

Transportation Information Update*

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AIR TRANSPORTATION

1. WestJet and Unifor agreement ratified

On July 29, 2022, the first collective bargaining agreement between WestJet and Unifor was ratified by Unifor's members. Unifor is the certified union representing certain WestJet airport employees at YYC Calgary International Airport and Vancouver International Airport. Angela Avery, WestJet Executive Vice-President and Chief People, Corporate and Sustainability Officer said "WestJet is pleased to share that the agreement negotiated with Unifor has been ratified by its membership. This settlement demonstrates WestJet's commitment to its employees, the long-term success of the airline and the communities we serve." The agreement will come into effect September 1, 2022 and will be in place until December 31, 2026. It will provide WestJet guests, who rely on critical investments for their air travel needs, with well-deserved confidence in their long-awaited travel plans.

2. Air Canada Reports Second Quarter 2022 Financial Results

Air Canada reported its second quarter 2022 results on August 2, 2022. The highlights were: 1. Operating revenues of \$3.981 billion, a nearly five-fold increase from the second quarter of 2021; 2. Operating loss of \$253 million, the narrowest quarterly loss since the pandemic began; 3. Free cash flow of \$441 million, an increase of nearly \$2.1 billion from the second quarter of 2021; and 4. Unrestricted liquidity of over \$10.5 billion at June 30, 2022. "The past three months have been very challenging for our company, our employees, and customers from an operational perspective. The path to recovery from any serious event is rarely straight and easy. I thank our employees for their incredibly hard work, demonstrated professionalism and commitment as we safely transported over 9.1 million customers in the quarter, nearly 8 million more than the second quarter of 2021 or about 70% of total customers carried in the full year 2021," said Michael Rousseau, President and Chief Executive Officer of Air Canada.

3. Cargojet reports bump in revenue and earnings in Q2

Cargojet Inc. reported revenue growth of 43.3 percent in the second quarter of 2022 over the previous year. Total revenues for the quarter were \$246.6 million compared to second quarter 2021 revenues of \$172.1 million. The company said the growth reflected a strong contribution from its domestic network, up 15.0 percent, ACMI (i.e. aircraft, crew, maintenance and insurance), up 62.4 percent and all-in charters, up 23.2 percent compared to same quarter last year. Net income for the quarter was \$160.9 million, compared to net loss of \$11.1 million in 2021.

4. Statement From Jason Berry, Vice President, Cargo, at Air Canada, on Second Quarter Results

Jason Berry, Vice President, Cargo, at Air Canada on August 2, 2022 provided the following statement: "It has been another exciting quarter for Air Canada Cargo as we continue to strategically build our business and invest in our future. The ongoing growth and support from the forwarding community across our global network has been a key to fuelling our future. Our careful and targeted

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2. Air Canada Reports Second Quarter 2022 Financial Results, August 2, 2022, www.aircanada.ca
3. Cargojet reports bump in revenue and earnings in Q2, August 2, 2022, www.insidelogistics.ca
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13. U.S. Cargo and Passenger Airlines Add 6,775 Jobs in June 2022 for New COVID-19 Pandemic High; Employment Remains 3.2% Above Pre-Pandemic June 2019 and March 2022 U.S. Airline Traffic Data, August 10, 2022, www.bts.gov
14. Air Canada shows big ambitions for cargo startup, August 11, 2022, www.freightwaves.com
15. May 2022 U.S. Airline Traffic Data, August 11, 2022, www.bts.gov

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investments in our freighter fleet and our self-handled cargo-only ground operations in our major hubs throughout Canada and internationally together with staying laser focused on our quality of service to the vast forwarding community we serve, are key strategies as we continue to strengthen and grow as North America’s only combination carrier,” said Jason Berry, Vice President, Cargo at Air Canada.

5. June Air Cargo: Stable and Resilient

The International Air Transport Association (IATA) released data for global air cargo markets showing healthy and stable performance. Global demand, measured in cargo tonne-kilometers (CTKs*), was 6.4% below June 2021 levels (-6.6% for international operations). This was an improvement on the year-on-year decline of 8.3% seen in May 2022. Global demand for the first half-year was 4.3% below 2021 levels (-4.2% for international operations). Compared to pre-COVID levels (2019) half-year demand was up 2.2%. Capacity was 6.7% above June 2021 (+9.4% for international operations). This was an increase on the 2.7% year-on-year growth recorded in May. Capacity for the first half-year was up 4.5% (+5.7% for international operations) compared to first half-year of 2021. Compared to pre-COVID levels demand was up 2.5%. Air cargo performance is being impacted by several factors: 1. Trade activity ramped-up slightly in June as lockdowns in China due to Omicron were eased. Emerging regions (Latin America and Africa) also contributed to growth with stronger volumes. 2. New export orders, a leading indicator of cargo demand and world trade, decreased in all markets, except China. 3. The war in Ukraine continues to impair cargo capacity used to serve Europe as several airlines based in Russia and Ukraine were key cargo players. Willie Walsh, IATA’s Director General said “Air cargo demand over the first half of 2022 was 2.2% above pre-COVID levels (first half 2019). That’s a strong performance, particularly considering continuing supply chain constraints and the loss of capacity due to the war in Ukraine. Current economic uncertainties have had little impact on demand for air cargo, but developments will need to be closely monitored in the second half.”

6. U.S. Department of Transportation Announces \$16.9 Million in Grants to Help Small Communities Improve Air Service

The U.S. Department of Transportation (DOT) on August 3, 2022 announced that it will award \$16.9 million from the Small Community Air Service Development Program to help 25 communities in 20 states develop their own solutions to local air service needs. These federal grants assist small communities across the country with maintaining and building air service options. U.S. Transportation Secretary Pete Buttigieg said “In so many of our nation’s smaller communities, local air service is crucial to residents’ lives and livelihoods. We’re proud to award these grants to help strengthen local air service in 25 smaller communities and help Americans across the country get to where they need to go more efficiently and affordably.”

7. U.S. Airlines’ June 2022 Fuel Consumption Down 11.1% from Pre-Pandemic 2019; Aviation Fuel Cost per Gallon Hits All Time High

The Department of Transportation’s Bureau of Transportation Statistics (BTS) on August 3, 2022 released U.S. airlines’ June Fuel Cost and Consumption numbers indicating U.S. scheduled service airlines used 1.44 billion gallons of fuel, 2.13% more fuel than in May 2022 (1.41B gallons) and 11.1% less than in pre-pandemic June 2019. The cost per gallon of fuel in

June 2022 (\$4.04) was up 14 cents (3.6%) from May 2022 (\$3.90) and up \$2.03 (101.0%) from June 2019. Total June 2022 fuel expenditure (\$5.83B) was up 5.8% from May 2022 (\$5.51B) and up 79.9% from pre-pandemic June 2019. At \$4.04, the cost per gallon of fuel in June 2022 was the highest since May 2022 (\$3.90). The 7.9% year-over-year increase in fuel consumption on domestic flights reflects an increase in domestic air travel from last June.

16. Air Canada Announces Longlist for Canada's Best New Restaurants 2022, August 15, 2022, www.aircanada.ca
17. Airlines push back against incoming passenger refund requirements, August 15, 2022, www.nationalpost.ca
18. Business travel won't hit \$1.4 trillion pre-pandemic level until 2026, August 16, 2022, www.ajot.com
19. Air Canada Aligns with Task Force on Climate-related Financial Disclosures with First TCFD Report, August 17, 2022, www.aircanada.ca
20. Air Canada Provides Update on its Operational Improvement Initiatives, August 17, 2022, www.aircanada.ca
21. Manitoba sees stars as WestJet announces direct flights between Winnipeg and Los Angeles, August 18, 2022, www.westjet.ca
22. WestJet appeals order to compensate traveller after flight was cancelled due to lack of staff, August 18, 2022, www.nationalpost.ca
23. WCS to Focus on Building Resilience in Air Cargo, August 18, 2022, www.iata.org
24. Government of Canada supports essential air access for remote communities in Nunavut, August 19, 2022, www.tc.gc.ca
25. Quarterly civil aviation statistics, first quarter 2022, August 19, 2022, www.statcan.gc.ca
26. Los Angeles International Airport breaks single-month cargo record in June, August 23, 2022, www.aircargo.com
27. Government of Canada supports Saskatoon John G. Diefenbaker International Airport and Calgary International Airport with new funding for critical infrastructure projects, August 22 and 23, 2022, www.tc.gc.ca
28. WFS to Focus on Reshaping Airline Resilience Post-COVID, August 23, 2022, www.iata.org
29. Canadian airport sets up logistics beachhead for US e-commerce, August 25, 2022, www.freightwaves.com
30. Canadian Transportation Agency has issued a decision ordering the payment of compensation to passengers affected by a cancellation caused by a crew shortage, August 26, 2022, www.cta-otc.gc.ca
31. Monthly civil aviation statistics, June 2022, August 26, 2022, www.statcan.gc.ca
32. Aircraft movement statistics: Major airports, June 2022, August 26, 2022, www.statcan.gc.ca
33. Air Travel Consumer Report: Consumer Complaints Up from May, Nearly 270 Percent Above Pre-Pandemic Levels, August 26, 2022, www.dot.gov
34. Transport secretary says airport backlogs are 'unacceptable' but are improving, August 30, 2022, www.canadatodaynews.ca

8. Strong Passenger Demand Continues in June

The International Air Transport Association (IATA) announced passenger data for June 2022 showing that the recovery in air travel remains strong. 1. **Total traffic** in June 2022 (measured in revenue passenger kilometers or RPKs) was up 76.2% compared to June 2021, primarily propelled by the ongoing strong recovery in international traffic. Globally, traffic is now at 70.8% of pre-crisis levels. 2. **Domestic traffic** for June 2022 was up 5.2% compared to the year-ago period. Strong improvements in most markets, combined with the easing of some Omicron-related lockdown restrictions in the Chinese domestic market, contributed to the result. Total June 2022 domestic traffic was at 81.4% of the June 2019 level. 3. **International traffic** rose 229.5% versus June 2021. The lifting of travel restrictions in most parts of Asia-Pacific is contributing to the recovery. June 2022 international RPKs reached 65.0% of June 2019 levels. Willie Walsh, IATA's Director General said "Demand for air travel remains strong. After two years of lockdowns and border restrictions people are taking advantage of the freedom to travel wherever they can."

9. As Part of Ongoing Airline Consumer Protections Efforts, USDOT Announces New Rulemaking That Would Strengthen Protections for Consumers Seeking Refunds of Airline Tickets

On August 3, 2022, the U.S. Department of Transportation (Department) announced a proposed rule for public comment, which if adopted, would significantly strengthen protections for consumers seeking refunds for airline tickets. Since early 2020, the Department has received a flood of air travel service complaints from consumers with non-refundable tickets who did not travel because airlines cancelled or significantly changed their flights or because the consumers decided not to fly for pandemic-related reasons such as health concerns. "When Americans buy an airline ticket, they should get to their destination safely, reliably, and affordably," said U.S. Transportation Secretary Pete Buttigieg. "This new proposed rule would protect the rights of travelers and help ensure they get the timely refunds they deserve from the airlines."

10. Halifax opens new air cargo centre

The ribbon has been cut at the new Halifax Stanfield Air Cargo Logistics Park (ACLP), marking the official opening of Atlantic Canada's largest air cargo processing facility. Funding for the construction of the ACLP was first announced in 2018 by the Government of Canada, which contributed \$18 million of the total project cost of \$36 million through the National Trade Corridors Fund. Funding for the project was also provided by the Government of Nova Scotia (\$5 million) and HIAA (\$13 million). In 2021, 34,769 metric tonnes of cargo, valued at \$496 million, were processed at the airport. According to the latest Halifax Stanfield economic impact report, in 2020 cargo exports contributed \$664 million to the provincial economy.

11. Air Canada Denying Passenger Compensation Claims for Staff Shortages, Citing Safety

Air Canada has denied passenger compensation claims for staff shortage. The reason given is safety. It stated the following: "Since your Air Canada flight was delayed/cancelled due to crew constraints resulting from the impact of the COVID-19 pandemic on our operations, the compensation you are requesting does not apply because the delay/cancellation was caused by a safety-related issue."

12. WestJet brings back the heat this Winter

WestJet on August 8, 2022 celebrated the return of 17 sun routes to its network this winter. The returning routes which were suspended for more than two years, bring enhanced connectivity and vacation options for Canadians and communities across the airline's network. "The restart of these routes is another positive step in the restoration our network as we solidify WestJet as the reliable, friendly and affordable airline we are known to be," said John Weatherill, WestJet Executive Vice-President and Chief Commercial Officer. "We recognize the past three winters have been disruptive to our guests travel plans and we look forward to reconnecting Canadians to some of the warmer destinations they have missed the most." The airline also announced new six-times weekly regional service between Penticton, B.C., and Vancouver beginning on February 17, 2023 on WestJet Link along with the restart of domestic connectivity between Edmonton and Nanaimo, B.C.

13. U.S. Cargo and Passenger Airlines Add 6,775 Jobs in June 2022 for New COVID-19 Pandemic High; Employment Remains 3.2% Above Pre-Pandemic June 2019 and March 2022 U.S. Airline Traffic Data

U.S. airline industry (passenger and cargo airlines combined) employment increased to 767,263 workers in June 2022, 6,775 (0.89%) more workers than in May 2022 (760,488) and 23,893 (3.21%) more than in pre-pandemic June 2019 (743,370). U.S. scheduled-service passenger airlines employed 484,773 workers in June or 64% of the industry-wide total. Passenger airlines added 6,851 employees in June 2022 for a fourteenth consecutive month of job growth dating back to May 2021. Delta led scheduled passenger carriers, adding 2,981 employees; United Airlines added 1,322 employees, and Southwest Airlines added 1,007. U.S. cargo airlines employed 278,462 workers in June 2022, 36% of the industry total. Cargo carriers added 605 employees in June. FedEx, the leading air cargo employer, increased employment by 417 jobs. In March 2022, U.S. airlines carried 69.4 million systemwide (domestic and international) scheduled service passengers seasonally-adjusted, according to the Bureau of Transportation Statistics (BTS), up 4.3% from February 2022. Seasonally-adjusted, BTS reported 61.8 million domestic passengers and 7.6 million international

passengers on U.S. airlines flights in March. U.S. airline traffic reports are filed monthly with BTS. See the tables that accompany this release on the BTS website for summary data since 2016 (Tables 1-24) and complete data since 2000.

14. Air Canada shows big ambitions for cargo startup

Air Canada was one of the first to harness the revenue opportunity from cargo-only passenger aircraft when the pandemic knocked out regular travel business and discovered there is strong demand for additional cargo lift into the Canadian market. It subsequently launched a cargo airline within an airline to take advantage of the ongoing airlift shortage and e-commerce boom. The initial plan was to take eight retired Boeing 767 jets and convert them into cargo jets able to carry heavy containers on the main deck. Air Canada now flies two of those planes under a sale-leaseback agreement with Air Transport Services Group. It retains ownership of the remaining six, which will be redelivered by an Israeli conversion facility over the next 18 months. Last week, Air Canada revealed it acquired two factory-built 767 freighters from Boeing, scheduled to enter service in 2023, and ordered two 777 freighters for delivery in 2024. The 777s are a step up in size and signal Air Canada's seriousness in operating on long-haul, Asia trade lanes.

15. May 2022 U.S. Airline Traffic Data

U.S. airlines carried 71.2 million systemwide (domestic and international) scheduled service passengers in May 2022, seasonally adjusted, according to the Bureau of Transportation Statistics' (BTS), down 0.7% from April. BTS reported 62.8 million domestic passengers and 8.3 million international passengers on flights by U.S. airlines in May 2022. U.S. airline traffic reports are filed monthly with BTS. Tables that accompany this release can be found on the BTS website for summary data since 2016 and complete data since 2000.

16. Air Canada Announces Longlist for Canada's Best New Restaurants 2022

Air Canada is proud to present the 30 nominees for Canada's Best New Restaurants. Since 2002, Air Canada enRoute has celebrated through this program the country's best new restaurants, chefs, teams and emerging talent—and this year, the Top 10 list is back! The highly anticipated longlist is out on CanadasBestNewRestaurants.com. Canada's Best New Restaurants celebrates its 21st year, making it the longest-running national culinary talent search and the only cross-country restaurant ranking to use a single, anonymous reviewer who sets out to sample the year's best new restaurants. Based on the recommendations of our national panel of food experts, Air Canada sent one undercover writer on a month-long culinary marathon in search of the top 30 most notable openings across the country, all of which are now contenders for the coveted Top 10 list.

17. Airlines push back against incoming passenger refund requirements

Canada's airlines say new rules forcing them to refund or rebook passengers, even when delays and cancellations are outside their control, are unfair, especially as the industry struggles. The Liberal's bill of rights for air travel came into force in 2019, requiring airlines to rebook or refund passengers when a flight is cancelled or excessively delayed because of circumstances an airline can control, like oversold flights. But starting Sept. 8, 2022 airlines will have to refund or rebook passengers for delays and cancellations even when the issue isn't in their control, for problems like weather. The rules will require them to rebook passengers on a new flight within 48 hours of the original flight or they must offer the passenger a full refund.

18. Business travel won't hit \$1.4 trillion pre-pandemic level until 2026

The recovery of global business-travel spending to the pre-pandemic level of \$1.4 trillion has been pushed out 18 months to mid-2026 by inflation, economic slowing and high energy prices, the Global Business Travel Association is forecasting. The return to the 2019 level also is being slowed by supply-chain disruptions, labor shortages, lockdowns in China and the effects of the war in Ukraine on nearby regions, according to the group's 2022 Business Travel Index Outlook. The report, released on August 15, 2022 at the association's annual convention, reviews business-travel spending in 73 countries and 44 industries. "The factors impacting many industries around the world are also anticipated to impact global business-travel recovery into 2025," said Suzanne Neufang, the organization's chief executive officer. "The forecasted result is we'll get close, but we won't reach and exceed" the pre-pandemic spending until 2026. Global business travel is expected to total \$933 billion this year, 65% of the 2019 level. It should grow to \$1.16 trillion in 2023, expand to nearly \$1.4 trillion in 2025 and hit \$1.47 trillion in 2026. North America and Western Europe are expected to have the sharpest recoveries, growing to \$363.7 billion and \$323.9 billion, respectively, by 2026, the study showed.

19. Air Canada Aligns with Task Force on Climate-related Financial Disclosures with First TCFD Report

Air Canada on August 17, 2022 issued its first report aligned with the Task Force on Climate-related Financial Disclosures (TCFD). Rousseau, President and Chief Executive Officer at Air Canada said "We are proud and pleased to release our first TCFD-aligned report, reinforcing Air Canada's long-standing commitment to transparency on Environmental, Social, Governance (ESG) matters, while underscoring our ongoing work towards achieving our long-term goal of net-zero greenhouse gas (GHG) emissions globally by 2050. Our objective is to provide investors and other stakeholders the necessary information to properly evaluate climate impacts and performance. This will also support our business development as we work to decarbonize and transform our industry with positive changes to help

protect our planet for our employees, customers and communities, now and well into the future."

20. Air Canada Provides Update on its Operational Improvement Initiatives

Air Canada on August 17, 2022 provided the following update on its operational improvement initiatives implemented in response to the challenges the global airline industry has encountered emerging from the pandemic. "At Air Canada, we know how much our customers value travel and their reliance on us to transport them safely, comfortably and without disruption. This is always our goal and we share with them their disappointment that, coming out of the pandemic, the global industry faltered due to the unprecedented challenges of restarting after a two-year, virtual shutdown," said Michael Rousseau, President and Chief Executive of Air Canada.

21. Manitoba sees stars as WestJet announces direct flights between Winnipeg and Los Angeles

WestJet on August 18, 2022 celebrated its newest route, with the announcement of service between Winnipeg and Los Angeles, beginning October 31, 2022. The route, which will operate three-times weekly on a year-round basis, will strengthen integral ties and convenience in transportation between Winnipeg's expanding television and film industry and the esteemed, world-renowned hub of entertainment itself, Los Angeles.

22. WestJet appeals order to compensate traveller after flight was cancelled due to lack of staff

WestJet is appealing a ruling that ordered it to compensate a customer whose flight was cancelled because of a lack of staff. Last week, the airline company filed a motion to the Federal Court of Appeal (FCA) asking it to hear its appeal of a recent ruling by the Canadian Transportation Agency (CTA), the regulatory body that namely oversees airline compensation rules, despite filing past regular deadlines. The case could have significant impacts on Canadians' right to be compensated for recent air travel issues and delays due to well-documented airline staff shortages. WestJet believes the CTA wrongly interpreted federal rules when it ordered the company in a July 8 ruling to pay \$1,000 to traveller Owen Lareau after his flight home from Regina was cancelled on the day of departure due to "crew members availability."

23. WCS to Focus on Building Resilience in Air Cargo

The International Air Transport Association (IATA) announced that the IATA World Cargo Symposium (WCS) will focus on building resilience to further strengthen air cargo's post-pandemic prospects. COVID-19 tested the resilience of the air cargo business. Despite challenging conditions, air cargo delivered critical medical supplies and vaccines across the globe and kept international supply chains open. For many airlines, as passenger numbers plummeted, air cargo was a crucial source of revenue. In 2021, air cargo revenues reached a record \$204 billion, which was more than double as compared to 2019 and accounted for some 40% of total airline revenues in 2021.

24. Government of Canada supports essential air access for remote communities in Nunavut

On August 19, 2022, the Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance, Terry Beech, on behalf of the Minister of Transport, the Honourable Omar Alghabra, announced that the Government of Canada is providing \$2.8 million in new funding to the Government of Nunavut to support continued essential air services for remote communities in Nunavut. This financial contribution will help ensure that remote communities in Nunavut continue to have access to essential goods and services, including food and medical supplies. This funding, from Transport Canada's Remote Air Services Program (RASP), is in addition to the more than \$30.6 million provided to the Government of Nunavut under the program in 2020 and 2021.

25. Quarterly civil aviation statistics, first quarter 2022

Operating revenue for the 24 largest Canadian air carriers (Levels I and II) totalled \$4.1 billion in the 2022 first quarter, well above the same quarter of 2021, but under two-thirds (62.6%) of that generated in the first quarter of 2019. At \$3.1 billion, passenger revenue remained the main revenue source for airlines, while air cargo generated \$736.8 million, representing 17.8% of the total, higher than the 5% to 7% range in revenue contribution recorded pre-pandemic. In the first quarter of 2022, Canadian carriers transported 10.2 million passengers on scheduled and charter services, down from the 11.1 million passengers carried in the previous quarter. International traffic continued to climb. The number of passengers on international passengers increased to 5.0 million (of the 10.2 million). Of this total transborder traffic consisted of 2.1 million passengers. The chart shows the passengers carried by sector.

26. Los Angeles International Airport breaks single-month cargo record in June

Cargo operations at Los Angeles International Airport (LAX), one of the busiest ports in the United States, set another single-month record for trade by value in June 2022, with a total of 14.9 billion U.S. dollars in global imports and exports. In June 2022, LAX totalled 8.86 billion dollars in imports and 6.07 billion dollars in exports, a 22.94-percent increase over June 2021 and a 16.59-percent increase over May 2022, said Los Angeles World Airports, which owns and operates LAX and Van Nuys Airport for the city of Los Angeles, in a news release on August 22, 2022, citing a *ustradenumbers.com* analysis of U.S. government data. For the first half of 2022, trade at LAX was valued at 78.71 billion dollars, which is a 21.52-percent increase over the first six months in 2021, said the news release, adding that imports have led the way at 47.81 billion dollars year-to-date while exports were valued at 30.9 billion dollars. Those figures place LAX eighth among all ports of entry in the U.S., and third among all U.S. airports. The continuation of

record-setting cargo operations at LAX highlights the airport's critical role in the global supply chain, said Justin Erbacci, chief executive officer of Los Angeles World Airports.

27. Government of Canada supports Saskatoon John G. Diefenbaker International Airport and Calgary International Airport with new funding for critical infrastructure projects

On August 22 and 23, 2022, the Government of Canada, announced new funding of more than \$1.7 million to help the Saskatoon John G. Diefenbaker International Airport recover from the effects of the COVID-19 pandemic and close to \$2 million in new funding to help YYC Calgary International Airport recover from the effects of the pandemic, and to support continued air services and important infrastructure projects at the airport. This funding in Saskatoon is in addition to the \$10.9 million provided under the program in August 2021, for the rehabilitation of the primary runway and apron pavement surfaces, the installation of new LED runway edge lights, and the replacement of select storm drains. This funding on Calgary is in addition to more than \$57.4 million provided under the program in August 2021, for the rehabilitation of Runway 17R-35L.

28. WFS to Focus on Reshaping Airline Resilience Post-COVID

The International Air Transport Association (IATA) announced that the 2022 [World Financial Symposium](#) (WFS) will focus on reshaping airline resilience. The event will take place from 19-22 September in Doha, Qatar, with Qatar Airways as the host airline. Following the greatest shock to aviation in history, the industry is emerging rapidly from the pandemic and government-mandated travel restrictions of the past two years. Industry losses are expected to reduce to \$9.7 billion this year from nearly \$180 billion in red ink in 2020-21. As travel barriers fall in most regions, very strong demand is supporting expectations for a recovery to pre-COVID-19 traffic levels by 2024, with profitability a possibility in 2023.

29. Canadian airport sets up logistics beachhead for US e-commerce

Edmonton, Canada, seems an unlikely destination for international air shipments bound for online shoppers in the United States. Following some promising trial runs with e-commerce providers, Edmonton International Airport is banking on its geographic location along circumpolar routes, congestion-free facilities and Canada's trade-friendly customs rules to advance a multibillion dollar air logistics village and become a major cargo hub. "Planes that typically would have stopped at another point [are using] Edmonton not just as a place to stop and get gas, but actually the ending point. And then we're transporting the goods, by air, by road or by rail into parts of the U.S.," said Myron Keehn, the airport's vice president of air service and business development, in an interview. "We're seeing dramatic cargo growth because companies are realizing the efficiencies of actually using Edmonton as their jumping off point into the U.S. and then conversely, back into Asia or the Middle East." In late July 2022, Transport Canada announced a grant of up to CA\$100 million (\$77.3 million) to enhance cargo and logistics operations at Edmonton International Airport. The money comes from a national infrastructure program aimed at enhancing cross-border trade and making Canada more competitive. The entire development, covering 2,000 acres with 60 million square feet of e-commerce logistics and fulfillment centers at full build-out, has a price tag of \$2.7 billion to \$3.9 billion, Keehn said.

30. Canadian Transportation Agency has issued a decision ordering the payment of compensation to passengers affected by a cancellation caused by a crew shortage

Two passengers experienced a flight cancellation the day before their scheduled departure. They experienced subsequent flight disruptions and arrived at their final destination 15 hours and 41 minutes later than originally scheduled and requested compensation from Air Canada. Air Canada rejected the two passengers request for compensation on the basis that the flight was cancelled due to crew constraints resulting from the impact of the COVID-19 pandemic, which it considered a safety-related issue. The passengers then filed a complaint with the Canadian Transportation Agency (Agency). In their complaint, the applicants claimed that staffing issues are within Air Canada's control. In their answer, Air Canada took the position that the cancellation was outside its control, because the first officer was unable to complete required training in time due to a number of uncontrollable events affecting its operations. On August 26, 2022, the Canadian Transportation Agency (Agency) issued a decision regarding a flight cancellation caused by a crew shortage. In this decision, the Agency found that Air Canada did not provide evidence demonstrating that the cancellation of the applicants' flight was outside its control. The Agency ordered Air Canada to compensate both applicants \$1,000 each.

31. Monthly civil aviation statistics, June 2022

Major Canadian airlines carried 6.0 million passengers on scheduled and charter services in June 2022, reaching 6 million for the first time since February 2020. This was more than seven times the number of passengers carried in June 2021 and over four-fifths (83.3%) of the June 2019 level. With traffic at 16.0 billion passenger-kilometres and capacity at 19.1 billion available seat-kilometres, the passenger load factor (the ratio of passenger-kilometres to available seat-kilometres) was 83.6% in June 2022, surpassing 80% for the first time since February 2020 and the closest it has reached to pre-pandemic levels. The \$2.0 billion operating revenue earned in June was 87.7% of that earned before the pandemic in June 2019

32. Aircraft movement statistics: Major airports, June 2022

In June 2022, Canada's major airports recorded a total of 487,644 aircraft movements. This was an increase of 29.2% from June 2021 and was 87.6% of the level from June 2019, before the COVID-19 pandemic. Domestic and international traffic continued to recover in June 2022. Domestic movements by Level I-III and foreign carriers reached 83.6% of the pre-pandemic levels from June 2019, while movements to the United States increased to 75.7% and other international traffic to 82.5%. Toronto/Lester B. Pearson International Airport remained Canada's busiest airport, with Boundary Bay Airport moving back into the top three.

33. Air Travel Consumer Report: Consumer Complaints Up from May, Nearly 270 Percent Above Pre-Pandemic Levels

The U.S. Department of Transportation on August 26, 2022, released its Air Travel Consumer Report (ATCR) on airline operational data compiled for the month of June 2022 and for the second quarter of 2022 for on-time performance, consumer complaints received, mishandled baggage, and mishandled wheelchairs and scooters. There was a 34.9% increase in air travel service complaints from May to June, and complaints are nearly 270 percent above pre-pandemic levels.

34. Transport secretary says airport backlogs are 'unacceptable' but are improving

Transport Minister Omar Alghabra called the delays faced by passengers at airports "frustratingly unacceptable" but said congestion was improving. Mr. Alghabra told a news conference on August 29, 2022 that hiring and coordination between the airlines, government agencies and other parties operating at the country's airports has helped reduce the number of planes stuck on the tarmac, lost luggage and cancelled flights to reduce. However, he said airlines must follow the rules and issue refunds and compensation to eligible passengers when flights are delayed or cancelled, a service issue highlighted by passengers who are forced to sleep on a terminal's floor after being delayed. Toronto Pearson International Airport and others have been plagued by queues and cancelled flights this summer as air traffic surged while staffing levels lagged. In addition, controls and procedures related to COVID-19 have slowed passenger handling. The bottlenecks are attributed to the shortage of workers at the airport, including government agencies and their contractors who screen passengers and control aircraft traffic, airline employees who deal with baggage and catering companies. The problems were most pronounced in Toronto Pearson, through which half of Canada's international travelers transit.

WATER TRANSPORTATION

1. NITL backs proposal repealing antitrust immunity for carriers

Despite the FMC finding there was no collusion among ocean shipping alliances causing elevated freight rates, NITL believes there are still concerns about the industry that new antitrust legislation could address.

2. Container shipping boom continues: Hapag-Lloyd hikes outlook (again)

As great as 2021 was for container shipping lines, this year is turning out better. Germany's Hapag-Lloyd has just raised its earnings outlook again. The world's fifth-largest liner operator said on June 28, 2022 that it will post earnings before interest, taxes, depreciation and amortization of \$10.9 billion for the first half of this year. This translates into EBITDA of \$5.6 billion for Q2 2022 — the best quarterly result in the company's history and up 145% year on year. Hapag-Lloyd reported EBITDA of \$5.3 billion in the first quarter. For the first half, volume came in at 6 million twenty-foot equivalent units, flat year on year. The average freight rate increased 80%, implying a rate of \$2,902 per TEU for the first half. Hapag-Lloyd's average freight rate was \$2,774 per TEU in the first quarter, meaning that rates in the second quarter — including both contract and spot rates — rose even higher. For full-year 2021, Hapag-Lloyd reported EBITDA of \$12.8 billion. In March 2022, it projected this year's EBITDA would be \$12 billion-\$14 billion. In May 2022, it pushed its outlook up to \$14.5 billion-\$16.5 billion.

3. Dropping freight rates offer some relief for summer shippers

Ocean and airfreight rates have seen declines in the past few weeks according to data from the *Freightos.com* network. Ocean rates continued to slide this week, but prices for container ship charters and secondhand sales, along with increased scheduled capacity through October 2022, suggest carriers do not

WATER TRANSPORTATION Canada

1. NITL backs proposal repealing antitrust immunity for carriers, August 1, 2022, www.joc.com
2. Container shipping boom continues: Hapag-Lloyd hikes outlook (again), www.americanshipper.com
3. Dropping freight rates offer some relief for summer shippers, July 29, 2022, www.insidelogistics.ca
4. Port of NY, NJ to Charge 'Container Imbalance Fee', August 4, 2022, www.railwavage.com
5. Vancouver port truckers delay labor action, August 4, 2022, www.insidelogistics.ca
6. FMC wants ocean carriers to pay for container storage, August 4, 2022, www.freightwaves.com
7. UK's biggest container port to be hit by eight days of strikes, August 5, 2022, www.ajot.com
8. US second-half imports to slow vs. year ago: retailers, August 8, 2022, www.joc.com
9. Container lines are set to smash year-old profit record by 73%, August 9, 2022, www.ajot.com
10. Port of Long Beach has most active July on record, August 9, 2022, www.ajot.com
11. Port of Halifax: Accumulated Container Traffic Statistics – January to June 2022, August 10, 2022, www.portofhalifax.ca

expect a collapse in volumes. Asia-US West Coast prices fell six percent to US\$6,593/FEU. This rate is 64 percent lower than the same time last year. Asia-US East Coast prices increased four percent to \$10,316/FEU, and are 47 percent lower than rates for this week last year.

4. Port of NY, NJ to Charge ‘Container Imbalance Fee’

The Port of New York and New Jersey will implement a new quarterly “container imbalance fee” for ocean carriers to reduce congestion as the peak cargo season approaches. The container management fee will target excess empty containers being stored in the port for long periods, and is slated to take effect Sept. 1, 2022, pending a mandatory federal 30-day notice period, the [Port Authority of New York and New Jersey \(PANY/NJ\)](#) reported on Aug. 2, 2022. “Under this new container management fee, which will be assessed on a quarterly basis, ocean carriers’ total outgoing container volume must equal or exceed 110% of their incoming container volume during the same period, or they will be assessed a fee of \$100 per container for failing to hit this benchmark,” PANY/NJ said. “Incoming and outgoing containers include both loaded and empty containers, excluding rail volume. Fee proceeds will be used to offset the costs of providing additional storage capacity, and other expenses incurred by the glut of empty containers.”

5. Vancouver port truckers delay labor action

Truck drivers have decided to delay labor action at the Port of Vancouver for few weeks after holding talks with port officials on July 30, 2022 staving off a likely shutdown at the busy West Coast facility this week. The Vancouver Fraser Port Authority told *TruckNews.com* that officials met with representatives from the United Truckers Association (UTA) and Surrey Centre MP Randeep Sarai to hear the UTA’s perspective on operational challenges. “No changes have been made to the Rolling Truck Age Program, which will go into effect on Sept. 15, 2022, as previously announced. As of now, there are 15 trucks that will age out of the program on that date,” a port authority spokesperson said.

6. FMC wants ocean carriers to pay for container storage

The head of the Federal Maritime Commission is warning ocean carriers serving the Port of New York and New Jersey to stop forcing shippers and drayage truckers to store their containers — and pay them for it when they do. FMC Chairman Dan Maffei is ratcheting pressure on carriers following a meeting with truckers and marine terminal operators at the port on August 3, 2022. “The [FMC] has already been investigating reports of carriers charging

per diem container charges even when the shipper or trucker cannot possibly return the container due to terminal congestion,” Maffei said in a statement released on August 4, 2022. “I will ask that this investigation be broadened and intensified to cover instances where shippers and truckers are being forced to store containers or move them without proper compensation.” The National Industrial Transportation League and Bi-State Motor Carriers Association last week urged the FMC to suspend demurrage and detention at the port as congestion worsens amid spiking import volume. Maffei and the agency’s acting director of the bureau of enforcement, investigations and compliance, Lucille Marvin, followed up with a visit to the port to see conditions firsthand. “When ocean carriers continue to bring thousands of containers per month to a port and only pick up a fraction of that number, it creates an untenable situation for terminals, importers and exporters, trucking companies and the port itself,” Maffei said.

7. UK’s biggest container port to be hit by eight days of strikes

Almost 2,000 dock workers at Britain’s biggest container ship port plan to strike for eight days later this month after failing to reach a pay deal, threatening to sever one of the UK’s most important trade routes. Workers at Felixstowe will strike from Aug. 21 to 29, 2022 the Unite union said in a statement. Talks failed after the port, owned by a unit of CK Hutchison Holdings Ltd., did not improve its offer of a 7% pay increase, the labor group said. Felixstowe, northeast of London, is a key hub for imports as well as some exports from the UK, and accounts for nearly half the country’s container trade. The strikes will have a “huge effect” on supply chains and cause severe disruption to international maritime trade, according to the union, which is vowing a full shutdown of the port. If the strikes go ahead, they’ll worsen what’s been called the UK’s summer of discontent, which has already seen railway workers walk out on multiple occasions, with airports and airlines reeling from staffing shortages and labor woes, resulting in mass

12. July volumes at Georgia Ports Authority climb 18%, August 10, 2022, [www.freightwaves.com](#)
13. Government of Canada announces funding for innovative projects to help reduce underwater noise from marine vessel traffic, August 10, 2022, [www.tc.gc.ca](#)
14. Hapag-Lloyd CEO: US consumer still ‘holding up,’ demand not collapsing, August 11, 2022, [www.freightwaves.com](#)
15. Vancouver port bottlenecks ease but cargo still stuck for days, August 17, 2022, [www.financialpost.ca](#)
16. Transport Canada ensuring safety on the water by restricting vessel traffic on the St. Clair River on August 21, 2022, August 17, 2022, [www.tc.gc.ca](#)
17. The Government of Canada releases first results of environmental measures for cruise ships, August 18, 2022, [www.tc.gc.ca](#)
18. Maersk shifting Vancouver calls due to congestion, August 18, 2022, [www.insidelogistics.ca](#)
19. July throughput record for Shanghai shows full recovery from lockdown, August 18, 2022, [www.joc.com](#)
20. Rising cargo volumes continue for Gulf Coast ports in July, August 18, 2022, [www.americanshipper.com](#)
21. Trans-Pacific rates still sinking. Trans-Atlantic rates still peaking, August 21, 2022, [www.americanshipper.com](#)
22. Port Houston Posts New Record Volume, August 24, 2022, [www.ajot.com](#)
23. PRPA Announces Completion of Fairview-Ridley Connector Corridor Project, August 24, 2022, [www.rupertport.com](#)
24. Volumes dip at Chinese ports among new Covid lockdowns, August 25, 2022, [www.insidelogistics.ca](#)
25. Drewry’s World Container Index - 25 Aug, August 25, 2022, [www.ajot.com](#)
26. Shipping giant CMA CGM sees softening of global freight rates, August 28, 2022, [www.ajot.com](#)

cancellations of flights. A shortage of truck drivers and global shipping logjams last year caused supply-chain disruptions at Felixstowe ahead of the busy Christmas shopping season, with some container ships diverted to other ports. A shutdown of the UK port due to strikes could have a knock-on effect for other European harbors as ships get rerouted.

8. US second-half imports to slow vs. year ago: retailers

US retailers note that two wild cards that could affect supply chain fluidity in the second half of the year remain — the outcome of West Coast longshore contract talks and the status of freight railroad negotiations. Accordingly, retailers expect US imports in the last six months of 2022 to slow down.

9. Container lines are set to smash year-old profit record by 73%

The world's biggest container lines are on course to post profits in 2022 that will top last year's record by 73%, according to a new forecast, buoyed by logistics and labor strains that are squeezing capacity amid sustained US demand for imports. Net income this year will likely reach \$256 billion based on the 11 carriers monitored by industry veteran John McCown, the founder of Blue Alpha Capital. That's an increase of \$36 billion from his prior estimate in April and roughly equivalent to the gross domestic product of Portugal. The figure last year hit an all-time high of \$148 billion, according to McCown. "These profit increases are being driven by continuing increases in the rates in contracts that cover the large majority of loads actually moving on ships," he said in an email. Even though spot rates have declined all year, they represent a small fraction of overall seaborne freight costs, McCown added. Two years of economic disruptions have transformed an industry that carries about 80% of global merchandise trade from a perennial money loser into one of the pandemic's most surprising financial successes. Some are investing the cash influx in new ships with cleaner-burning engines and more digital links to land-based computer networks.

10. Port of Long Beach has most active July on record

The Port of Long Beach had its busiest July on record despite a cooldown in consumer spending. Dockworkers and terminal operators moved 785,843 twenty-foot equivalent units in July 2022, a slim 0.13% increase from the previous record set in July 2021. Imports declined 1.8% to 376,175 TEUs, while exports were down 0.5% to 109,411 TEUs. Empty containers moved through the Port were up 2.8% to 300,257 TEUs. "We are continuing to seek solutions to improve efficiency as a record-breaking number of containers move through the Port," said Port of Long Beach Executive Director Mario Cordero. "We hope to relieve some of the stress points by continuing to support a transition of the entire supply chain to 24/7 operations and ensuring our industry partners can track containers with our new Supply Chain Information Highway data solution."

11. Port of Halifax: Accumulated Container Traffic Statistics – January to June 2022

The Port of Halifax released its accumulated container statistics (TEUs) on August 10, 2022. Total traffic for the first six months of 2022 in terms of TEUs changed -4.89% to 282,170 TEUs compared to 294,618 TEUs for the same period in 2021. Inbound traffic was 149,389 TEUs and outbound traffic was 132,781 TEUs, a change of -0.7% and -7.9% (i.e. from 150,438 TEUs and 144,180 TEUs). For the 2022 second quarter, total container traffic in TEUs changed 0.0% i.e. to 156,438 from 156,378. Total import traffic for the second quarter of 2022 changed 6.9% i.e. to 83,898 from 78,508. Total export traffic for the second quarter of 2022 changed -6.8% i.e. to 72,540 from 77,870.

12. July volumes at Georgia Ports Authority climb 18%

July volumes at the Georgia Ports Authority were 18% higher year over year, kicking off what the operator says is "the fastest start ever" for a new fiscal year. GPA handled 530,800 twenty-foot equivalent units in July. The 2023 fiscal year runs from July 1 to June 30, 2023. Since January, GPA has handled 3.4 million TEUs, which is 7% higher than the same period in 2021. July's volume growth comes as East Coast and Gulf Coast ports have been seeing an increase in vessels as operators seek to divert traffic from congested West Coast ports. Uncertainties with labor at the West Coast ports may have also been a factor. The International Longshore and Warehouse Union's contract with the ports expired June 30. GPA experienced a dip in loaded imports at the Port of Savannah in June — May's loaded imports totaled 253,508 TEUs — as vessels backed up off the East Coast. But loaded imports rebounded in July, boosting GPA's overall volumes. July's loaded imports of 251,761 TEUs represent the second highest month for that category since January. The figure is 6% higher than June's 236,481 TEUs and 10% higher than July 2021's 227,876 TEUs, according to GPA data.

13. Government of Canada announces funding for innovative projects to help reduce underwater noise from marine vessel traffic

The Government of Canada recognizes that underwater noise can have a significant impact on marine mammals, including endangered species such as the North Atlantic right whale and the Southern Resident killer whale. Twenty-two projects have been selected for funding under Transport Canada's Quiet Vessel Initiative that will support the development of new quiet vessel technologies, designs or operational practices. The list of projects chosen can be found on Transport Canada website.

14. Hapag-Lloyd CEO: US consumer still 'holding up,' demand not collapsing

The container shipping outlook from Hapag-Lloyd, the world's fifth-largest liner company: Demand is moderating, spot freight rates should keep ticking lower, and congestion — currently very high — should abate. But demand is not collapsing. Congestion in some regions, such as the U.S. East Coast, is more stubborn than in others. And higher contract rates will offset spot rate declines, leading to near-record second-half profits. “The U.S. consumer seems to be holding up reasonably well,” Hapag-Lloyd CEO Rolf Habben Jansen said during a conference call. “If you look at the first half, trans-Pacific volumes were growing [year on year], which is remarkable given the steep increases we saw in 2021 versus 2020.” According to CFO Mark Frese, “Currently, markets are talking intensively about weakening demand. But despite all the bad news, demand remained robust in the reporting period [Q2].” Commenting on import demand as of today, halfway through Q3, Habben Jansen said: “We see U.S. demand holding up, whereas certainly in Europe and some other places there's probably more nervousness and uncertainty. We don't see demand falling off a cliff — anywhere.

15. Vancouver port bottlenecks ease but cargo still stuck for days

The worst of Canada's supply chain bottlenecks may be over as port congestion and freight delivery times are starting to improve, according to a Desjardins Economic Studies [report](#), but a full recovery may still have some way to go as freight transportation by rail from the Port of Vancouver continues to experience long delays. The Vancouver Fraser Port Authority (VFPA) on August 15, 2022 said two of its four container facilities still had dwell times — the time it takes for containers to be taken away after being unloaded from the ship — of more than seven days. The longer cargo is stuck in port, the more it costs shippers in higher inventory holding costs.

16. Transport Canada ensuring safety on the water by restricting vessel traffic on the St. Clair River on August 21, 2022

To ensure the safety of everyone on the water, Transport Canada is restricting the movement of vessel traffic within the public Port of Sarnia. Under these restrictions, no unauthorized traffic will be permitted on the Canadian side of the St. Clair River, from the Blue Water Bridge, to the upper end of Stag Island, between noon and 8 p.m. on August 21, 2022. A Navigational Warning (NAVWARN) about temporary vessel restrictions for this day was issued on August 17, 2022. Mariners are requested to adjust the timing of their transit in the area to avoid entering the safety zone during the temporary restrictions. If a vessel seeks to manoeuvre within these waters during this time, they must obtain authorization from Transport Canada.

17. The Government of Canada releases first results of environmental measures for cruise ships

In April 2022, Transport Canada announced strict environmental measures for wastewater on cruise ships that exceed international standards. These measures were put in place this year as part of the restart of cruise ships entering and operating in our waters, and will help keep our oceans and environment clean. As part of this new suite of environmental measures, the cruise industry was, and continues to be, required to document and report to Transport Canada on implementation. Compliance with the enhanced measures is also verified during formal inspections of cruise ships. The first set of results from this reporting demonstrates that the cruise ship industry has successfully implemented the new measures thus far this year.

18. Maersk shifting Vancouver calls due to congestion

Delays and congestion have promoted Maersk to alert customers to changes in their scheduled calls at the Port of Vancouver. In a note to customers, the liner company said West Coast terminals have experienced berthing delays in recent weeks due to inland network congestion, particularly in Toronto and Montreal. As these inland terminals became congested, the supply of rail cars to the terminals were restricted/stopped. This situation has had a detrimental impact on the terminals, which are not designed for storing containers.

19. July throughput record for Shanghai shows full recovery from lockdown

The jump in July 2022 throughput at the world's biggest container port came as US imports from Asia last month rose from both June 2022 and the year-ago period.

20. Rising cargo volumes continue for Gulf Coast ports in July

Cargo volumes at major Gulf Coast ports continue to climb following a surge in demand for steel, dry bulk, petroleum and crude oil, according to data from each port. Port Houston handled a record amount of imported steel, with volumes from January through June 2022 up 92% compared to last year's volume during the same period. “Import steel is at levels we haven't seen in nearly a decade,” Roger Guenther, Port Houston's executive director, said during the port commission's regular monthly meeting Aug. 2, 2022. “Total tonnage across all the public facilities is up 24% year to date.” Port of Mobile set monthly TEU record in July 2022 making it the busiest month on record for containerized cargo at the Port, with the Alabama State Port Authority reporting more than 50,000 TEUs for the first time since it started operations in 2008. The Port of Corpus Christi in South Texas moved more than 16.5 million tons of cargo in July 2022, a 22% y/y increase from the same month in 2021. The port handled 9.9 million tons of crude oil, a 25% increase compared to the same period a year ago. Exports of crude oil were at 8.9 million tons, a 20% increase compared to last year.

21. Trans-Pacific rates still sinking. Trans-Atlantic rates still peaking

It's a tale of two oceans: The price to ship containers of cargo eastbound from Asia to the U.S. across the Pacific continues to recede from record levels. In contrast, the price to ship containers westbound across the Atlantic from Europe has risen through 2022 and is still hovering near all-time highs. Vessel backups remain historically severe off Savannah, Georgia, New York/New Jersey and Houston, whereas conditions have dramatically improved off Los Angeles/Long Beach. Reduced congestion is negative for spot pricing. Thus, Asia-West Coast rates are falling faster than Asia-East Coast rates. The East Coast port congestion that's tying up ships coming from Asia via the Panama Canal is simultaneously soaking up capacity arriving from Europe. Trans-Atlantic vessel capacity is much more limited than in the trans-Pacific, with the balance remaining in favor of shipping lines — even more so due to congestion. Consequently, trans-Atlantic spot rates remain historically strong, bucking the global trend.

22. Port Houston Posts New Record Volume

Port Houston recorded its biggest July ever for containers. Total volume in July 2022 was 328,498 TEUs, which is 10% more than the same month last year and the fourth-biggest month ever at Port Houston for container volume. Container throughput has reached 2,225,563 TEUs year-to-date, a 17% increase over last year. Port Houston is experiencing rapid growth on all fronts. In July of this year loaded import containers were up 17% compared to the same month last year, at 159,881 TEUs. Loaded exports for the month were at 102,644 TEUs, a 36% increase over the same time period last year, with resins, chemicals and other exports “Made in Texas” and throughout North America. The trends seen locally largely mirror those reported nationwide. According to PIERS data, containerized imports from Asia grew by 6% in the first half of 2022 compared to the same time last year. The National Retail Federation reports retail sales are still expected to grow compared to 2021, though growth will start to recede in the second half of the year.

23. PRPA Announces Completion of Fairview-Ridley Connector Corridor Project

The Prince Rupert Port Authority's (PRPA) Fairview-Ridley Connector Corridor formally opened on August 24, 2022 with an official ribbon cutting ceremony. Testing on the route got underway in mid-August, with container truck traffic beginning to travel to the newly opened southern gate at DP World-Prince Rupert Fairview Container Terminal, and the Corridor is set to be fully operational on August 29, 2022. The private haul road and two additional rail sidings now in place enable greater efficiency and competitive advantages at the Port of Prince Rupert, while improving public safety and supporting PRPA's carbon reduction strategy. The Connector Corridor was developed by PRPA as a critical component of the Prince Rupert Gateway's intermodal ecosystem, a closed loop system of road and rail infrastructure that connects transloading and marine terminal operations within the Port's existing footprint. The road and rail corridor directly links Fairview Terminal, both current and future capacity, with future import and export logistics sites on South Kaien Island and Ridley Island, that will offer new opportunities for Canadian businesses to reach global markets through containerized trade.

24. Volumes dip at Chinese ports among new Covid lockdowns

Import and export ocean shipment volume at Chinese ports over the past weeks has declined as strict COVID-19 lockdowns have returned in tourist towns. *FourKites* reports its data show that as several large Chinese cities have been rolling out stringent lockdown policies, volume at the Port of Shanghai has started to decrease since the peak in mid-July, down 18 percent since then. The 14-day average ocean shipment volume is now down 11 percent compared to March 12th (the day before lockdowns went into effect) and down two percent week-over-week for shipments tracked by *FourKites*. Other Chinese ports are up since March 12th but have been trending down with the volume at the Port of Shenzhen up 19 percent (down 46 percent week-over-week) and the volume at the Port of Ningbo-Zhoushan up 13 percent (down 13 percent week-over-week) compared to March 12th.

25. Drewry's World Container Index - 25 Aug

The composite index decreased by 4% to \$5,985.53 per 40ft container this week, the 26th consecutive weekly decrease, and has dropped by 39% when compared with the same week last year. The latest Drewry WCI composite index of \$5,986 per 40-foot container is now 42% below the peak of \$10,377 reached in September 2021, but it remains 64% higher than the 5-year average of \$3,648. The average composite index for the year-to-date is \$7,995 per 40ft container, which is \$4,347 higher than the five-year average (\$3,648 mentioned above). The composite index decreased by 4% to \$5,985.53 per 40ft container, and is 39% lower than the same week in 2021. Freight rates on Shanghai – Los Angeles dropped 6% or \$394 to \$6,127 per feu. Spot rates on Shanghai – Rotterdam fell 5% or \$420 to \$8,010 per 40ft container. Rates on Shanghai – Genoa and New York - Rotterdam decreased 2% each to \$8,391 and \$1,278 per 40ft box respectively. Similarly, rates on Shanghai – New York dipped 1% to \$9,569 per feu. Rates on Los Angeles – Shanghai, Rotterdam – Shanghai and Rotterdam – New York hovered around the previous week's level. Drewry expects the index to decrease in the next few weeks.

26. Shipping giant CMA CGM sees softening of global freight rates

French container line giant CMA CGM SA is seeing an across-the-board drop in shipping rates and a loosening of logistics bottlenecks in some regions as demand softens. “What we've been seeing now for many weeks is a decrease

of freight rates in almost all sectors,” Chief Executive Officer Rodolphe Saade said on August 26, 2022 in Algiers. “We expect that decrease to continue. I don’t think we’ll see a strong drop but rather a soft landing.” The observations are in line with those of the World Trade Organization, which said this week merchandise trade flows slowed last quarter and will likely stay weak in the second half. This could see the winding down of a frothy period for container carriers after two years of high rates and capacity shortages stemming from pent-up demand from consumers during the pandemic. “At the peak of the Covid crisis, we had freight rates between China and Northern Europe of \$14,000” per 40-foot container, Saade said in an interview. “Nowadays it’s around \$9,000 and it is going down.” Saade said some glitches remain in global supply chain networks, citing lingering strong congestion in places like the US and Europe. “We are seeing a decrease of the demand so this has an impact on a little less congestion, even though some places remain difficult to manage,” he said.

RAIL TRANSPORTATION

1. CN Publishes Annual Grain Plan

CN on July 29, 2022 published its 2022-2023 Grain Plan, which describes CN’s preparations for moving a western Canadian grain crop that is expected to rebound from last year’s drought-impacted levels. Tracy Robinson, chief executive officer, CN said “The strength of our agriculture sector is critical to Canada’s economy and to feeding the world. Our team at CN is confident that the adjustments we have made to our operations and planning heading into this fall, combined with the investments made with an eye to future economic growth, will enable us to deliver strong results in 2022–23 for Western Canadian agriculture.”

2. CN Railway sees grains boost after ‘exceptional year’ of woes

Western Canadian grain shipments by rail are expected to rebound after a year plagued by drought, flooding, wildfires and supply-chain snarls, according to the latest Canadian National Railway Co. estimates. Canada’s largest railway expects to move 24.5 million to 27 million metric tons of bulk and processed grain in the next crop year, which starts Aug. 1, according to Canadian National’s latest annual grain plan report published on July 29, 2022. The rebound comes as CN ends this crop year with 18.2 million tons of grains transported, well short of its 2020-21 record. “This year was exceptional on many fronts, and these events had real impacts on rail capacity and the movement of grain,” the Montreal-based company said. “These are exceptional circumstances, unprecedented in the history of Canadian railway transportation, and all occurring within a compressed period.”

3. CN announces US\$1.5 billion debt offering

CN on August 2, 2022 announced a public debt offering of US\$1.5 billion comprised of US\$800 million 3.85% Notes due 2032 and US\$700 million 4.40% Notes due 2052. CN expects to close the offering on August 5, 2022, subject to customary closing conditions. CN plans to use the net proceeds from the offering for general corporate purposes, including the redemption and refinancing of outstanding indebtedness, share repurchases, acquisitions and other business opportunities. The debt offering is being made in the United States under an effective shelf registration statement dated May 4, 2022.

4. CN ’22-’23 Grain Plan: ‘We Are Ready’

Since 2018, the Canadian government, through changes in the *Canadian Transportation Modernization Act*, has required Canada’s railroads to publish Grain Plans for the forthcoming crop year. Grain is crucial to Canada’s economy; as such, its transportation is heavily regulated—much more so than in the U.S. CN has just published its 2022-2023 Grain Plan, which “describes CN’s preparations for moving a western Canadian grain crop that is expected to rebound from last year’s drought-impacted levels,” the railroad said. “Movement of Western Canadian grain via carload on CN

RAIL TRANSPORTATION

Canada

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18. Rail traffic for the week ending August 13, 2022, August 17, 2022, www.ajot.com
19. Biden Administration, USDOT Announce Over \$233 Million in Grants to Upgrade Intercity Passenger Rail Service, August 18, 2022,

in 2022–23 is forecast to rebound to 24.5–27.0 million metric tons (MMT), with grain shipped via container direct from Western Canada in addition to these volumes,” CN said. “We expect intense pressure on Canada’s transportation system during the 2022–23 crop year, especially with respect to rail movement to Canada’s West Coast ports. At this point, based on current demand forecasts and the best economic and market information available, we expect that total demand for rail capacity between Edmonton and the ports of Vancouver and Prince Rupert will exceed network capacity during some weeks in the fall of 2022 and in early 2023.”

5. Rail traffic for July and the week ending July 30, 2022

The Association of American Railroads (AAR) on August 3, 2022 reported U.S. rail traffic for the week ending July 30, 2022, as well as volumes for July 2022. U.S. railroads originated 906,903 carloads in July 2022, up 0.2 percent, or 2,213 carloads, from July 2021. U.S. railroads also originated 1,033,906 containers and trailers in July 2022, down 3 percent, or 32,094

units, from the same month last year. Combined U.S. carload and intermodal originations in July 2022 were 1,940,809, down 1.5 percent, or 29,881 carloads and intermodal units from July 2021. In July 2022, 10 of the 20 carload commodity categories tracked by the AAR each month saw carload gains compared with July 2021. Total U.S. weekly rail traffic was 505,409 carloads and intermodal units, up 0.6 percent compared with the same week last year. Total carloads for the week ending July 30 were 237,079 carloads, up 3.6 percent compared with the same week in 2021, while U.S. weekly intermodal volume was 268,330 containers and trailers, down 1.9 percent compared to 2021. Canadian railroads reported 73,313 carloads for the week, down 3 percent, and 74,204 intermodal units, up 6.2 percent compared with the same week in 2021. For the first 30 weeks of 2022, Canadian railroads reported cumulative rail traffic volume of 4,299,143 carloads, containers and trailers, down 3.7 percent. units, from the same month last year. Combined U.S. carload and intermodal originations in July 2022 were 1,940,809, down 1.5 percent, or 29,881 carloads and intermodal units from July 2021. In July 2022, 10 of the 20 carload commodity categories tracked by the AAR each month saw carload gains compared with July 2021. Total U.S. weekly rail traffic was 505,409 carloads and intermodal units, up 0.6 percent compared with the same week last year. Total carloads for the week ending July 30 were 237,079 carloads, up 3.6 percent compared with the same week in 2021, while U.S. weekly intermodal volume was 268,330 containers and trailers, down 1.9 percent compared to 2021. Canadian railroads reported 73,313 carloads for the week, down 3 percent, and 74,204 intermodal units, up 6.2 percent compared with the same week in 2021. For the first 30 weeks of 2022, Canadian railroads reported cumulative rail traffic volume of 4,299,143 carloads, containers and trailers, down 3.7 percent.

6. Canada, Manitoba Partner to Support Hudson Bay Railway

Manitoba Premier and Member of Parliament for Saint Boniface–Saint Vital Heather Stefanson, and Minister for PrairiesCan, Minister of Northern Affairs and Minister for CanNor Daniel Vandal announced on Aug. 3, 2022 a joint investment of up to C\$147.6 million over two years to the Arctic Gateway Group to upgrade the Hudson Bay Railway, which connects with CN in The Pas, running north through Manitoba to the Hudson Bay at the Port of Churchill. According to the Province of Manitoba, this federal-provincial partnership will support the Arctic Gateway Group-owned and operated rail line, which is the “only affordable and year-round, all-weather mode of transportation for both passenger and freight trains to access several northern Manitoba communities,” and future opportunities for northern Manitoba. The Government of Canada will invest up to an additional C\$60 million on top of its existing support of the Arctic Gateway Group and the Manitoba government will invest up to C\$73.8 million. According to a CBC report, the federal government gave C\$117 million to Arctic Gateway Group, a partnership of 41 First Nation and Bayline communities, in 2018 and another C\$40 million last year.

7. Draft EIS Released for CP-KCS Merger Proposal

The Draft Environmental Impact Statement (EIS) analyzing Canadian Pacific Kansas City’s (CPKC) potential impacts on the environment was issued Aug. 5 by the Surface Transportation Board (STB); comments are due by Sept. 26, 2022. “The combined CPKC network would include approximately 20,350 miles of track in total, including approximately 8,600 miles in the U.S., and would extend from Canada, through the U.S., and into Mexico,” according to the Draft EIS. “The Applicants [CP and KCS] expect that the proposed acquisition would create new operational efficiencies and would divert freight from other railroads and from trucks. As a result, rail traffic would increase on some rail lines in the combined CPKC rail network [ranging from eight to approximately 14.4 additional trains per day, on average, on CP and KCS rail lines between Chicago, Ill., and Laredo, Tex.].

8. CP 2022-23 Grain Plan: ‘Deliver Outstanding Service’

www.dot.gov

20. TSB Rail Safety 2021-2022 Year in Review, August 23, 2022, www.railwayage.com

21. CP clears regulatory hurdle in KCS merger, August 23, 2022, www.insidelogistics.ca

22. Railway carloadings, June 2022, August 24, 2022, www.statcan.gc.ca

23. Association of American Railroads’ (AAR) Aug. 24 report, August 24, 2022, www.railwayage.com

24. Rail Traffic Uptick for Week 33, August 24, 2022, www.railwayage.com

25. TSB urges measures to combat fatigue in derailment findings, August 25, 2022, www.insidelogistics.ca

26. Transit Briefs: TTC, Metrolinx, August 29, 2022, www.railwayage.com

27. Three US rail unions reach deal, August 30, 2022, www.insidelogistics.ca

Since 2018, the Canadian government, through changes in Section 151.01(1) of Canada Transportation Act, has required Canada's railroads to publish grain movement plans for the forthcoming crop year. Grain is crucial to Canada's economy; as such, its transportation is heavily regulated—much more so than in the U.S. Canadian Pacific has just published its 2022-2023 Grain Service Outlook Report, which “provides an assessment of CP's ability to move grain during the upcoming 2022–2023 crop year, taking into account the total volume of grain expected to be moved,” and also “describes the process that CP undertakes each year to prepare for, and respond to, market demand for grain transportation.” “Regrettably, the 2021-2022 Western Canadian grain crop was the smallest in more than a decade as a result of severe drought conditions throughout the Prairies in summer 2021,” CP President and CEO Keith Creel (*Railway Age's* 2021 Railroader of the Year and, with his counterpart at Kansas City Southern, 2022 co-honoree) said. “Our total volume of Canadian grain and grain products transported during the 2021-2022 crop year is down approximately 43% compared to 2020-2021's record-breaking volume of 30.62 million metric tons (MMT). CP had prepared the railway to transport much higher volumes of grain, but unfortunately, there was not more grain to move. Looking ahead, Creel said that Statistics Canada “is forecasting a more typical Canadian grain crop this year. We are hopeful that there will be more grain to move ... CP is once again in a strong position to meet the transportation needs of our grain customers and the broader Canadian economy during the upcoming 2022-2023 crop year.”

9. BNSF Posts 14% Revenue Boost in 2Q22

For second-quarter 2022, BNSF revenue came in at \$6.640 billion, up 14% from the prior year period, reflecting lower volumes of 6%, the Class I railroad reported. Operating income for the second quarter and first six months of 2022 was \$2.4 billion and \$4.4 billion, respectively, increases of \$161 million (7%) and \$313 million (8%) compared to the same periods in 2021, according to BNSF, which released its second-quarter 2022 earnings statement on August 9, 2022. Operating ratios were 63.2% and 63.9% for the second quarter and first six months, respectively, increases of 2.8% and 1.9% compared to the same periods in 2021. Net income increased 10% for the second quarter and first six months of 2022 and was \$1.664 billion and \$3.03 billion, respectively. Total revenues for the second quarter and first six months of 2022 increased 14% and 12% in each period compared with the same periods in 2021, reflecting lower volumes of 6% in the second quarter and 4% in the first six months.

10. Minister of Transport announces a public consultation on hydrology, and the extension of the negotiation period with owners as part of the Lac-Mégantic rail bypass project

On August 8, 2022, the Minister of Transport, the Honourable Omar Alghabra, announced details of a new public consultation on hydrology and the measures to mitigate the potential impacts of the Lac-Mégantic rail bypass project. He also announced that the negotiation period between Public Services and Procurement Canada and the owners is extended until November 4, 2022. The public consultation on hydrology will be held from August 29 to September 30, 2022. During that period, citizens will be able to read the hydrological expert reports, as well as the mitigation measures and planned follow-ups. They will also be able to submit their questions and comments in writing to Transport Canada.

11. Rail traffic for the week ending August 6, 2022

The Association of American Railroads (AAR) on August 10, 2022 reported U.S. rail traffic for the week ending August 6, 2022. For this week, total U.S. weekly rail traffic was 496,526 carloads and intermodal units, down 2.6 percent compared with the same week last year. Total carloads for the week ending August 6, 2022 were 230,573 carloads, down 1.6 percent compared with the same week in 2021, while U.S. weekly intermodal volume was 265,953 containers and trailers, down 3.4 percent compared to 2021. Four of the 10 carload commodity groups posted an increase compared with the same week in 2021. Canadian railroads reported 74,899 carloads for the week, up 3.2 percent, and 73,082 intermodal units, up 6.7 percent compared with the same week in 2021. For the first 31 weeks of 2022, Canadian railroads reported cumulative rail traffic volume of 4,447,124 carloads, containers and trailers, down 3.5 percent.

12. Intermodal down in second quarter

Total intermodal volumes fell 4.3 percent year-over-year in the second quarter of 2022, according to the Intermodal Association of North America's (IANA) Intermodal Quarterly report. Domestic shipments held positive ground at 4.0 percent growth, while international containers dropped 8.4 percent and trailers, 25.2 percent. “Despite this quarter's losses, it was an improved picture relative to the first quarter,” said Joni Casey, president and CEO of IANA. “Q2 volumes exceeded Q1 by 7.4 percent.”

13. Lac-Mégantic Bypass Work Continues

Nine years after the July 13, 2013 crude oil train runaway wreck at Lac-Mégantic, Quebec that claimed 47 lives and destroyed much of the village's downtown, the Government of Canada and Transport Canada continue preliminary work on building a bypass rail line. The line, now owned by Canadian Pacific, continues to operate through town. The bypass line is a government project. “CP continues to fulfill its commitments to the federal government for the delivery of this project,” spokesman Andy Cummings told *Railway Age*. The new 7.75-mile (12.5-km) line will pass through the

municipalities of Nantes, Lac-Mégantic and Frontenac, specifically between mileposts 113.27 in the subdivision of Moosehead and 3.49 in the subdivision of Sherbrooke. The project also includes building two yard tracks in the Lac-Mégantic industrial park to allow the relocation of Nantes and Frontenac railway operations to this location. At the end of the project, the existing track will be dismantled.

14. Canadian Pacific and TCRC-T&E arbitration ends with new two-year collective agreement

Canadian Pacific Railway Limited and the Teamsters Canada Rail Conference (TCRC) – Train and Engine have announced a new two-year collective agreement following binding arbitration. The new agreement includes a 3.5 percent wage increase in 2022 and 2023 and increased benefits. Under the arbitration decision, the TCRC will also join a CP Pension Improvement Account. The new collective agreement runs through 2023. CP president and CEO Keith Creel said “CP welcomes the conclusion of arbitration and is pleased to have completed this agreement with the TCRC negotiating committee.”

15. Canadian Pacific and Kansas City Southern merger proposal receives clearance from Committee on Foreign Investment in the United States

Canadian Pacific Railway Limited ("CP") on August 16, 2022 announced it has received the required regulatory clearance from the Committee on Foreign Investment in the United States ("CFIUS") for the proposed combination of CP and Kansas City Southern ("KCS"). CP completed its acquisition of KCS on Dec. 14, 2021. Immediately upon the closing of the acquisition, the shares of KCS were placed into a voting trust which ensures KCS will operate independently of CP while the U.S. Surface Transportation Board ("STB") completes its regulatory review of the companies' joint railroad control application to create Canadian Pacific Kansas City ("CPKC"), the only single-line railroad linking the United States, Mexico and Canada. The STB review of CP's proposed control of KCS is expected to be completed in early 2023.

16. Keyera and CN announce agreement to evaluate a clean energy terminal solution in the Alberta Industrial Heartland

Keyera Corp. ("Keyera") and CN on August 16, 2022 announced the signing of a Memorandum of Understanding that will leverage their joint expertise to evaluate the creation of a specialized clean energy terminal in Alberta's Industrial Heartland. The new infrastructure would aggregate conventional and clean energy from multiple sources to support transportation of Alberta's diverse energy products and further strengthen the development of Canada's green energy future. “This project capitalizes on a core CN strength: sustainably moving Canadian natural resources safely and efficiently to domestic and international markets” explained Tracy Robinson, CN's President and CEO. “We are pleased to be working with Keyera on this project which will benefit Alberta and the Canadian economy. The project will offer a unique opportunity to aggregate products from multiple producers and will provide an efficient mechanism to not only support Canadian industry but also further global energy transition.”

17. US rail proposal includes 24 percent raises

The special board appointed by President Joe Biden to intervene in stalled railroad contract talks suggested on August 16, 2022 that 115,000 rail workers should get 24 percent raises and thousands of dollars in bonuses as part of a new agreement to avert a strike. Railroads and unions will use those recommendations as the basis for a new round of negotiations over the next month. It remains to be seen, however, whether railroads will agree to the higher wages or find ways to address union concerns about working conditions. If the two sides can't agree on a new deal by mid September, federal law would allow a strike or lockout. But Congress is likely to intervene before then to keep the supply chain moving.

18. Rail traffic for the week ending August 13, 2022

The Association of American Railroads (AAR) on August 17, 2022 reported U.S. rail traffic for the week ending August 13, 2022. For this week, total U.S. weekly rail traffic was 502,775 carloads and intermodal units, down 0.3 percent compared with the same week last year. Total carloads for the week ending August 13 were 237,851 carloads, up 1.3 percent compared with the same week in 2021, while U.S. weekly intermodal volume was 264,924 containers and trailers, down 1.8 percent compared to 2021. Canadian railroads reported 74,564 carloads for the week, up 2.7 percent, and 75,251 intermodal units, up 0.2 percent compared with the same week in 2021. For the first 32 weeks of 2022, Canadian railroads reported cumulative rail traffic volume of 4,596,939 carloads, containers and trailers, down 3.3 percent.

19. Biden Administration, USDOT Announce Over \$233 Million in Grants to Upgrade Intercity Passenger Rail Service

The U.S. Department of Transportation on August 18, 2022 awarded over \$233 million to 11 projects in 8 states to improve and modernize vital intercity passenger rail service. Funded by the Federal-State Partnership for State of Good Repair Program (Partnership Program), these investments will help replace bridges and tunnels along the Northeast Corridor in New York, New Jersey, Maryland, and Connecticut, each of which is more than 100 years old. Additional

funds will increase the safety, reliability, and sustainability of rail infrastructure in California, Michigan, and Massachusetts and make needed improvements to the busiest train station in the Midwest: Chicago Union Station.

20. TSB Rail Safety 2021-2022 Year in Review

In accordance with subsection 13(3) of the Canadian Transportation Accident Investigation and Safety Board Act, Canada's Transportation Safety Board (TSB) has submitted its Annual Report to Parliament for the period covering April 1, 2021 to March 31, 2022. The Report covers rail, air, marine and pipelines. Following are excerpts from the Rail Transportation section. TSB received 1,232 reports of rail transportation occurrences in 2021 (1,038 accidents and 194 incidents), including 60 fatalities. The 1,038 accidents represent a 5% increase from 2020 but a 3% decrease from the 10-year average of 1,071. The 60 rail transportation-related fatalities reported in 2021 are the same as in the previous year but below the 10-year average of 71. Among the fatalities, 42 involved trespassers, compared to 40 in 2020 and the 10-year average of 40. The number of crossing accident fatalities, 16, decreased in 2021 compared to 2020's 18 and is lower than the 10-year average of 23. TSB "is conducting ongoing research to better understand crossing accidents in the winter in a safety issue investigation."

21. CP clears regulatory hurdle in KCS merger

Canadian Pacific Railway Limited has received the required regulatory clearance from the Committee on Foreign Investment in the United States for the proposed combination of CP and Kansas City Southern (KCS). CP completed its acquisition of KCS on Dec. 14, 2021. Immediately upon the closing of the acquisition, the shares of KCS were placed into a voting trust which ensures KCS will operate independently of CP while the U.S. Surface Transportation Board (STB) completes its regulatory review of the companies' joint railroad control application to create Canadian Pacific Kansas City (CPKC), the only single-line railroad linking the United States, Mexico and Canada.

22. Railway carloadings, June 2022

Canadian railways transported 30.1 million tonnes of freight in June 2022, edging up 1.3% from June 2021 and the second consecutive month of year-over-year increase in tonnage. Large increases in loadings of iron ores and energy products offset the ongoing declines in grain shipments. Also contributing to the overall increase were freight loadings from US rail connections, which reached 3.9 million tonnes in June 2022, a 9.2% increase from June 2021. To further explore current and historical data in an interactive format, please visit the Monthly Railway Carloadings: Interactive Dashboard. The chart shows the railways carloadings, total tonnage, January to June, 2018 to 2022

23. TSB Issues Safety Recommendations Following 2019 CN Derailment Investigation

The Transportation Safety Board of Canada (TSB) is calling for Transport Canada and the Canadian rail industry to expedite the implementation of automated train control systems and to develop and implement formal crew resource management training, following its investigation of the 2019 CN train collision and derailment in Manitoba. TSB reported that the accident "highlights major issues in the rail industry and reinforces TSB's call for physical fail-safe train controls for over two decades through recommendations R13-01 [on implementation of such controls beginning with Canada's high-speed rail corridors] and R00-04 [on rail industry implementation of 'additional backup safety defenses to help ensure that signal indications are consistently recognized and followed']."

24. Rail Traffic Uptick for Week 33

For the week ending Aug. 20, 2022, U.S. rail traffic was up 0.1% over the same week last year; total carloads came in 2.9% higher while intermodal volume continued its downward trend, dipping 2.4%, according to the Association of American Railroads' (AAR) Aug. 24 report. In Week 33 (ending Aug. 20, 2022), U.S. Class I railroads hauled a total of 501,548 carloads and intermodal units, comprising 237,404 carloads and 264,144 containers and trailers. This is the second time in four weeks that a gain in total rail traffic has been reported. Prior to the [week ending July 30, 2022](#), there had been 22 consecutive weeks of total traffic declines. Canadian railroads reported 75,585 carloads for the week, increasing 1.2%, and 74,484 intermodal units, growing 1% from the year-ago period. For the first 33 weeks of 2022, they reported cumulative rail traffic volume of 4,747,008 carloads, containers and trailers, a 3.2% drop.

25. TSB urges measures to combat fatigue in derailment findings

The Transportation Safety Board says a 2019 train collision and derailment west of Winnipeg was the result of crew fatigue and inexperience and has made recommendations to prevent similar accidents in the future. "If Transport Canada and the railway industry do not act more quickly to implement physical fail-safe defences to reduce the consequences of inevitable human errors, the risk of collisions and derailments will persist with a commensurate risk to people, property and the environment," board chair Kathy Fox said on August 24, 2022.

26. Transit Briefs: TTC, Metrolinx

The Toronto Transit Commission (TTC) celebrates 100 years with new mural at Davisville Station. The celebration included a final public event at TTC Hillcrest Complex. A commemorative 100th Anniversary coffee table book, artwork and other merchandise are available for purchase in the TTC online store at [ttcshop.ca](#). At Metrolinx, work on the Ontario Line is already well under way in some spots along the subway's 15.6-kilometer route, as crews have begun to "cross tasks of the list of important work to complete before major construction on stations and tunnels begins in

2023.” Earlier this year, construction crews broke ground at Exhibition Station where a new station building will be built to serve both the Ontario Line subway and Lakeshore West GO services. A new pedestrian bridge crossing the rail corridor will also be constructed, Metrolinx, says, improving pedestrian flow and easing crowding in the existing tunnel during events in and around Exhibition Place. Heading east along the Ontario Line route into the Corktown neighborhood sits two construction sites flanking Front Street between Parliament and Berkeley streets. This area, Metrolinx says, will be the site of the future station serving Corktown, and where the Ontario Line tunnel boring machine shaft will be located. According to Metrolinx, the station serving Corktown will put approximately 26,400 people within a short distance of a subway station and connect to popular surface routes, such as the 504 King TTC Streetcar, 65 Parliament TTC bus and 172 Cherry Street TTC bus.

27. Three US rail unions reach deal

Three of the 12 unions negotiating with the US’s biggest freight railroads have reached a tentative deal which will deliver 24 percent pay raises, in line with what a special presidential panel of arbitrators recommended earlier this month to resolve the stalemate before a strike could happen. The tentative five-year deal announced on August 29, 2022 covers more than 15,000 members of the International Association of Machinists, the Transportation Communications Union and the Brotherhood of Railway Carmen unions. But the two biggest rail unions that represent engineers and conductors said over the weekend they still haven’t been able to reach a deal their members would accept.

HIGHWAY TRANSPORTATION

1. Couriers and Messengers Services Price Index, June 2022

The Couriers and Messengers Services Price Index (2019=100) is now available for June on Statistics Canada website. The couriers and Messenger Service Price Index for June 2022 was 131.3 compared to 106.7 a year ago. The courier component of this index was 133.7 compared to 107.2 a year ago.

2. TFI posts strong Q2 results

TFI International posted a strong second quarter as it continues to improve the efficiency of TForce Freight through a reshaping of its network. Adjusted net income was up 76% to \$241.1 million (all figures U.S.) year over year (once adjusted to reflect one-time gains in Q2 2021). Alain Bédard, chairman, resident and chief executive officer said “TFI International produced exceptionally strong results despite volatile macro conditions, with strong across-the-board performance and robust free cash flow that demonstrates the strength of our operating principles, a wealth of internal levers to drive efficiencies, and the growing diversity of our end markets.”

3. Fuel, Supply Chains Woes Keep capacity Tight: FTR

Industry forecaster FTR says fuel prices and tight capacity utilization offset some rate relief enjoyed by shippers. FTR says its outlook for the index reflects little change as utilization and rates are likely to remain “mildly unfavorable” for shippers. “There is a lot of uncertainty in the weeks and months ahead as congestion remains a front burner issue for anyone moving freight through the port and rail supply chain,” said Todd Tranausky, FTR’s vice-president – rail and intermodal. “There is no easy solution to the congestion woes facing the ports and rail carriers, and it is unlikely to improve meaningfully before the peak season ramps up.”

4. Uber reports record revenue, but delivery takes a back

It looks like rideshare is back in the driver’s seat for Uber after Eats and its delivery business steered the company through the pandemic. The company reported a record \$8.1 billion in revenue for the second quarter of 2022, up 33% from a year ago, due largely to growth in its mobility business. More drivers (5 million) and customers (122 million per month) used Uber’s platform in Q2 than ever before, which helped it offset losses from its investments in Aurora, Grab and Zomato. In another milestone, the company’s free cash flow reached \$382 million, the first time that quarterly figure has ever been positive. That, in essence, means that Uber made more from its business operations than it lost. The company’s stock popped 12% in premarket trading on August 2, 2022 as investors took kindly to the

HIGHWAY TRANSPORTATION Canada

1. Couriers and Messengers Services Price Index, June 2022, July 29, 2022, www.statcan.gc.ca
2. TFI posts strong Q2 results, July 30, 2022, www.todaystrucking.ca
3. Fuel, Supply Chains Woes Keep capacity Tight: FTR, July 29, 2022, www.ontruck.ca
4. Uber reports record revenue, but delivery takes a back, August 3, 2022, www.freightwaves.com
5. Fastfrate Group’s Acquisition of Challenger Creates New Synergies, August 2, 2022, www.ontruck.ca
6. Natgas Truck Sales on the Rise, While Electric Draws More Interest: ACT, August 5, 2022, www.ontruck.ca
7. Customs broker system outage delays truckers at border, August 5, 2022, www.todaystrucking.ca
8. Canada Cartage sold to private asset firm, August 9, 2022, www.insidelogistics.ca
9. Trucking costs reach record highs, August 10, 2022, www.todaystrucking.com
10. Mubadala Capital to acquire Canada Cartage, the leading short-haul trucking and logistics business in Canada, August 11, 2022, www.ontruck.org
11. Competition Bureau cautions snow plow operators, August 12, 2022, www.todaystrucking.ca
12. Eagle eyes ways to refine trucking by using AI, August 16, 2022, www.todaystrucking.ca
13. Autonomous trucks will do jobs human drivers don’t like, panel says, August 17, 2022, www.insidelogistics.com
14. Urban public transit, June 2022,

news. “I challenged the team to meet our profitability commitments even faster than planned, and the team delivered,” said Uber CEO Dara Khosrowshahi in prepared remarks.

5. Fastfrate Group’s Acquisition of Challenger Creates New Synergies

Fastfrate Group’s acquisition of the Challenger Group will give rise to one of Canada’s largest, most diverse and integrated trucking companies, say the leaders of both operations. As a private company, Fastfrate does not release specific financial terms of deals, but buying Challenger is said to add 1200 tractors, 3000 trailers and 300 chassis to Fastfrate’s fleet – for a total of well over 2000 tractors, 4000 trailers, 900 chassis and about 5000 employees and owner operators, plus 45 facilities. That would make it Canada’s sixth largest for-hire fleet by size (when measured against *Today’s Trucking’s* 2021 top 100 fleet list) and arguably a top five carrier by revenue. Fastfrate chair, Ron Tepper, told OTA that when the opportunity arose to grow by acquiring a North American truckload carrier with a solid asset-base and a fleet as well run as Challenger, he couldn’t pass it up.

6. Natgas Truck Sales on the Rise, While Electric Draws More Interest: ACT

North American natural gas truck sales in the U.S. and Canada rose 11% year-to-date through May 2022, according to ACT Research. “Sales of natural gas-powered vehicles as reported by the six major truck OEMs, who account for approximately 60% of the heavy-duty natural gas market, were mixed in the March to May 2022 time period, with March 2022 dipping 3% year over year, April 2022 surging 23% compared to last April, and May 2022 flat versus a year ago,” said Steve Tam, vice-president at ACT Research. “In the near term, after a near doubling from February to March (+96%), April and May dribbled lower -16% and -1%, respectively. Combined, sales in the three-month period extended, but decreased the year-to-date gain, with the first five months of the year outpacing the same period in 2021 by 11%.”

7. Customs broker system outage delays truckers at border

Commercial truck drivers faced long wait times and delays at U.S.-Canada border crossings in Ontario after Customs broker Livingston International experienced a system outage. The Canada Border Services Agency (CBSA) confirmed that Livingston International experienced a system outage that was preventing it from providing critical advanced information required by the CBSA for the purpose of clearing commercial imports. A CBSA spokeswoman told *trucknews.com* the outage has been resolved and “we are working with our partners at the U.S. CBP, bridge commission, the trucking community and the client to clear the resulting backlog of trucks seeking entry into Canada.”

8. Canada Cartage sold to private asset firm

Mubadala Capital, a subsidiary of Mubadala Investment Company, is buying Canada Cartage from Nautic partners. “We have enjoyed exceptional growth since 2007 in collaboration with the team at Nautic Partners. Now we are excited to partner with Mubadala Capital to help us to continue building a world-class transportation and logistics business,” said Jeff Lindsay, president and CEO of Canada Cartage. “Their team shares our vision of building an industry leader that focuses on innovative supply chain solutions, strong customer partnerships, and being a great place for people to work.”

9. Trucking costs reach record highs

Trucking was more expensive in 2021 than ever before, according to the latest *Analysis of the Operational Costs of Trucking* report from the American Transportation Research Institute (ATRI). The total cost of trucking increased 12.7% in 2021, to US\$1.855 per mile, according to the study of U.S. fleets. That’s the highest cost on record, and was driven by fuel (+35.4% compared to 2020), repair and maintenance costs (+18.2%), and driver wages (+10.8%). Collectively, costs were up US\$74.65 per hour compared to the previous year. Smaller fleets were hit hardest, with fleets running 100 or fewer trucks seeing their costs increase 4.9 cents a mile more than larger fleets. Driver compensation averaged 80.9 U.S. cents a mile, a 10% increase over 2020, ATRI reports.

10. Mubadala Capital to acquire Canada Cartage, the leading short-haul trucking and logistics business in Canada

Mubadala Capital, the wholly owned asset management subsidiary of Mubadala Investment Company, announced the entry into a definitive agreement to acquire Canada Cartage. Canada Cartage currently operates through a network of 33 facilities across Canada and is comprised of two business segments: Dedicated Transportation and Logistics. Canada

August 18, 2022, www.statcan.gc.ca

15. Trucking Ops Costs Reach Record Highs: ATRI, August 19, 2022, www.ontruck.ca

16. TFI International selling truckload, temp control and Mexican business, August 23, 2022, www.insidelogistics.ca

17. B.C. increases enforcement after trucks hit overpasses, August 22, 2022, www.todaystrucking.com

18. North American Transborder Freight up 21.8% in June 2022 from June 2021, August 24, 2022, www.bts.gov

19. Electric trucks get reality check at ACT Research conference, August 24, 2022, www.todaystrucking.com

20. ATA Truck Tonnage Index Decreased 1.1% in July, August 24, 2022, www.ajot.com

21. Canadian spot market dipped 26% in July: Loadlink, August 25, 2022, www.todaystrucking.ca

22. US Driver Demand Drives Up Pay, August 25, 2022, www.ontruck.ca

25. Loomis Express workers could strike Wednesday, August 30, 2022, www.insidelogistics.ca

25. Loomis Express workers could strike Wednesday, August 30, 2022, www.insidelogistics.ca

23. CTA Warns Feds: This is Not the Time for Adding Stress to Supply Chain, August 26, 2022, www.ontruck.ca

24. Autonomous trucks continue to prove themselves in pilot projects, Aug. 2, 2022, www.todaystrucking.com

25. Loomis Express workers could strike Wednesday, August 30, 2022, www.insidelogistics.ca

Cartage's Dedicated Transportation business provides its customers with expert management of their transportation needs, allowing them to realize cost efficiencies and reallocate resources towards core operations. This segment secures essential transportation and distribution services that are embedded into customer operations and are predominantly comprised of contracted partnerships with customers that in many cases span decades and multiple economic cycles.

11. Competition Bureau cautions snow plow operators

Canada's Competition Bureau is warning snow removal companies that they are walking on "thin ice" if they talk about certain subjects with competitors. "Some competing snow removal companies in your region may approach you soon or over the course of the winter, offering to 'share the workload' or 'split streets' with you. They might even try to convince you to apply a surcharge for a heavy snowfall season," the Bureau says in an Aug. 11 notice. "Agreements with competitors on these topics are illegal and could have significant consequences for you and your business." Snow removal businesses are prohibited from agreeing with competitors about charges, increases or surcharges; territories or streets to be covered; or the number of customers to be signed up. The regulator recommends deciding on pricing independently, explaining contract terms to customers, and reporting suspicious activity through the Bureau's whistleblowing initiative.

12. Eagle eyes ways to refine trucking by using AI

Ontario-headquartered Eagle believes many solutions can be found by applying artificial intelligence (AI) – and it's done that very thing for clients such as Walmart Logistics, Agropur, and Cargill. CEO Amir Hoss first experienced AI when working for an automotive OEM, where the technology helped refine manufacturing processes. It's where AI-based camera systems were used to inspect everything from paint colors to alignments within seconds – a vital step when a car rolls off an assembly line every 45 seconds. But Eagle was established to apply such technologies to an array of applications, particularly those in the world of logistics. Hoss says "The idea was to ensure that people don't spend their time on redundant tasks, on tasks that a \$100 camera or a solution can simply replace."

13. Autonomous trucks will do jobs human drivers don't like, panel says

As human drivers step back from longhaul and middle-mile work, autonomous trucks could help fill less-desirable roles. Some might say this is going to take jobs away from drivers, but this is not so, says Stephan Olsen, Paccar's general sales manager, fleet & specialty markets. Truckers want to be home every night and are seeking first- and last-mile jobs, he adds. Letting them choose jobs that offer more family time will keep them in an industry that is facing a truck driver shortage. Let the machines do jobs that humans don't want to do, he said during a session at Trimble's Insight Tech User Conference and Expo in Orlando. "Autonomy is a hand-in-glove scenario with hauling freight that has some benefit to human drivers."

14. Urban public transit, June 2022

In June 2022, Canada's urban transit ridership reached over 96 million passenger trips, an increase of more than 40 million from June 2021. With COVID-19-related restrictions eased across the country, many workers returned to the workplace on a full time or hybrid basis, helping to push transit recovery to a new high—63.6% of its pre-pandemic ridership from June 2019. In June 2022, transit agency operating revenues (excluding subsidies) reached \$231.9 million—an increase of \$104.3 million from the same month in 2021. While this total revenue was the highest level recorded since March 2020, it was still 30.0% below the operating revenues earned in June 2019, before the pandemic.

15. Trucking Ops Costs Reach Record Highs: ATRI

Last year was the most expensive time to operate a truck than any time in history, according to the latest Analysis of the Operational Costs of Trucking report from the American Transportation Research Institute (ATRI), which CTA is a member of. The total cost of trucking increased 12.7% in 2021, to US\$1.855 per mile, according to the study of U.S. fleets. That's the highest cost on record, and was driven by fuel (+35.4% compared to 2020), repair and maintenance costs (+18.2%), and driver wages (+10.8%). Collectively, costs were up US\$74.65 per hour compared to the previous year. Smaller fleets were hit hardest, with fleets running 100 or fewer trucks seeing their costs increase 4.9 cents a mile more than larger fleets. Driver compensation averaged 80.9 U.S. cents a mile, a 10% increase over 2020, ATRI reports.

16. TFI International selling truckload, temp control and Mexican business

TFI International Inc. is selling Contract Freightier's truckload, temp control and Mexican non-asset logistics businesses (the CFI TL, TC & MX business) to Heartland Express, Inc. for US\$525 million. The CFI TL, TC & MX business provides truckload service offerings, including time-definite dry-van truckload, long-haul and short-haul freight transportation, reefer transportation and Mexico-based non-asset logistics services. It has 2,000 tractors, 7,800 trailers and 2,800 employees. CFI's Mexican logistics business has a network of nearly 200 C-TPAT certified Mexico carrier partners.

17. B.C. increases enforcement after trucks hit overpasses

The B.C. Ministry of Transportation and Infrastructure has increased its Commercial Vehicle Safety and Enforcement (CVSE) patrols with an emphasis on enforcing height restrictions in response to a spate of commercial vehicles

colliding with overpasses. The province says in the past 12 months there have been at least seven incidents of trucks carrying overheight loads striking overhead bridges, according to news reports. Since June 2022, there have been at least four incidents in which commercial trucks carrying oversized loads have hit overpasses along B.C. highways. In early June, a truck collided with the Cambie Road overpass in Richmond, causing part of Hwy. 99 to shut down. A couple of weeks later, a dump truck towing an excavator hit the 232nd overpass on Hwy. 1 in Langley.

18. North American Transborder Freight up 21.8% in June 2022 from June 2021

The highlights of transborder freight between the U.S. and North American countries (Canada and Mexico) in June 2022 were as follows: 1. Total transborder freight: \$141.2 billion of transborder freight moved by all modes of transportation, up 21.8% compared to June 2021; 2. Freight between the U.S. and Canada totaled \$73.3 billion, up 24.7% from June 2021; 3. Freight between the U.S. and Mexico totaled \$67.9 billion, up 18.8% from June 2021; 4. Trucks moved \$83.4 billion of freight, up 15.5% compared to June 2021; 5. Railways moved \$18.9 billion of freight, up 15.4% compared to June 2021. US-Canada freight in both directions by mode was as follows: 1. Truck \$37.2b; 2. Rail \$11.1b; 3. Pipeline \$13.2b; 4. Vessel \$4.5b; and 5. Air \$3.2b.

19. Electric trucks get reality check at ACT Research conference

Paul Rosa, Penske's senior vice-president knows people are enthusiastic about battery-electric trucks. He just believes it leaves a false impression about the number of such zero-emission vehicles in service. A mere 2,300 Class 3-8 electric vehicles were built in 2021, noted Penske's senior vice-president – procurement and fleet planning. Only 400 of the vehicles were Class 8 trucks. Another 400 were Class 5 units. The biggest share of the total included 900 Class 6/7 buses. Compare that to the 800,000 Class 4-8 vehicles manufactured overall. Battery-electric vehicles account for 0.5% of all vehicles on the road when all vehicle classes are considered, noted Patrick Manzi, chief economist at the National Automobile Dealers Association (NADA). "It's going to take a long time before they're the dominant powertrain on the road. It could be one or two decades before they begin to displace the number of combustion engines."

20. ATA Truck Tonnage Index Decreased 1.1% in July

American Trucking Associations' advanced seasonally adjusted (SA) For-Hire Truck Tonnage Index fell 1.1% in July 2022 after rising 0.5% in June 2022. In July, the index equaled 116.2 (2015=100) versus 117.5 in June. "Tonnage declined sequentially in July for only the second time during the last twelve months. Despite the dip from June, tonnage remains at elevated levels and increased significantly from a year earlier," said ATA Chief Economist Bob Costello. "While tonnage is much stronger than a year ago, the monthly gains have moderated as the year has gone on. The combination of softer consumption of goods, home construction falling and slower manufacturing activity are the main reasons."

21. Canadian spot market dipped 26% in July: Loadlink

The Canadian spot market softened again in July 2022, with loads dropping 26% from June 2022 and 11% year over year, *Loadlink Technologies* reported. July's truck-to-load ratio was 3.51, just over 14% higher than the ratio of 3.08 in July 2021. Capacity has grown for a fourth straight month in July 2022, continually recovering from the dramatic capacity strains brought about during the pandemic. While national averages trend downward, Loadlink's Posting Index reveals that there are lanes still experiencing growth. Truckloads shipping across the border from Canada to the U.S. fell by 18% from last month, now culminating in a 20% decline from this time last year. Equipment postings were up 2% year over year, unchanged from June. Inbound loads fell 38% compared to last month and 17% compared to last July. Equipment postings were up by 2% year over year and 2% from June 2022. Freight activity within Canada has seen a 17% dip from June 2022, though loads within Canada are still 5% greater than what was seen this time last year.

22. US Driver Demand Drives Up Pay

Truck driver wages in the US rose significantly in 2021 as demand for drivers amid the ongoing driver shortage increased, according to the results of an industry survey released by the American Trucking Associations. As part of the 2022 ATA Driver Compensation Study, fleets were queried about their driver and owner-operator compensation, including pay rates, bonuses and benefits. The fleets cumulatively represented more than 135,000 employee drivers and nearly 20,000 independent contractors. The median truckload driver earned about \$69,700 in 2021 — an 18% increase from the [previous survey in 2019](#) and up nearly 11% over 2020 levels. That median amount includes bonuses but excludes other benefits. The median includes new drivers to the industry, which brings down the average. There were many drivers who made significantly more than the media, said ATA Chief Economist Bob Costello in a press conference. The median salary for a driver at a private fleet was \$85,000. At a less-than-truckload fleet it was \$73,000.

23. CTA Warns Feds: This is Not the Time for Adding Stress to Supply Chain

The Canadian Trucking Alliance (CTA) is again calling for the Government of Canada to delay implementation of an incoming measure which will further aggravate besieged supply chains, exacerbate driver shortages and continue to push inflation higher, said CTA President Stephen Laskowski. In December 2021, the Government of Canada

introduced Bill C-3. Hurriedly passed earlier this year, the Bill would provide all workers in federally regulated sectors with 10-paid sick days. At the time, the justification for the measure was to reflect the government’s policy regarding 10-day quarantine/isolation periods resulting from COVID-19. However, since then, the government’s own position on general quarantine timeframes has changed as the spread and severity of COVID has slowed, rendering the justification moot. The policy is also out of step with sectoral trends which show most workers take less than five sick days per year. The CTA supports modernizing labour standards and protecting workers, though it urges the government to proceed with a more balanced and less hasty approach, reflecting the current state of the Canadian economy and its supply chains.

24. Autonomous trucks continue to prove themselves in pilot projects

Craig Harper first presented the idea of autonomous trucks to JB Hunt’s executive team back in 2016, although there wasn’t much to present at the time. “We couldn’t get a lot of information,” said the fleet’s chief sustainability officer and executive vice-president, during a presentation for ACT Research’s Seminar 67. Many of his own queries during outside discussions were dismissed with phrases like “not in our lifetime.” So he began to reach out to consultants, and added events like the Consumer Electronics Show (CES) to his calendar. This summer, the concept came a step closer to reality. JB Hunt, Waymo, and Wayfair have joined forces to haul real freight in a pilot project testing Level 4 autonomous trucks. Tests with Waymo’s highly autonomous trucks led to a formal strategic alliance with the fleet, and a six-week pilot project saw freight from Wayfair hauled along the I-45 corridor between Houston and Dallas. “The pilot worked great,” Harper said, noting teams were impressed with the way the technology could identify and respond to roadside hazards and stalled vehicles. “You’re going to see the technology is much more advanced than you may have thought.”

25. Loomis Express workers could strike Wednesday [August 21, 2022]

Loomis Express workers in eight provinces have served strike notice. Almost 1,500 Unifor members can begin legal strike action in their respective time zones at 12:01 a.m. Wednesday August 31, 2022. The union warned in late July 2022 that a strike vote was likely, as a result of poor progress at the negotiating table. “This is yet another example of a huge corporation squeezing employees by shuffling work between subsidiaries or contracting out to avoid providing workers with decent full-time jobs,” said Lana Payne, Unifor national president.

GENERAL TRANSPORTATION

Canada

1. UPS is most valuable logistics brand in the world

UPS retains position as most valuable logistics brand; brand value up by 28% to US\$38.5 billion. UPS has held on to the top spot as the most valuable logistics brand in the world with a brand value of US\$38.5 billion, according to a new report from the leading brand valuation consultancy, Brand Finance. Despite disruptions to the global supply chain, the brand value of UPS jumped by a quarter over the year as demand for its services increased. Further, UPS has benefited from improved goodwill in many nations as it actively contributed to improving access to COVID-19 vaccination supplies for 110 countries. The brand used their logistics supply chain network to deliver shipments and medical equipment as needed throughout the world. Every year, leading brand valuation consultancy Brand Finance puts 5,000 of the world’s biggest brands to the test, and publishes around 100 reports, ranking brands across all sectors and countries. The world’s top 25 most valuable and strongest spirits brands are included in the annual Brand Finance Logistics 25 ranking. The brand value of UPS has grown by 28% in part due to acquisitions. In 2021, UPS acquired Roadie, a new delivery platform that provides same day delivery in the United States. UPS also forays into digital transformation with an innovation centre in Singapore to serve as a research and development hub in the APAC region.

2. U.S. Transportation Sector Unemployment Rate of 4.2% in July 2022 Was Below the July 2021 Level of 7.3% And Was The Same As the Pre-Pandemic July Level of 4.2% in 2019

The unemployment rate in the U.S. transportation sector was 4.2% (not seasonally adjusted) in July 2022 according to Bureau of Labor Statistics

GENERAL TRANSPORTATION

Canada

1. UPS is most valuable logistics brand in the world, August 2, 2022, www.ajot.com
2. U.S. Transportation Sector Unemployment Rate of 4.2% in July 2022 Was Below the July 2021 Level of 7.3% And Was The Same As the Pre-Pandemic July Level of 4.2% in 2019, August 5, 2022, www.bts.gov
3. Canadian Tourism Activity Tracker, May 2022, August 8, 2022, www.statcan.gc.ca
4. Canada’s trade surplus grows in June, August 9, 2022, www.insidelogistics.ca
5. Throne Speech Highlights Importance of Infrastructure, Labour, and Goods Movement as Ford Govt Establishes Plan to Build Ontario, August 9, 2022, www.ontruck.ca
6. Freight Transportation Services Index (TSI) reaches all-time high in June 2022, August 10, 2022, www.bts.gov
7. DOT, Supply Chain Companies Collaborate to Speed Up Movement of Goods, Cut Costs for Consumers, August 10, 2022, www.dot.gov
8. Leading indicator of international arrivals to Canada, July 2022, August 11, 2022, www.statcan.gc.ca
9. Trudeau trade chief vows to keep pushing US on global tax deal, August 14, 2022, www.ajot.com
10. China’s reliance on Taiwan would make trade retaliation costly, August 16, 2022, www.ajot.com
11. Retailers in Canada See First Sales Drop in Seven Months, August 19, 2022, www.ajot.com

(BLS) data recently updated on the Bureau of Transportation Statistics (BTS) Unemployment in Transportation dashboard. The July 2022 rate fell 3.1 percentage points from 7.3% in July 2021 and was same as the pre-pandemic July level of 4.2% in July 2019. Unemployment in the transportation sector reached its highest level during the COVID-19 pandemic (15.7%) in May 2020 and July 2020. Unemployment in the transportation sector was above overall unemployment. BLS reports that the U.S. unemployment rate, not seasonally adjusted, in July 2022 was 3.8% or 0.4 percentage points below the transportation sector rate. Seasonally adjusted, the U.S. unemployment rate in July 2022 was 3.5%.

12. Travel between Canada and other countries, June 2022, August 23, 2022, www.statcan.gc.ca
13. National Travel Survey, first quarter 2022, August 26, 2022, www.statcan.gc.ca
14. 4 ways the Inflation Reduction Act could impact supply chains, August 26, 2022, www.freightwaves.com

3. Canadian Tourism Activity Tracker, May 2022

In May 2022, overall tourism activity in Canada was 21.2% below the level reached in May 2019, before the COVID-19 pandemic. Tourism activity has steadily improved from May 2021, except for a temporary pause in January 2022 due to the Omicron variant and renewed COVID-19 restrictions. Both domestic and inbound travel contributed to the improvement in overall tourism recovery across the country in May, the third consecutive month to reach the highest level recorded since the onset of the pandemic. Visit the Canadian Tourism Activity Tracker visualization tool to interact with the data.

4. Canada's trade surplus grows in June

Canada's merchandise trade surplus with the world widened from \$4.8 billion in May 2022 to \$ 5.0 billion in June 2022. Exports rose 2.0 percent (month-on-month) in June 2022, while imports rose 1.7 percent, according to the latest numbers from the Conference Board of Canada. Total exports rose for the sixth consecutive month to \$69.9 billion in June 2022. Exports of energy products were up 3.2 percent to \$21.0 billion in June, representing 30 percent of total exports. While energy products were crucial to the gain in total exports, non-energy exports also increased by 1.4 percent.

5. Throne Speech Highlights Importance of Infrastructure, Labour, and Goods Movement as Ford Govt Establishes Plan to Build Ontario

The Ontario Trucking Association (OTA) is applauding August 9th's Throne Speech and reintroduction of Ontario's 2022 Budget, which provides a roadmap for investments in infrastructure and roads, attracting skilled workers, and addressing labour shortages, as the impact of inflationary pressures and supply chain concerns continue during an unsteady economic period. Some of the highlights of the address by Lieutenant Governor Elizabeth Dowdeswell, included the importance of the Highway 413 project, the Bradford Bypass, and various other road and infrastructure projects promised in the 2022 budget, adding that these projects will provide much-needed relief to some of the busiest transportation corridors in North America. It was also stated that upwards of \$11 billion in productivity is lost every year due to congestion and other road issues that impact the efficiency of transport trucks on Ontario roadways – further illustrating why the importance of efficient goods movement remains a top priority for the Ford Government. The Throne speech reiterated the Ford Government's intent to fill immediate labour gaps.

6. Freight Transportation Services Index (TSI) reaches all-time high in June 2022

The Freight Transportation Services Index (TSI), which is based on the amount of freight carried by the for-hire transportation industry, rose 1.7% to an all-time high in June 2022 from May 2022, rising for the second consecutive month, according to the U.S. Department of Transportation's Bureau of Transportation Statistics' (BTS). From June 2021 to June 2022 the index rose 4.6%. The graph indicates changes over time.

7. DOT, Supply Chain Companies Collaborate to Speed Up Movement of Goods, Cut Costs for Consumers

On August 10, 2022 at the Department of Transportation, Secretary Pete Buttigieg and Port Envoy Gen. Stephen Lyons will host a convening of Freight Logistics Optimization Works (FLOW) partners to advance the development of the initiative and welcome new members. The convening marks an important milestone for FLOW – the number of participants has doubled, and existing partners having begun securely sharing data with USDOT for the first time. At the convening, members who operate across our supply chains will discuss the results of their recent innovative data sharing and how it can help meet the challenges that remain.

8. Leading indicator of international arrivals to Canada, July 2022

In July 2022, the number of international arrivals to Canada rose sharply from July 2021, continuing the recovery, but not yet reaching levels recorded before the COVID-19 pandemic. Over one million non-resident visitors arrived from abroad at Canadian airports equipped with electronic kiosks in July 2022, the first month to reach this milestone since the start of the pandemic. Likewise, US residents took 1.2 million trips to Canada through land ports with electronic sensors in July 2022, also exceeding one million for the first time in over two-and-a-half years. At the same time, the number of Canadian residents returning by air from visiting abroad via kiosk-equipped airports (1.1 million) was over five times greater than in July 2021. Compared with July 2021, over 1.5 million more Canadian residents (for a total of 1.8 million) returned from trips to the United States through land ports with electronic sensors. This release provides a

first glimpse at international arrivals to Canada in July 2022. Complete counts will be available with the July release of "Travel between Canada and other countries" on September 23, 2022.

9. Trudeau trade chief vows to keep pushing US on global tax deal

Canada's trade minister praised US passage of a landmark tax and climate-change bill, playing down the potential for conflict over what was left out of it. Mary Ng said legislation approved on August 12, 2022 afternoon by the House of Representatives represents a diplomatic victory for Prime Minister Justin Trudeau's government. She led the push against an earlier proposal that would have restricted electric vehicle tax credits to cars and trucks built by unionized US workers, making it harder for Canadian auto plants to compete. "This recognizes the importance of the integrated supply chain that has always been Canada and the United States in making automobiles," Ng said by phone from her district in suburban Toronto. "It's really good for workers and it's really good for jobs." *The Inflation Reduction Act* that's now headed to President Joe Biden's desk includes language that applies the incentives to vehicles built anywhere in North America. But it was stripped of a change that would have brought the US in line with a global deal on a 15% minimum corporate tax.

10. China's reliance on Taiwan would make trade retaliation costly

China's military drills after US House Speaker Nancy Pelosi visited Taiwan sparked alarm around the region, although its trade retaliation barely made a dent -- mostly because Beijing doesn't want to hurt itself. The value of trade targeted by China's sanctions contributes to a tiny amount of less than 1% to Taiwan's gross domestic product, according to economists, taking the sting out of China's announcements. Beijing could ramp up actions by targeting more food products, wood or minerals. But levies on any big-ticket items that would cause real damage to Taipei -- such as semiconductors -- are near-unthinkable, given China's reliance on the island for cutting-edge technology. "The chance remains relatively low" for China to target Taiwanese tech, said Ma Tieying, an economist at DBS Group Holdings Ltd. "If you look at Taiwan's role in global semiconductor supply, it's very much dominant. It would be very difficult for China to find the alternative supply if it bans the Taiwan-made semiconductors." Beijing still has a few tools it could deploy to pressure Taipei. China and Hong Kong account for around 40% of Taiwan's total exports, though Taipei has made efforts to reduce its economic dependence on China in recent years. More restrictions would be an economic headache for Taiwan, which is already grappling with slowing global demand for electronics and high inflation, cooling its growth outlook.

11. Retailers in Canada See First Sales Drop in Seven Months

Canadian shoppers may be starting to pull back on their spending as inflation erodes their purchasing power. An advance estimate suggests retail sales dropped 2% in July 2022, Statistics Canada reported on August 19, 2022 in Ottawa. That's after a 1.1% jump in June 2022, the sixth straight increase, which was driven by higher sales at gas pumps and vehicle dealers. The July number suggests higher inflation, rising interest rates and slumping confidence may be starting to weigh on household spending following a period of consumer resiliency during the economy's reopening. The statistics agency didn't provide details of the July number, though inflation data from the same month show gasoline prices fell sharply. The early estimate is based on responses received from 36.5% of companies surveyed. Some of the estimated decline "can be chalked up to lower gasoline prices, but the majority looks to be due to consumer fatigue," Royce Mendes, head of macro strategy at Desjardins Securities Inc., said in a report to investors. "Canadians have been feeling the pinch from both high inflation and rising interest rates. So it should come as little surprise that retailers are beginning to see the pace of sales slow."

12. Travel between Canada and other countries, June 2022

In June 2022, the number of international arrivals to Canada continued to increase, but still remained less than 2019 levels, before the pandemic. Residents of overseas countries made over 13 times more trips to Canada in June 2022 compared with the same month in 2021, over half (52.2%) of the trips taken in June 2019. Likewise, US residents took more than 1.7 million trips to Canada in June 2022. This too was over 13 times the number of trips seen in June 2021, and represented 57.5% of the trips in June 2019. Canadian residents returned from almost 2.6 million trips in June 2022, nearly seven times more trips compared with June 2021. The number of trips by Canadian residents reached three-fifths (59.9%) of the June 2019 pre-pandemic level. For more up-to-date estimates of international arrivals into Canada, please see July's "Leading indicator of international arrivals to Canada."

13. National Travel Survey, first quarter 2022

In the 2022 first quarter, Canadians took 46.5 million trips within Canada or abroad, almost 20 million more than the first quarter of 2021. While this is less than three-quarters (73.2%) of the number of trips taken during the same period in 2019 before the COVID-19 pandemic, the increase from 2021 demonstrates a continued recovery in travel activity. The majority of trips (93.5%) made by Canadians from January to March 2022 were domestic, whereas before the pandemic, roughly 15% were destined for the United States or overseas. In the first quarter, Canadians spent nearly twice as much on domestic trips (\$10.0 billion) as on international travel (\$5.8 billion). Compared with the first quarter of 2019, although Canadians took longer trips, domestic tourism spending was 3.9% below the pre-pandemic level.

Internationally, with fewer trips made overall, tourism spending abroad was 47.1% lower in the first quarter compared with its 2019 counterpart. More recent data on international travel by Canadian residents are available from the monthly "Travel between Canada and other countries."

14. 4 ways the Inflation Reduction Act could impact supply chains

The Inflation Reduction Act of 2022 (IRA) signed into law by President Joe Biden earlier this month is designed to reduce inflation, but it also includes \$300 billion worth of grants and incentives for clean energy and initiatives to combat climate change. The goal of the incentives is to accelerate electric vehicle adoption, green ports, increase renewable energy capacity and support products made in the U.S. There are also tax reforms and provisions for health care. The climate legislation is supposed to help the U.S. lower greenhouse gas emissions by 40% by 2030 compared to 2005 levels.