Jim Filter, Schneider National senior vice president and general manager of intermodal.

#### **17. Rail pins hopes on auto manufacturing as US carloads sustain record decline**

The Class I railroads are closely watching the restart of North American automotive production, hoping that the slow ramp up will not only grow auto volumes but also improve demand for supplies such as steel and plastics, according to executives at recent investor conferences. However, a key unknown variable is whether consumer demand will lift volumes for automobiles and other goods, executives said. "Our auto plants reopened this week with very limited production. The sustainability of that production is going to be highly dependent on consumer demand and consumer confidence to go out there and buy automobiles," said Norfolk Southern Chief Marketing Officer Alan Shaw during Wolfe Research's virtual conference for investors on Wednesday, May 20.

#### **18. CN Announces New Intermodal Rail Service Between Moncton and Halifax**

CN announced on May 22, 2020 that, in collaboration with the Halifax Port Authority, stakeholders, ocean carriers, and customers, it will now offer integrated solutions through its Moncton yard aimed at reducing short-haul trucking in Halifax. "This intermodal service will play a key role in overall integrated solutions that drive value and support growth in the Atlantic region," said JJ Ruest, president and chief executive officer at CN. "We are pleased to be moving forward with this initiative that will benefit all of our partners and customers."

#### **19. Railway carloadings, March 2020**

COVID-19 had a substantial impact on manufacturing sales in March 2020, which fell to their lowest level since June 2016. During the same period, the report on international merchandise trade highlighted the early impact of COVID-19 on manufacturers in North America. Despite these declines, in March, 33.2 million tonnes of merchandise travelled on Canadian railways, up 4.7% compared with the same month in 2019. In March, 26.6 million tonnes of non-intermodal loadings were carried, an increase of 5.5% from the same period in 2019. Fuel oil and crude petroleum loadings posted the largest gain, rising 39.1% to 1.9 million tonnes. The volume of intermodal freight loadings (those moved by containers) decreased 4.0% to 3.1 million tonnes, compared with the same period in 2019. Finally, freight traffic from US rail connections rose 6.6% to 3.6 million tonnes in March 2020.

#### **20. AAR: "These Are Encouraging Signs"**

The Association of American Railroads (AAR) reported U.S. rail traffic for the week ended May 23, 2020, and, despite continued drops compared to 2019, there were "encouraging signs." For the week ended May 23, total U.S. weekly rail traffic was 428,715 carloads and intermodal units, down 19.2% compared with the same week last year. Total carloads for this week were 190,639 carloads, down 27.5% compared with the same week in 2019, while U.S. weekly intermodal volume was 238,076 containers and trailers, down 11.2% compared to 2019. Canadian railroads reported 65,535 carloads for the week, down 22.5%, and 61,901 intermodal units, down 5.8% compared with the same week in 2019. For the first 21 weeks of 2020, Canadian railroads reported cumulative rail traffic volume of 2,927,865 carloads, containers and trailers, down 7.1%.

## **HIGHWAY TRANSPORTATION**

### **1. For-hire Motor Carrier Freight Services Price Index, fourth quarter 2019**

The For-hire Motor Carrier Freight Services Price Index (2013=100) is now available for the fourth quarter on the Statistics Canada website.

### **2. Government Launches New Tool to Support Trucking Industry**

The Ontario government is offering a new free 511 app which will provide truck drivers immediate access to the information they need to stay safe, fed and rested while delivering essential goods across the province during the

## **HIGHWAY TRANSPORTATION Canada**

1. For-hire Motor Carrier Freight Services Price Index, fourth quarter 2019, April 29, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

2. Government Launches New Tool to Support Trucking Industry, April 30, 2020, [www.mto.gov.on.ca](http://www.mto.gov.on.ca)

3 Volumes show signs of life, now 8% below

COVID-19 outbreak.

### **3. Volumes show signs of life, now 8% below year ago levels**

There is life in the outbound tender volume index (OTVI) once again. After two weeks of walking along the x-axis, OTVI has turned to the upside. Volumes have risen just over 4% since last week and have broken the 9,000 mark. Federal social distancing guidelines expired on April 30, 2020 and the White House has indicated the restrictions will not be extended. Despite warnings from health and disease experts, half of U.S. states are moving forward with relaxing some restrictions. Unfortunately for freight volumes, most of the businesses reopening are service-based and do not move much freight. However, there was encouraging news for freight volumes out of Detroit this week when the major auto manufacturers set a soft reopening date for May 18th.

### **4. Alberta truck fleets face double hit of Covid-19, low oil**

Canada's trucking industry was sent reeling by Covid-19, but the economic fallout of a pandemic has added insult to injury in Alberta. This year was supposed to represent a turning point for the provincial economy, which had sputtered its way through 2019 and marked a deep recession in 2015-16. The federal government's re-approval of the Trans-Mountain Pipeline project offered hope. The Federal Court of Appeal backed that decision earlier this year. And there's no denying the link between oil prices and Alberta's fortunes. Each of the province's five recessions in the past 35 years have coincided with a shock in energy prices, TD economists noted in one report.

### **5. CTA Addresses Health Standing Committee on COVID-19 and Trucking**

The Canadian Trucking Alliance (CTA) on May 5, 2020 appeared before the House of Commons Standing Committee on Health and provided an overview of the trucking industry's response to the COVID-19 outbreak from the early days to possible next steps in working with the federal government on policy issues. "From day-one, the Government of Canada has worked collaboratively with CTA to navigate the ever changing policy landscape in response to COVID-19 and its impact on the Canadian economy," said CTA president Stephen Laskowski, via video conference. "We look forward to continuing to work with all federal departments and the provinces to ensure the trucking industry can continue to be ready to support Canadians and businesses as we attempt to emerge from the COVID-19 crisis."

### **6. Early Estimates of 2019 Motor Vehicle Traffic Data Show Reduced Fatalities for Third Consecutive Year**

The U.S. Department of Transportation's National Highway Traffic Safety Administration on May 5, 2020 released preliminary estimates for the Fatality Analysis Reporting System (FARS) 2019 data on highway crashes showing a continued decline in traffic fatalities. The nation saw a decline in traffic deaths during 2018 and 2017, and these newest estimates suggest a continuing decline in traffic-related deaths. U.S. Transportation Secretary Elaine L. Chao said "Safety is our top priority so this report that traffic fatalities appear to have decreased again for the third year is great news." Fatalities decreased in most major traffic safety categories (i.e., drivers, passengers, motorcyclists, etc.).

### **7. Couriers and Messengers Services Price Index, February 2020**

The Couriers and Messengers Services Price Index (CMSPI) changed -0.8 in February 2020, to 217.1 from 217.9 in January 2020. The February couriers component changed -1.0% to 236.1 and the February local messengers and local delivery component changed -0.5% to 148.5 from the previous month. Year over year, the CMSPI rose from 209.1 to 217.1, i.e.

year ago levels, May 2, 2020, [www.americanshipper.com](http://www.americanshipper.com)

4. Alberta truck fleets face double hit of Covid-19, low oil, May 1, 2020, [www.todaystrucking.com](http://www.todaystrucking.com)

5. CTA Addresses Health Standing Committee on COVID-19 and Trucking, May 5, 2020, [www.ontruck.ca](http://www.ontruck.ca)

6. Early Estimates of 2019 Motor Vehicle Traffic Data Show Reduced Fatalities for Third Consecutive Year, May 5, 2020, [www.dot.gov](http://www.dot.gov)

7. Couriers and Messengers Services Price Index, February 2020, May 6, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

8. Greyhound Canada to temporarily shut down all bus routes as ridership plunges 95%, May 7, 2020, [www.financialpost.ca](http://www.financialpost.ca)

9. Monthly Passenger Bus and Urban Transit, February 2020, May 7, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

10. Canada jobs report shows staggering losses for trucking from COVID-19, May 8, 2020, [www.americanshipper.com](http://www.americanshipper.com)

11. Uber loses US\$2.9 billion, offloads bike and scooter business, May 8, 2020, [www.insidelogistics.com](http://www.insidelogistics.com)

13. Leading indicator of cross-border traveller volume, April 2020, May 11, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

14. Ontario Helps Build, Repair and Replace Municipal Roads and Bridges, May 11, 2020, [www.mto.gov.on.ca](http://www.mto.gov.on.ca)

15. Soft Truck Volume and Pricing Data Highlight an Intermodal Challenge, May 12, 2020, [www.railwayage.com](http://www.railwayage.com)

16. Couriers and Messengers Services Price Index, March 2020, May 14, 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

17. 6,800 truck driver jobs lost in April, May 13, 2020, [www.todaystrucking.com](http://www.todaystrucking.com)

18. March 2020 Freight Transportation Services Index (TSI), May 13, 2020, [www.bts.gov](http://www.bts.gov)

19. Ontario Fills Critical Transportation Gap in the Northwest, May 14, 2020, [www.mto.gov.on.ca](http://www.mto.gov.on.ca)

20. U.S. Department of Transportation Modernizes Hours of Service Rules to Improve Safety and Increase Flexibility for America's Truckers, May 14, 2020, [www.dot.gov](http://www.dot.gov)

21. HOS reform gives truckers time, shippers capacity, May 14, 2020, [www.joc.com](http://www.joc.com)

22. Emergency Wage Subsidy Extension and Regional Relief and Recover Fund announcements, May 15, 2020, [www.atac.ca](http://www.atac.ca)

23. ECONOMIC WATCH: Trucking has likely bottomed, but recovery will be slow, May 14, 2020, [www.todaystrucking.com](http://www.todaystrucking.com)

24. Canada, U.S. extend border restrictions until June 21, May 19, 2020, [www.todaystrucking.com](http://www.todaystrucking.com)

25. Canada and Ontario Move Forward with Widening Highway 401 in Cambridge, May 20, 2020, [www.wtl.ca](http://www.wtl.ca)

26. U.S. Department of Transportation Announces up to a \$120.1 Million Loan for the Gilcrease Expressway West Project in Tulsa, OK, May 20, 2020, [www.dot.gov](http://www.dot.gov)

27. Travel between Canada and other countries, March 2020, May 22 2020, [www.statcan.gc.ca](http://www.statcan.gc.ca)

28. Canadian carrier 'plays to win' with acquisition during pandemic slowdown, May 22, 2020, [www.americanshipper.com](http://www.americanshipper.com)

8.0 points.

### **8. Greyhound Canada to temporarily shut down all bus routes as ridership plunges 95%**

Greyhound Canada is temporarily slamming the brakes on all of its bus routes and services as ridership plummets amid the COVID-19 pandemic. The transportation company says starting May 13, 2020 it will halt all routes until passenger demand recovers. Greyhound Canada says it made the decision after its ridership dropped by 95 per cent. The bus operator says it has already cut costs across its business and “made significant outreach efforts” to provincial and federal governments seeking financial support. It says 400 employees will be affected by the decision. Greyhound Canada has pulled back on its Canadian services in recent years. In 2018, the company announced it was cancelling buses in most of Western Canada, blaming plunging demand.

### **9. Monthly Passenger Bus and Urban Transit, February 2020**

COVID-19 by the end of February 2020 appears to have had little impact on the public transit industry. Indeed, total operating revenues (excluding subsidies) for urban transit companies were \$332.0 million in February 2020, down 1.2% from February 2019, and ridership increased 0.4% at 154.1 million passenger trips over the same period.

### **10. Canada jobs report shows staggering losses for trucking from COVID-19**

It just keeps getting worse for Canada’s trucking industry during the COVID-19 pandemic. Even as freight volumes recover, the job losses are staggering. Canada’s transportation and warehousing sector shed 102,800 jobs in April 2020, or about 10.4% of the workforce, federal jobs data released on May 8, 2020 shows. Canada shed about 2 million jobs, or 11% of its sector-wide workforce during the month, bringing the total to 3 million since February 2020. “The truth of it is we’re not immune from the impacts of COVID-19,” Jonathan Blackham, the Canadian Trucking Alliance’s director of public policy and public affairs, told *FreightWaves*.

### **11. Uber loses US\$2.9 billion, offloads bike and scooter business**

Uber lost US\$2.9 billion in the first quarter as its overseas investments were hammered by the coronavirus pandemic, but the company is looking to its growing food delivery business and aggressive cost-cutting to ease the pain. The ride-hailing giant said on May 7, 2020 that it is offloading Jump, its bike and scooter business, to Lime, a company in which it is investing \$85 million. Jump had been losing about \$60 million a quarter.

### **13. Leading indicator of cross-border traveller volume, April 2020**

Cross-border travel by automobile between the United States (US) and Canada remained at a near standstill in April 2020, following a sharp decline in March 2020. The number of US travellers entering Canada by automobile through Integrated Primary Inspection Line (IPIL) land ports fell by nearly 97% from April 2019. Similarly, in April 2020, the number of Canadians returning from the United States by automobile through these ports was down 95% compared with the same month in 2019. The number of US and Canadian residents crossing the border from the United States by automobile dropped sharply in late March as a result of a 30-day restriction on all non-essential travel between the two countries, which took effect on March 21. This travel ban was extended in late April as the number of COVID-19 cases in Canada increased sharply in March due to travel-related exposure.

### **14. Ontario Helps Build, Repair and Replace Municipal Roads and Bridges**

The Ontario government is providing \$30 million to build a safer and more reliable transportation system that will help keep goods moving and better connect communities across the province. The 2020-21 Connecting Links program will support 24 municipalities across the province to help them build, repair or replace municipal roads and bridges that connect two ends of a provincial highway through a community or to a border crossing.

### **15. Soft Truck Volume and Pricing Data Highlight an Intermodal Challenge**

Throughout last year and year-to-date, the Class I railroads and the truckload-based intermodal companies have highlighted the soft truckload market as one of the major reasons for a lack of intermodal volume growth. The result has been an exacerbation of excess truckload capacity, on top of an already weak truckload market that has carriers showing a willingness to accept loads in lanes that would typically be best suited for intermodal, such as LA to Dallas, with truckload rates falling below intermodal rates.

### **16. Couriers and Messengers Services Price Index, March 2020**

The Couriers and Messengers Services Price Index (2003=100) is available for March 2020 on Statistics Canada website. It shows that the CMSP for March 2020 is 215.7 down from 217.1 in February 2020. The Couriers component of the index was 234.4 and the Messenger component was 148.3 for March 2020. Both components were down compared to February 2020 (i.e., 236.1 and 138.5, respectively).

### **17. 6,800 truck driver jobs lost in April**

29. Another great week for load volumes, now up 7% year-over-year, May 23, 2020, [www.americanshiper.com](http://www.americanshiper.com)

30. Cross-border group launches recovery campaign, May 22, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)

31. ECONOMIC WATCH: Canadian spot market likely bottomed in April, May 22, 2020, [www.todaystruckin.com](http://www.todaystruckin.com)

32. CTA calls for easing of CEWS wage subsidy restrictions, May 26, 2020, [www.todaystrucking.com](http://www.todaystrucking.com)

33. Freight indicators suggest the worst is in trucking’s rearview mirror, May 27, 2020, [www.todaystrucking.com](http://www.todaystrucking.com)

34. March 2020 North American Transborder Freight Numbers, May 27, 2020, [www.bts.gov](http://www.bts.gov)

About 6,800 truck driving jobs were eliminated this April 2020, representing a drop of 2.3% compared to the previous month, Trucking HR Canada reports. While employment across the country as a whole was down almost 5% since March – an astounding 942,000 jobs — the truck driving losses represent only the latest cut following six consecutive monthly declines that stretch back to 2019, it says. It's unknown what share of the trucking job losses, tracked through the latest Statistics Canada Labour Force Survey (LFS), can be linked to layoffs or aging drivers who choose to retire in the face of Covid-19 working conditions.

#### **18. March 2020 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 0.5% in March 2020 from February 2020, rising after a one-month decline, according to the U.S. Department of Transportation's Bureau of Transportation Statistics' (BTS). From March 2019 to March 2020, the index fell 0.9% compared to a rise of 1.8% from March 2018 to March 2019 and a rise of 8.4% from March 2017 to March 2018.

#### **19. Ontario Fills Critical Transportation Gap in the Northwest**

The Ontario government is introducing new bus routes that will connect passengers to jobs, hospitals and other essential services in the Northwest with the launch of two new intercommunity bus services. Starting May 17, 2020, the Ontario Northland Transportation Commission (ONTC) will begin permanent intercommunity bus service from White River to Thunder Bay with three return trips per week. The agency will also provide new permanent intercommunity bus service from Thunder Bay to Winnipeg, starting May 18, 2020, with two return trips per week.

#### **20. U.S. Department of Transportation Modernizes Hours of Service Rules to Improve Safety and Increase Flexibility for America's Truckers**

Based on the detailed public comments and input from the American people, FMCSA's final rule on hours of service offers four key revisions to the existing HOS rules: 1) The Agency will increase safety and flexibility for the 30-minute break rule by requiring a break after 8 hours of consecutive driving and allowing the break to be satisfied by a driver using on-duty, not driving status, rather than off-duty status. 2) The Agency will modify the sleeper-berth exception to allow drivers to split their required 10 hours off duty into two periods: an 8/2 split, or a 7/3 split—with neither period counting against the driver's 14 hour driving window. 3) The Agency will modify the adverse driving conditions exception by extending by two hours the maximum window during which driving is permitted. 4) The Agency will change the short-haul exception available to certain commercial drivers by lengthening the drivers' maximum on duty period from 12 to 14 hours and extending the distance limit within which the driver may operate from 100 air miles to 150 air miles.

#### **21. HOS reform gives truckers time, shippers capacity**

The new final US hours-of-service rule gives truckers more flexibility in how they use their daily hours, but shippers get a gift of capacity that could help extend their pricing power.

#### **22. Emergency Wage Subsidy Extension and Regional Relief and Recover Fund announcements**

ATAC would like to bring to your attention the two following recent announcements by the Government of Canada which may be of interest to you. The Government is extending Canada Emergency Wage Subsidy (CEWS) program until August 29, 2020. Minister Joly announced the rolling out of the Regional Relief and Recover Fund, \$1 billion in support that will be administered by the regional agencies, ACOA, WED, FEDDEV, etc, which may be applicable to ATAC members, especially since most did not qualify for the support for large employers.

#### **23. ECONOMIC WATCH: Trucking has likely bottomed, but recovery will be slow**

Trucking conditions likely bottomed in mid-April 2020, but a speedy recovery isn't anticipated. That was the takeaway from a Mid-Year Economic Outlook webinar held on May 14, 2020 by industry forecaster FTR. Avery Vise, FTR's vice-president of trucking, pointing to the company's Truck Recovery Index, noted "we are not seeing any sustained acceleration."

#### **24. Canada, U.S. extend border restrictions until June 21**

Canada and the U.S. have agreed to keep the border closed to all non-essential travel until June 21, Prime Minister Justin Trudeau announced on May 19, 2020. The restrictions, which are not applicable to commercial vehicles, were first introduced in late March, and then extended until May 21, to stop the spread of Covid-19. "We have had a lot of discussions with the provinces over the recent weeks, and there was a clear desire to keep the current measures in place at the border," Trudeau told his daily Covid-19 briefing.

#### **25. Canada and Ontario Move Forward with Widening Highway 401 in Cambridge**

On May 20, 2020, the governments of Canada and Ontario announced the widening of Highway 401 from six to ten lanes in the Cambridge area. This major highway expansion will relieve congestion, shorten commute times and ensure the safe and reliable movement of essential goods along Canada's busiest highway and critical trade corridor.

#### **26. U.S. Department of Transportation Announces up to a \$120.1 Million Loan for the Gilcrease Expressway West Project in Tulsa, OK**

U.S. Transportation Secretary Elaine L. Chao on May 20, 2020 announced that the U.S. Department of Transportation's Build America Bureau (the Bureau) will provide up to a \$120.1 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to the Oklahoma Turnpike Authority (OTA) to help finance the Gilcrease Expressway West Project in Oklahoma. "This \$120.1 million federal investment in the Gilcrease Expressway reflects the President's continued emphasis on infrastructure and will promote economic growth by reducing congestion for residents and travelers in the Tulsa, Oklahoma region," said U.S. Transportation Secretary Elaine L. Chao.

### **27. Travel between Canada and other countries, March 2020**

International travel to and from Canada came to a standstill by the end of March 2020, as a result of government-imposed travel restrictions and border closings aimed at containing the virus. These actions were taken as the number of COVID-19 cases in Canada increased sharply in March 2020 due to travel-related exposure and community transmission. Effective March 16, 2020 the Canadian government closed its international border to all travellers, except for Canadian citizens, permanent residents and US citizens. Consequently, international travel from overseas was down by 52.7% over the month. The Canada-US border was closed on March 21 to non-essential travel and this closure helped push total crossings down by 2.8 million trips during March. While this was the lowest number of Canada-US border crossings for any month in almost 50 years, April 2020 is poised to set a new low.

### **28. Canadian carrier 'plays to win' with acquisition during pandemic slowdown**

Canadian carrier Joseph Haulage Canada has acquired Bergland Transport, a small cross-border trucking company serving the agriculture and food sectors. The Ontario-based carriers closed the deal on May 22, 2020. The acquisition builds on Joseph's diverse fleet of 350 trucks, which handle haulage and specialized bulk transport. The deal marks one of the few acquisitions amid the slowdown in Canadian transport M&A activity during the COVID-19 pandemic.

### **29. Another great week for load volumes, now up 7% year-over-year**

National outbound tender volumes continued to climb this week by 5% week-over-week and 7% year-over-year. Overall volumes are surging even as import volumes are plummeting. There is typically a week lag before imports get tendered and included in our OTVI. The surge in imports at the end of April 2020 is playing a part in the volume surge. California is home to two of the largest ports in the country but is also the largest agricultural-producing state. Both total volumes and reefer volumes out of California have surged over 30% in the past month. OTVI.CA is now at precrisis surge levels, which is remarkable. However, the volume surge that has occurred on a national level is too significant to have come from just one market and upward momentum is broad.

### **30. Cross-border group launches recovery campaign**

Travel between Canada and the United States is still restricted but businesses, diplomats and communities that depend on cross-border traffic are urging the two countries to join forces in a co-operative approach to thriving in the new post-pandemic global economy. The Washington-based Canadian American Business Council launched a new online campaign May 21, 2020 to convince states, provinces and federal officials on both sides of the border to team up in their battle back from the impact of COVID-19. The primary goals of the council's "North American Rebound" campaign are to encourage Canada and the U.S. to work together to secure personal protective equipment, replenish and maintain each other's medical stockpiles and defend critical cross-border supply chains.

### **31. ECONOMIC WATCH: Canadian spot market likely bottomed in April**

Canada's spot market load volumes took a dive in April 2020, with overall load volumes on Loadlink down 56% from March 2020 and 38% year-over-year. But TransCore Link Logistics thinks the worst may already be over. April 2020 volumes saw declines from all regions in Canada, while truck availability increased 15% from March as carriers turned to the spot market to replace disappearing contract freight. Of the top 100 busiest city-to-city lanes on Loadlink, only 25% saw volumes increase, with the biggest gainers being California and Florida outbound loads as produce season increased volumes in some lanes.

### **32. CTA calls for easing of CEWS wage subsidy restrictions**

The Canadian Trucking Alliance (CTA) is calling on the federal government to ease restrictions on the Canadian Emergency Wage Subsidy (CEWS), in a bid to support more of the trucking businesses affected by Covid-19. The subsidy covers up to 75% of an employee's wages. Originally covering a period from March 15 to June 6, 2020 it was recently extended to Aug. 29, 2020. But a CTA survey shows that nearly half of its member companies don't qualify for the subsidy, with many falling just short of a threshold set at a 30% drop in revenue.

### **33. Freight indicators suggest the worst is in trucking's rearview mirror**

The worst of trucking conditions wrought by the Covid-19 pandemic may be in the rearview mirror, but the recovery could be choppy. In its most recent *Commercial Vehicle Dealer Digest*, ACT Research predicts the economy will transition from contraction to growth over the third and fourth quarters, as the focus shifts from saving lives, to saving livelihoods. "Clearly the global economy does not have the luxury of waiting a year or two for a vaccine to be developed before the current solution itself becomes the greater risk," said Kenny Vieth, ACT's president and senior analyst. However, the economy won't rebound to pre-Covid levels overnight.

### 34. March 2020 North American Transborder Freight Numbers

Transborder freight between the U.S. and other North American countries (Canada and Mexico) in March 2020 was released by the US Bureau of Transportation Statistics on May 27, 2020. Total Transborder freight was \$98.8 billion of transborder freight moved by all modes of transportation, down 7.9% compared to March 2019. U.S.-Canada (both directions) trade by various modes were: Truck: \$27.9 b; Rail: \$7.9 b; Pipeline: \$4.6 b; Air: \$3.1 b; and Vessel: \$1.7b.

## GENERAL TRANSPORTATION

### Canada

#### 1. UN proposes action plan for trade

As countries adopt radical measures to bring the coronavirus pandemic under control, international trade and transport systems are under tremendous stress. Early evidence shows that international trade is collapsing, threatening access to goods and critical supplies. In response, a new UNCTAD policy brief outlines a ten-point action plan to help industries involved in the movement of goods keep free-flowing trade afloat during the COVID-19 crisis and its aftermath.

#### 2. It's a recession, says C.D. Howe Institute

The C.D. Howe Institute's Business Cycle Council says Canada has entered a recession due to the economic devastation caused by the COVID-19 pandemic. In a report released on May 1, 2020, the council said the economy peaked in February 2020 before the steps taken to slow the spread of the coronavirus brought the economy to a standstill.

#### 3. Ontario releases safety guidelines for re-opening

The Ontario government released safety guidelines on April 30, 2020 to provide direction to those working in manufacturing, food manufacturing and processing, restaurant and food service, and the agricultural sector. These measures build on more than 60 guidelines developed by Ontario's health and safety associations in response to COVID-19 for various sectors such as retail, health care, construction, transportation, police services, firefighters, and transit employees.

#### 4. Italy says it has developed world's first COVID-19 vaccine

A day after Israel claimed that it has achieved a 'significant

breakthrough' in developing an antibody to the coronavirus and has applied for a patent, Italy has also said that it has developed a vaccine for the virus that works on humans. According to reports, the tests are being carried out at Rome's infectious-disease Spallanzani Hospital and the researchers have successfully managed to generate antibodies in mice that work on human cells.

#### 5. UPS Upgrades Unmanned Drone Fleet

UPS drone delivery subsidiary UPS Flight Forward will collaborate with German drone-maker Wingcopter to develop the next generation of package delivery drones for multiple uses in the United States and internationally. Both companies will work toward earning regulatory certification for a Wingcopter unmanned aircraft to make commercial delivery flights in the United States and build a fleet of drones with diverse capabilities. The Wingcopter drones execute vertical takeoffs and landings in tight spaces. Their main function is the patented tilt-rotor mechanism, which enables a seamless transition between hovering and high-speed forward flight.

#### 6. Federal agriculture package to address supply chain issues

Add chickens, mushrooms and potatoes to the ever-longer list of products being purchased by the federal government to combat the impact of the COVID-19 pandemic. A program being heralded as the first of its kind will see the Liberals spend \$50 million to buy up surplus food as the closure of restaurants, hotels and other major purchasers of Canadian products results in an oversupply. The money is part of a \$252 million aid package announced May 5, 2020 that's aimed at easing multiple pressure points on the beleaguered agriculture sector. "Without additional financial assistance across the industry, our domestic food supply and the entire food value chain is in jeopardy," said Keith Currie, the president of the Ontario Federation of Agriculture.

#### 7. Aid pending for Canada's largest companies

The country's largest employers will soon be able to land federal financing to help weather the COVID-19 economic crisis, but are being warned they'll need to open themselves to financial scrutiny for any tax evasion and prove their

## GENERAL TRANSPORTATION

### Canada

1. UN proposes action plan for trade, April 29, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)
2. It's a recession, says C.D. Howe Institute, May 1, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)
3. Ontario releases safety guidelines for re-opening, April 30, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)
4. Italy says it has developed world's first COVID-19 vaccine, May 6, 2020, [www.cargonews.com](http://www.cargonews.com)
5. UPS Upgrades Unmanned Drone Fleet, May 7, 2020, [www.inboundlogistics.com](http://www.inboundlogistics.com)
6. Federal agriculture package to address supply chain issues, May 6, 2020, [www.ctl.ca](http://www.ctl.ca)
7. Aid pending for Canada's largest companies, May 12, 2020, [www.insidelogistics.com](http://www.insidelogistics.com)
8. Global trade projected to plunge in Q2 2020, May 13, 2020, [www.americansipper.com](http://www.americansipper.com)
9. April declines in U.S. retail twice as bad as March, May 15, 2020, [www.insidelogistics.com](http://www.insidelogistics.com)
10. Walmart's first-quarter same-store sales rise 10 per cent, online revenues surge, May 18, 2020, [www.globeandmail.ca](http://www.globeandmail.ca)
11. Singapore Sees Downside Risks Despite Recent Jump in Exports, May 20, 2020, [www.ajot.com](http://www.ajot.com)
12. Pandemic highlighting weaknesses in Canadian trade and supply chain, May 20, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)
13. Ottawa to update status of PPE procurement efforts, May 26, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)
14. Canada Post says delays will persist, May 27, 2020, [www.insidelogistics.ca](http://www.insidelogistics.ca)



commitment to fighting climate change. The Liberals are promising bridge financing to companies with at least \$300 million in revenues so they can stay open, keep employees on their payrolls and avoid bankruptcies of otherwise viable firms, wherever possible. Loans would begin at \$60 million, be on commercial terms, and require companies to have already gone to banks or the market and been unable to meet their financial needs.

#### **8. Global trade projected to plunge in Q2 2020**

Global trade is projected to record a quarter-on-quarter decline of 27 percent thanks to the coronavirus pandemic. Global trade values declined by three percent in the first quarter of 2020, according to the latest UNCTAD (United Nations Conference on Trade and Development) data published in a joint report by 36 international organizations. The downturn is expected to accelerate in the second quarter, with global trade projected to record a quarter-on-quarter decline of 27 percent, according to the report by the Committee for the Coordination of Statistical Activities (CCSA).

#### **9. April declines in U.S. retail twice as bad as March**

Retail sales in the U.S. dropped almost twice as much during April 2020 as they did in March 2020 as the economy saw its first full month when most businesses were closed because of the coronavirus pandemic, the National Retail Federation said. “As predicted, retail sales were bad in April and lower than in March,” NRF chief economist Jack Kleinhenz said.

#### **10. Walmart’s first-quarter same-store sales rise 10 per cent, online revenues surge**

Walmart Inc’s first-quarter U.S. comparable sales rose 10% and the retailer reported a 74% rise in online revenue as stockpiling of groceries and other staples drove consumers to its stores and website during the coronavirus-related lockdowns, sending its shares up nearly 4%. The world’s largest brick-and-mortar retailer, like many other essential businesses, has seen an unprecedented spike in demand late in March 2020 and early in April 2020 as “shelter-in-place” orders made consumers stock up while limiting their trips to the grocers. However, the company pulled its forecast for the full-year due to the uncertainty to its business caused by the pandemic.

#### **11. Singapore Sees Downside Risks Despite Recent Jump in Exports**

Singapore Trade & Industry Minister Chan Chun Sing said there are many “downside risks” to the economy despite recent data showing a surprise improvement in exports. “We are quietly encouraged by some of the positive numbers coming in for the first quarter despite the headwinds,” Chan said in an interview on April 20, 2020 with Bloomberg Television’s Haslinda Amin. Still, the government is “not complacent” as “the downside risks are still many.” The city state’s heavily trade-reliant economy has taken a beating from the coronavirus outbreak and restrictions imposed to contain it, with preliminary data showing gross domestic product plunged 2.2% in the first quarter from a year earlier, the worst performance since the global financial crisis. Data this week showed non-oil domestic exports unexpectedly gained 9.7% in April 2020, though that was mostly due to a jump in the volatile pharmaceuticals category from a low base in the same period last year. Chan said it’s “too early to say if the worst is over for the global economy” as infections rates rise in some places where they previously were under control. Singapore said it will begin reopening some businesses from June 2, 2020 resulting in three-quarters of the economy resuming operation.

#### **12. Pandemic highlighting weaknesses in Canadian trade and supply chain**

The COVID-19 crisis is exposing the shortcomings of Canada’s economy, particularly when it comes to supply chains and the development of value-added products that would keep the country competitive, innovation experts say. Dan Breznitz, the co-director of the innovation policy lab at the University of Toronto, said he expects global trade in raw commodities to decline as the novel coronavirus makes it more difficult to move people and goods around the world. It’s a wake-up call for Canada’s resource-based industries, he said, noting Canada “will have a problem just selling wood and unprocessed oil.”

#### **13. Ottawa to update status of PPE procurement efforts**

The federal government will update Canadians on May 26, 2020 on the results of the mad scramble to procure personal protective equipment – just as demand is poised to skyrocket with more people returning to work and public health officials preparing for a potential second wave of COVID-19 infections. As of May 19, 2020 data posted by Public Services and Procurement Canada showed only a fraction of the millions of gloves, masks, face shields, ventilators and litres of hand sanitizer ordered by the federal government had so far been received.

#### **14. Canada Post says delays will persist**

Canadians should anticipate parcel delays for the foreseeable future, Canada Post says. The company says it is experiencing slowdowns as it attempts to operate distribution facilities “warehouses that were never designed to keep people two metres apart takes more time.” As Canadians continue to ramp up and diversify their online shopping, Canada Post is responding to unprecedented parcel volumes while maintaining important physical distancing measures in its facilities.