

Transportation Information Update*

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AIR TRANSPORTATION

1. Monthly civil aviation statistics, April 2023

Major Canadian airlines carried 6.4 million passengers on scheduled and charter services in April 2023, up 36.4% from the same month in 2022, but 9.7% below the April 2019 level, before the COVID-19 pandemic. With traffic at 16.6 billion passenger-kilometres and capacity at 19.4 billion available seat-kilometres, the passenger load factor was 85.6% in April 2023, above the pre-pandemic April 2019 level (84.8%). Operating revenue earned in April 2023 exceeded the pre-pandemic level for the fifth consecutive month.

2. Aircraft movement statistics: Major and select small airports, April 2023

In April 2023, Canada's major and select small airports recorded a total of 453,589 aircraft movements. This was an increase of 6.7% from April 2022, but 11.1% lower than in April 2019, before the COVID-19 pandemic. Movements to and from the United States increased 20.6% year over year in April 2023, while other international traffic rose 32.2%. Total domestic movements were up 5.4%. Movements in all three sectors remained below their respective April 2019 levels.

3. Travel Consumer Report: April 2023 Numbers

The U.S. Department of Transportation (DOT) on June 29, 2023 released its Air Travel Consumer Report (ATCR) on airline operational data compiled for the month of April 2023 for on-time performance, mishandled baggage, and mishandled wheelchairs and scooters. In April 2023, the 586,353 flights operated were 103.43% of the 566,893 flights operated in April 2022. Reporting marketing carriers posted an on-time arrival rate of 75.7%, up from the rate of 75.4% in March 2023 and down from the rate of 76.0% in April 2022. Reporting marketing carriers canceled 1.7% of their scheduled domestic flights, higher than the rate of 1.3% in March 2023 and lower than the rate of 2.3% in April 2022. The Department received a high volume of air travel service complaints and inquiries against airlines and ticket agents in recent months. Airlines reported 18 tarmac delays of more than three hours on domestic flights, compared to 13 tarmac delays reported in March 2023.

4. WestJet to serve as Canada's gateway to world-renowned shore diving destination, Bonaire

WestJet on July 4, 2023 announced the addition of the beautiful island of Bonaire to its Caribbean destinations with non-stop seasonal service from Toronto. Starting December 12, 2023, WestJet will offer flights once per week between Canada's Queen City and the stunning Dutch Caribbean island. Today's announcement marks a significant milestone for both the airline and City of Toronto with WestJet serving as the only carrier providing scheduled non-stop lift to the island of Bonaire. The addition of Bonaire to WestJet's growing network reaffirms the airline's commitment to bolstering its presence in Eastern Canada through connectivity to popular sun and leisure destinations.

AIR TRANSPORTATION Canada

1. Monthly civil aviation statistics, April 2023, June 29, 2023, www.statcan.gc.ca
2. Aircraft movement statistics: Major and select small airports, April 2023, June 29, 2023, www.statcan.gc.ca
3. Travel Consumer Report: April 2023 Numbers, June 29, 2023, www.dot.gov
4. WestJet to serve as Canada's gateway to world-renowned shore diving destination, Bonaire, July 4, 2023, www.westjet.ca
5. Air Cargo Demand Remains Weak in May, July 5, 2023, www.iata.org
6. Strong Air Travel Growth Continues in May as Load Factor Rises to 2019 Levels, July 6, 2023, www.iata.org
7. Government of Canada invests in building a United States preclearance facility at Billy Bishop Toronto City Airport, June 30, 2023, www.tc.gc.ca
8. IATA Releases Industry Net Zero Tracking Methodology to Guide Industry Emission Reporting, July 7, 2023, www.iata.org
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10. U.S. Airlines' May 2023 Fuel Cost per Gallon Down 8.1% from April 2023; Aviation Fuel Consumption Down 1.1% from Pre-Pandemic May 2019, July 7, 2023, www.bts.gov
11. Transport Canada contracts with autonomous air carrier, July 7, 2023, www.insidelogistics.ca
12. U.S. Cargo and Passenger Airlines Added 1,948 Jobs in May 2023; Employment Remains 8.2% Above Pre-Pandemic May 2019, July 10, 2023, www.bts.gov
13. The Canadian Transportation Agency launches consultations to strengthen air passenger protection, July 11, 2023, www.cta-otc.gc.ca
14. 94 million earmarked for Pearson cargo upgrades, July 11, 2023, www.insidelogistics.ca
15. Air Canada Opens First Maple Leaf Lounge at San Francisco International Airport, July 12, 2023, www.aircanada.ca
16. April 2023 U.S. Airline Traffic Data Up 7.8% from the Same Month Last Year, 14 July 2023, www.bts.gov
17. Government of Canada announces funding for essential projects and equipment at Greater

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

5. Air Cargo Demand Remains Weak in May

The International Air Transport Association (IATA) released data for May 2023 global air cargo markets showing weak market conditions. Global demand, measured in cargo tonne-kilometers (CTKs), fell 5.2% compared to May 2022 (-6.0% for international operations). Capacity, as measured by available cargo tonne-kilometers (ACTKs), rose 14.5% compared to May 2022, primarily driven by belly capacity which increases as demand in the passenger business recovers. Capacity is now 5.9% above May 2019 (pre-pandemic) levels.

6. Strong Air Travel Growth Continues in May as Load Factor Rises to 2019 Levels

The International Air Transport Association (IATA) released May 2023 traffic data showing continued strong growth in air travel demand. *Total traffic* in May 2023 (measured in revenue passenger kilometers or RPKs) rose 39.1% compared to May 2022. Globally, traffic is now at 96.1% of May 2019 (pre-pandemic) levels. *Domestic traffic* for May 2023 rose 36.4% compared to the year-ago period. Total May 2023 domestic traffic was 5.3% above the May 2019 level. This is the second month in a row domestic traffic has exceeded pre-pandemic levels.

7. Government of Canada invests in building a United States preclearance facility at Billy Bishop Toronto City Airport

On June 30, 2023, the Minister of Transport, the Honourable Omar

Alghabra, announced an investment of up to \$30 million to build a new preclearance facility at Billy Bishop Toronto City Airport for United States-bound travellers. The new facility will build capacity for Toronto's growing business and leisure passenger volumes transiting through Canada's largest city. Fast and secure movement of people and goods across the United States border is key to boosting tourism, business, and trade. The Government of Canada's contribution builds on investments made by Ports Toronto, and the new preclearance facility will provide important benefits to Canadians and the air sector by: 1. increasing security and connectivity for business and leisure travellers using the Billy Bishop Toronto City Airport; 2. reducing airport congestion and transportation bottlenecks by increasing Canada's complement of airport pre-clearance facilities; and 3. improving fluidity and capacity in the transportation system.

8. IATA Releases Industry Net Zero Tracking Methodology to Guide Industry Emission Reporting

The International Air Transport Association (IATA) will publish an annual Track Zero report using IATA's Net Zero Tracking Methodology to report industry-level progress towards aviation's commitment to Net Zero carbon emissions by 2050. The *Net Zero Tracking Methodology* and related reporting process were developed with industry experts. IATA will aggregate and report annually inputs from IATA member airlines on an industry basis. After thorough validation, aggregate industry data from the previous calendar year will be reported annually in the fourth quarter of each year. The first report with airline-contributed data is planned for publication in Q4 2024. Non-IATA member airlines are also encouraged to contribute data and participate in the reporting.

9. Minister of Transport announces funding to increase supply chain capacity at Toronto Pearson International Airport

On July 7, 2023, the Minister of Transport, the Honourable Omar Alghabra, announced an investment of nearly \$94 million under the National Trade Corridors Fund for a cargo development project at Toronto Pearson International Airport. The project will improve cargo capacity by building two new facilities: the South Cargo Transfer Development Facility (YYZ South) and the North Cargo Apron Development (YYZ North). YYZ South will increase capacity for incoming cargo, and YYZ North will build additional infrastructure for more cargo aircraft parking spaces, which will also increase cargo capacity.

10. U.S. Airlines' May 2023 Fuel Cost per Gallon Down 8.1% from April 2023; Aviation Fuel Consumption Down 1.1% from Pre-Pandemic May 2019

The Department of Transportation's Bureau of Transportation Statistics (BTS) on July 7, 2023 released U.S. airlines' May 2023 fuel cost and consumption numbers indicating U.S. scheduled service airlines used 1.566 billion gallons of fuel, 5.5% more fuel than in April 2023 (1.484 billion gallons) and 1.1% less than in pre-pandemic May 2019. The cost per gallon of fuel in May 2023 (\$2.44) was down 22 cents (8.1%) from April 2023 (\$2.66) and up \$0.33 (15.6%) from May 2019. Total May 2023 fuel expenditure (\$3.82B) was down 3.1% from April 2023 (\$3.94B) and up 14.3% from pre-pandemic May 2019. Year-over-year changes in fuel consumption and cost for May 2023 include 8.3% increase in

Moncton Roméo LeBlanc International Airport, July 17, 2023, www.tc.gc.ca
18. First Quarter 2023 Average Air Fare Decreases 4.1% from Fourth Quarter 2022, July 17, 2023, www.bts.gov
19. Air Canada Rolls Out More Product Improvements Offering Additional Comfort and Convenience, July 19, 2023, www.aircanada.ca
20. Addressing North American Air Traffic Control Shortcomings, July 20, 2023, www.iata.org
21. Emirates Welcomes Air Canada to Terminal 3 at Dubai International, July 25, 2023, www.aircanada.ca
22. DHL Express gets local approval for California air hub, July 24, 2023, www.freightwaves.com
23. FedEx pilots reject labor deal, sending both sides back to talks, July 24, 2023, www.ajot.com
24. Porter adds Edmonton to Ottawa E195-E2 network, July 25, 2023, www.fluporter.com
25. Monthly civil aviation statistics, May 2023, July 25, 2023, www.atatcan.gc.ca
26. Porter partners with Macquarie Asset Management on development of Montreal Saint-Hubert Airport passenger terminal, July 27, 2023, www.flyporter.com

domestic fuel consumption, 32.1% decrease in domestic fuel cost, and 37.3% decrease in cost per gallon. Domestic fuel consumption increased 4.5% from April 2023 to May 2023, while decreasing 0.5% from May 2019. Increased fuel consumption reflects an increase in airline passenger travel over the same period.

11. Transport Canada contracts with autonomous air carrier

Ribbit, a cargo airline startup developing software for autonomous flight, has signed a \$1.3M contract with Transport Canada and Innovative Solutions Canada to begin testing self-flying aircraft in remote regions. The company has [completed over 200 hours of hands-free flight on a two-seat airplane](#), and is rapidly advancing operational testing in preparation for commercial service. The company will provide Transport Canada with a single aircraft along with remote crew and maintenance services to sustain autonomous cargo flights for one year. Transport Canada will use the data gained to help inform future aviation regulations, standards, and policy.

12. U.S. Cargo and Passenger Airlines Added 1,948 Jobs in May 2023; Employment Remains 8.2% Above Pre-Pandemic May 2019

U.S. airline industry (passenger and cargo airlines combined) employment increased to 798,850 workers in May 2023, 1,948 (0.24%) more workers than in April 2023 (796,902) and 60,790 (8.24%) more than in pre-pandemic May 2019 (738,060). U.S. scheduled-service passenger airlines employed 521,853 workers in May 2023 or 66% of the industry-wide total. Passenger airlines added 4,342 employees in May 2023 for a twenty-fifth consecutive month of job growth dating back to May 2021. United Air Lines led scheduled passenger carriers, adding 1,194 employees; American Airlines added 958, and Delta added 954. U.S. cargo airlines employed 273,113 workers in May 2023, 34% of the industry total. Cargo carriers lost 1,346 employees in May. FedEx, the leading air cargo employer, decreased employment by 1,195 jobs.

13. The Canadian Transportation Agency launches consultations to strengthen air passenger protection

On July 11, 2023, the Canadian Transportation Agency (CTA) is launching consultations on proposed amendments to the [Air Passenger Protection Regulations](#) (APPR), and invites Canadians to participate. The *Budget Implementation Act* introduces changes to the *Canada Transportation Act* (the Act) to clarify, simplify and strengthen the Canadian air passenger protection regime. The CTA will have to make regulations to implement these changes. The consultation period will be open for 30 calendar days and end August 10, 2023. After considering the feedback and comments received, the CTA will publish draft regulations in *Canada Gazette* Part I. There will be an opportunity to review and comment on the draft regulations before they are finalized, approved by the CTA and Cabinet, and published in *Canada Gazette* II. More information about the [consultation process](#) can be found on our website, including instructions for providing comments on our [Consultation Paper](#). The *Air Passenger Protection Regulations* came into effect in two stages. On July 15, 2019, airlines were required to meet new obligations concerning communication, denied boarding, tarmac delay, baggage and the transportation of musical instruments. The remaining obligations on flight disruptions and seating of children came into effect on December 15, 2019. *The Regulations Amending the Air Passenger Protection Regulations*, which include new refunds provisions, came into effect September 8, 2022.

14. \$94 million earmarked for Pearson cargo upgrades

The federal government is putting up \$94 million to help build two new cargo facilities at Toronto Pearson International Airport. The project will improve cargo capacity by building two new facilities: the South Cargo Transfer Development Facility (YYZ South) and the North Cargo Apron Development (YYZ North). YYZ South will increase capacity for incoming cargo, and YYZ North will build additional infrastructure for more cargo aircraft parking spaces, which will also increase cargo capacity. "It's no secret that the last few years have been difficult on supply chains here in Canada and across the world. Toronto Pearson Airport is a key player in Canada's transportation supply chain, and today's funding of nearly \$94 million is great news for the airport's cargo-handling capabilities, for our supply chains, and for Canadians," said transport minister Omar Alghabra.

15. Air Canada Opens First Maple Leaf Lounge at San Francisco International Airport

Air Canada has opened its brand-new Maple Leaf Lounge at San Francisco International Airport (SFO), the airline's 28th lounge worldwide, and its third Maple Leaf Lounge in the U.S. The modern and exclusive respite, located in Terminal 2, features Air Canada's first outdoor lounge terrace, together with a range of premium amenities, food and beverages, making the travel experience for eligible customers even more comfortable and convenient before their flights to Canada and beyond. It provides exclusive 165-seat space, features airline's first outdoor terrace, range of premium amenities. "We're thrilled to bring our Maple Leaf Lounge experience to San Francisco International Airport, giving our Bay Area customers a way to enjoy Air Canada's award-winning product and glowing hearted hospitality from the moment they arrive," said Jacqueline Harkness, Managing Director, Products and Services at Air Canada. "It's one more way we're investing to become San Francisco's favourite way to travel internationally."

16. April 2023 U.S. Airline Traffic Data Up 7.8% from the Same Month Last Year

U.S. airlines carried 77.5 million system-wide (domestic and international) scheduled service passengers in April 2023, according to the Bureau of Transportation Statistics (BTS). When adjusted for seasonality, April 2023 enplanements are

up 3.4% from March 2023 and down 3.3% from the all-time high reached in January 2020. BTS reported 67.5 million domestic passengers and 10 million international passengers on U.S. airlines flights in April 2023, not adjusting for seasonality. 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 and complete data since 2000.

17. Government of Canada announces funding for essential projects and equipment at Greater Moncton Roméo LeBlanc International Airport

On July 17, 2023, Government officials announced that the Government of Canada is making major investments to strengthen safety at the Greater Moncton Roméo LeBlanc International Airport. Through Transport Canada's Airports Capital Assistance Program, the Airport is receiving nearly \$3.5 million to: 1. rehabilitate airfield lighting and electrical systems; 2. construct runway end safety areas (RESA); and 3. purchase a large snowblower, a loader, a runway sweeper and a plow truck. The rehabilitation work and the new equipment will keep passengers, airport workers, and crew safe through thorough maintenance of the runways and taxiways during de-icing and snow clearing. This funding is in addition to the more than \$5 million provided to the Airport through the Program in 2021-22 to rehabilitate Runway 11-29, install taxiway signage and purchase an aircraft rescue firefighting vehicle.

18. First Quarter 2023 Average Air Fare Decreases 4.1% from Fourth Quarter 2022

The average U.S. domestic air fare decreased in the first quarter of 2023 to \$382, down 4.1% from the fourth quarter 2022 inflation-adjusted fare of \$398. Adjusted for inflation (constant 2023 dollars), the average 1Q 2023 air fare was up 34.7% from \$283 in the second full quarter (Q3) of the pandemic in 2020 and down 8.4% from the pre-pandemic Q4 2019 fare of \$417. In the first quarter 2023, passenger demand increased with U.S. airlines reporting 75.4 million originating passengers, up 138.8% from 31.6 million passengers in the fourth quarter of 2020.

19. Air Canada Rolls Out More Product Improvements Offering Additional Comfort and Convenience

Air Canada on July 19, 2023 announced that fresh new features to its products and services, adding even more comfort and convenience to its onboard travel experience. The upgrades include expanded in-flight food and beverage offerings to suit a variety of needs and tastes, more family-friendly options in the airline's award-winning in-flight entertainment library, as well as additional advances to the Air Canada App. These updates are the latest made by the airline as part of its *'More to Travel'* initiative, a series of ongoing improvements underway across its travel products and services.

20. Addressing North American Air Traffic Control Shortcomings

The International Air Transport Association (IATA) released the following statement by its Director General, Willie Walsh, on the performance of the United States and Canadian air traffic control (ATC) organizations. "Over the past 12-18 months airlines have responded to the very strong post-pandemic travel demand by adding tens of thousands of employees to their workforces. US passenger airline employment is now at its highest level in over two decades, for example. In contrast, ATC staff shortages in North America continue to produce unacceptable delays and disruptions for the traveling public on both sides of the border. "Ottawa and Washington, DC need to take ownership of the issues under their direct control and lead in resolving them. Appointing a permanent FAA Administrator would be a first and major step in urgently addressing the US aviation/air traffic control infrastructure constraints, which are hindering airlines from delivering the service travelers expect. Furthermore, refraining from doubling down on costly and poorly thought-out air travel consumer rights regulations in both countries, would free up resources across the entire value chain, in order to enhance the customer experience," said Walsh.

21. Emirates Welcomes Air Canada to Terminal 3 at Dubai International

Air Canada and Emirates on July 25, 2023 announced a customer service milestone in the two airlines' strategic partnership with the move of Air Canada's operations to Dubai International's (DXB) flagship Terminal 3 as of July 26th. The co-location of operations in one of the world's premier terminals will significantly improve the connecting experience for customers and underscores the benefits of the partnership between the two airlines launched in November 2022. Customers transiting in Dubai between the Americas on Air Canada and the Middle East, Indian subcontinent, Southeast Asia and Africa on Emirates will enjoy a seamless and expedited experience with the convenience of remaining in the same terminal.

22. DHL Express gets local approval for California air hub

DHL Express is a large step closer to establishing an air hub on the West Coast by mid-decade after the Ontario International Airport Authority last month voted for a large cargo project previously associated with the parcel logistics company. The airport commission approved the development of the South Airport Cargo Center, as well as numerous environmental mitigation measures to meet California requirements for industrial developments, at its June 2023 meeting, according to the minutes. The increasing shift by consumers to online shopping and robust cross-border trade is driving the infrastructure investment. DHL inaugurated a Southeast air hub in Atlanta last September and officially celebrated its opening earlier this month.

23. FedEx pilots reject labor deal, sending both sides back to talks

FedEx Corp.'s unionized pilots rejected a tentative agreement to renew a labor contract on which talks have dragged on for more than two years. The courier's pilots voted 57% against the deal while 43% were in favor, the Air Line Pilots Association, or ALPA, said in a statement. There are about 5,000 FedEx pilots, according to the company, and 98% participated in the vote, an ALPA representative said. "Our members have spoken and we will now regroup and prepare for the next steps," Capt. Chris Norman, the FedEx chair for ALPA in the statement. "FedEx pilots remain unified, and that will drive a new path that will help produce an agreement that all FedEx pilots will be proud to support." The rejection adds to a labor conflagration this summer in which Hollywood screenwriters, United Parcel Service Inc. delivery drivers and auto workers are all on strike or threatening to do so. The pandemic unleashed a worker movement fueled by anger at inflation undercutting their wages and the realization of their importance after they kept businesses going during at the height of Covid-19 chaos.

24. Porter adds Edmonton to Ottawa E195-E2 network

Porter Airlines is expanding its Western Canada network with the addition of a non-stop route between Ottawa International Airport (YOW) and Edmonton International Airport (YEG). The new route begins October 4, 2023 with one daily roundtrip flight operated on the 132-seat Embraer E195-E2 aircraft. Introductory roundtrip fares start at \$184. The Edmonton-Ottawa route offers a variety of connections to Eastern Canada via Ottawa. Porter also operates multiple non-stop daily flights between Edmonton and Toronto-Pearson.

25. Monthly civil aviation statistics, May 2023

Major Canadian airlines carried 6.4 million passengers on scheduled and charter services in May 2023, up 22.0% from the same month in 2022. This is the highest monthly recovery of passenger numbers since the COVID-19 pandemic started, at 5.6% below the May 2019 level. The number of passengers on international flights in May 2023 exceeded the pre-pandemic level for the first time. With traffic at 17.4 billion passenger-kilometres and capacity at 20.3 billion available seat-kilometres, the passenger load factor (the ratio of passenger-kilometres to available seat-kilometres) was 85.5% in May 2023, compared with 83.9% in the same month four years earlier. Operating revenue earned in May 2023 exceeded the pre-pandemic level for the sixth consecutive month.

26. Porter partners with Macquarie Asset Management on development of Montreal Saint-Hubert Airport passenger terminal

Porter Aviation Holdings Inc. (PAHI) is entering a partnership with Macquarie Asset Management (MAM) to support development of the previously announced passenger terminal at Montréal Saint-Hubert Airport (YHU). A new company, Partenaires d'infrastructure YHU (Québec) s.e.c. / YHU Infrastructure Partners (Québec) LP, is being formed under joint Porter and MAM ownership to develop the terminal. A local management team will operate the facility upon completion. Construction PCL (PCL) has also been selected as the general contractor for the passenger terminal. Work will commence in August, with a scheduled completion by mid-2025.

WATER TRANSPORTATION

1. Notice to Industry: Updated Guidelines for Coasting Trade Licence Applications

On June 29, 2023, The Canadian Transportation Agency has updated its [Guidelines for Coasting Trade Licence Applications](#). The updates to the Guide provide increased clarity to stakeholders. Highlights of these changes include: 1. providing checklists for applicants and offerors on the requirements for an application; 2. clarifying how objections without an offered ship would result in a coasting trade application being uncontested, i.e. no pleadings; 3. explaining the process for interested persons filing comments, i.e. objecting but not offering a ship; 4. providing greater specificity and clarity for fast track applications and exceptional emergency situations that could justify an urgent application; 5. updating Appendix A on Supplemental Provisions, including revised guidance on confidentiality. Under the *Coasting Trade Act*, in most situations, only Canadian registered vessels can provide marine transportation between points in Canada. A foreign vessel can only be used if the Minister of Public Safety and Emergency Preparedness issues a coasting trade licence.

WATER TRANSPORTATION Canada

1. Notice to Industry: Updated Guidelines for Coasting Trade Licence Applications, June 29, 2023, www.cta-otc.gc.ca
2. Clock ticking toward strike at B.C. ports, June 29, 2023, www.todaystrucking.com
3. Canada's West Coast Longshoremen Begin Strike...on Canada Day, July 1, 2023, www.ajot.com; and Shipping industry braced for extended strike at BC ports, July 2, 2023, www.joc.com
4. Prince Rupert face protracted port strike as talks stalemate, July 4, 2023, www.joc.com; Talks stall in BC strike, business groups call for intervention, July 4, 2023, www.insidelogistics.ca; and B.C. ports strike could inflict damage that takes months to correct, warns Canada's biggest railway, July 4, 2023, www.financialpost.ca
5. Union and employers trade barbs as BC

2. Clock ticking toward strike at B.C. ports

Longshore workers at B.C. ports are set to go on strike at 8 a.m. July 1, 2023 unless the International Longshore and Warehouse Union Canada (ILWU Canada) and British Columbia Maritime Employers Association (BCMEA) find common ground. A 72-hour strike notice was issued June 28, after 99.24% of ILWU Canada members supported the action in a vote earlier this month. A strike would affect over 7,500 employees across at least 30 B.C. ports including the ports of Vancouver and Prince Rupert, and 49 private-sector employers that are BCMEA members. The union is fighting against contracted work and port automation, and wants a deal that helps members offset rising inflation. The contract between the BCMEA and ILWU expired at the end of March 2023. Collective bargaining began in February, and continued until the two sides entered a cooling-off period that ended a week before the strike notice.

3. Canada's West Coast Longshoremen Begin Strike...on Canada Day and Shipping industry braced for extended strike at BC ports

ILWU Canada strike begins on Canada Day...July 1st. In a job action which will potentially have a significant ripple effect on the Canadian economy and trade with Asia, the union representing 7,400 terminal and port workers in 29 ports in British Columbia walked off their jobs early on July 1, 2023 for an unspecified duration – coincidentally on Canada's national holiday. The strike on Canada's West Coast comes two weeks after a crucial tentative deal was reached at US West Coast ports. The estimated C\$800 million worth of goods which flow through BC ports each day represent roughly one quarter of total Canadian imports and exports. The largest volume of this trade, both bulk and container, passes through the ports of Vancouver and Prince Rupert, respectively the number one and third-ranked ports in the country. The container shipping industry in Western Canada is bracing for the possibility of an extended strike at the ports of Prince Rupert and Vancouver after longshore workers went on strike Saturday morning (July 1, 2023) as threatened over a contract dispute. The ports are adjusting operations to mitigate cargo buildup as both sides remain far apart on how to best fill existing heavy-duty maintenance jobs and whether the union's remit should expand to other types of maintenance jobs at facilities, according to two sources close to the matter. Shippers moving cargo through the British Columbia ports (DP World Centerm terminal pictured) have few options for diversions.

4. Vancouver, Prince Rupert face protracted port strike as talks stalemate, Talks stall in BC strike, business groups call for intervention and B.C. ports strike could inflict damage that takes months to correct, warns Canada's biggest railway

As talks stall between the union and employers, Canadian business groups are calling for the government to step in an end the longshore workers strike in British Columbia. About 7,400 members of the International Longshore and Warehouse Union (ILWU) walked off the job in a legal strike on July 1. The ports of Vancouver and Prince Rupert, along with 28 others are affected by the work stoppage. Negotiations between ILWU and the BC Maritime Employers Association, which represents businesses at 30 BC ports, had been continuing since the strike began. However, at the end of the day on July 3, the BCMEA issued a statement saying: "ILWU Canada went on strike over demands that were and continue to be outside any reasonable framework for settlement. Given the foregoing mentioned, the BCMEA is of the view that a continuation of bargaining at this time is not going to produce a collective agreement." The union issued a statement saying the BCMEA "deliberately sabotaged the progress that had been made therefore we must question their motives and the appropriateness of the BCMEA bargaining committee to

ports strike continues, July 6, 2023, www.insidelogistics.ca

6. Long Beach, LA ports receive nearly \$600 million in state infrastructure grants, Jul 6, 2023, www.cargonews.com

7. Over 20 ships wait off Canada ports as dockworker strike drags on, July 7, 2023, www.freightwaves.com; and BC port sends ripples across Canadian economy, July 9, 2023, www.globeandmail.ca

8. Average demurrage and detention charges witness a 25% dip globally in 2023; 7 U.S. ports rank highest, July 7, 2023, www.ajot.com

9. Minister of Transport introduces new regulations for enhanced safety and enforcement in Canada's marine transportation system, July 23, 2023, www.tc.gc.ca

10. Canadian port worker strike impacts cargo worth billions of dollars, July 10, 2023, www.seatrademaritime.com

11. The Government of Canada announces new measures in force with passage of Budget Implementation Act to modernize marine protection and safety as part of the Oceans Protection Plan, July 12, 2023, www.tc.gc.ca

12. Canada taps mediator to craft deal to end strike at ports, July 12, 2023, www.ajot.com

13. It's over: Labor deal ends strike at Vancouver, Prince Rupert ports, July 13, 2023, www.freightwaves.com

14. Statement on Tentative Labour Agreement, July 13, 2023, www.rupertport.com

15. Los Angeles port sees June cargo rise 70% from February low, July 13, 2023, www.ajot.com

16. Post-strike recovery for western Canadian ports measured in weeks, not days: sources, July 14, 2023, www.freightwaves.com

17. Port of Los Angeles June cargo volume strongest in a year, July 14, 2023, www.ajot.com

18. First all-electric tugboat in the world now plying the waters of B.C., July 17, 2023, www.nationalpost.ca

19. B.C. port strike back on after union rejects mediator's four-year deal as 'far too long', July 18, 2023, www.financialpost.ca

20. SC Ports finishes fiscal year 2023 with strong June, July 18, 2023, www.ajot.com

21. Steady cargo volumes at Port Houston, July 18, 2023, www.aot.com

22. B.C. ports in limbo as union removes strike notice despite ongoing dispute with employers, July 20, 2023, www.financialpost.ca

23. Uncertainty at B.C. ports continues as possible deal emerges in labour dispute, July 21, 2023, www.financialpost.ca

24. Port of Corpus Christi announces Q2 Volumes - New Record, July 20, 2023, www.ajot.com

25. Port of Prince Rupert: Accumulated container traffic January 2023 to June 2023, July 21, 2023, www.rupertport.com

26. Great Lakes - St. Lawrence Seaway shipping vital to economic strength and development, July 21, 2023, www.ajot.com

27. Cargo ship carrying almost 3,000 cars aflame off Dutch coast, July 26, 2023, www.nationalpost.ca

28. Patrick Terminals to boost sustainable

actually negotiate a collective bargaining agreement ... We hope that the

container handling with ten Kalmar hybrid straddle carriers, July 27, 2023, www.ajot.com

association is not hiding behind the threat of back to work legislation and binding arbitration to avoid engaging in bargaining with the union.” According to Marine Traffic, 58 vessels arrived at Vancouver in the past 24 hours, there are 179 vessels in port at Vancouver and another 56 scheduled. Numerous business groups (Canadian Federation of Independent Business, Fertilizer Canada, The Canadian Chamber of Commerce and Canadian Manufacturers and Exporters) have weighed in asking the government to step in and bring a quick resolution to the dispute. B.C. ports strike could inflict damage on shippers and consumers and may that take months to correct. It could also affect the country’s economy and reputation.

5. Union and employers trade barbs as BC ports strike continues

Talks at the negotiating table have disintegrated into a war of words between the International Longshore and Warehouse Union (ILWU) and the BC Maritime Employers Association (BCMEA), as the union’s strike at 30 BC ports goes into its sixth day. After the strike by 7,400 members of the union began on July 1, 2023 talks had continued with a mediator until July 3rd, 2023. At the end of the day on July 3, 2023 the BCMEA issued a statement saying: “ILWU Canada went on strike over demands that were and continue to be outside any reasonable framework for settlement. Given the foregoing mentioned, the BCMEA is of the view that a continuation of bargaining at this time is not going to produce a collective agreement.” The union issued a statement saying the BCMEA “deliberately sabotaged the progress that had been made therefore we must question their motives and the appropriateness of the BCMEA bargaining committee to actually negotiate a collective bargaining agreement...We hope that the association is not hiding behind the threat of back to work legislation and binding arbitration to avoid engaging in bargaining with the union.”

6. Long Beach, LA ports receive nearly \$600 million in state infrastructure grants

California Transportation Secretary Toms Omishakin announces the award of more than \$1.5 billion in funding as part of the state’s historic one-time program to build a more efficient, sustainable and resilient supply chain, during a press conference in Long Beach on Thursday, July 6, 2023. The Port of Long Beach hosted California Transportation Secretary Toms Omishakin on Thursday, who during a press conference called the occasion a “historic and momentous” day for the ports and people throughout the state. The total statewide funding announced on Thursday, Omishakin said, amounts to more than \$1.5 billion in port and freight infrastructure. That money will pay for long-term upgrades for goods movement capacity and efforts to lessen environmental impacts on neighbouring communities. The ports of LA and Long Beach combined received more than one-third of that funding. The Port of Long Beach will get \$350 million total, which will go toward completing a series of construction and clean-air technology projects designed to speed up the transformation to zero-emissions operations.

7. Over 20 ships wait off Canada ports as dockworker strike drags on and BC port sends ripples across Canadian economy

Canada’s two largest Pacific ports — Vancouver and Prince Rupert — remained at a standstill on July 9, 2023 as a strike by the port workers’ union passed the one-week mark. Ships are beginning to pile up at anchorages and rail operations serving the U.S. have effectively halted. The British Columbia Maritime Employers Association (BCMEA) claimed on July 6, 2023 that the strike is already having “disastrous economic impacts,” with \$4.6 billion in cargo affected since the strike began on July 1 2023. The BCMEA maintained it has offered “significant wage increases.” International Longshore & Warehouse Union (ILWU) Canada, representing dockworkers, countered that the BCMEA “has launched a smear campaign targeting their own workers.” ILWU President Rob Ashton alleged that the BCMEA is “funding a dirty-tricks media campaign, using anonymous sources to selectively leak misleading information to reporters” so that BCMEA employers won’t have to “dip into their massive post-pandemic profits to give their workers a little more.” The BCMEA said on July 8, 2023 that it had offered additional concessions and that it was awaiting additional direction from federal mediators. Upto \$775 million in trade per trade has been disrupted as a result of a strike by 7400 dock and warehouse workers in British Columbia

8. Average demurrage and detention charges witness a 25% dip globally in 2023; 7 U.S. ports rank highest

Average Demurrage and Detention charges register a year-on-year decline of 25% in 2023, with a significant 14% decrease compared to the rates in 2020, as found by Container xChange’s annual Demurrage and Detention Charges benchmark report 2023. However, there are still 11 ports where Demurrage and Detention fees remain higher as compared to 2020. These ports include Antwerp, Jebel Ali, Ningbo, Port Kelang, Rotterdam, Shenzhen, Singapore, Tianjin, Xiamen, Hong Kong, and Guangzhou. In an exclusive webinar held in July’23, a powerful panel of speakers from Drewry, S&P Global, and Container xChange discussed the impact of these charges on shippers worldwide amidst the changing dynamics of demand and supply for containers on a global scale. "There are multiple factors contributing to the inability of these ports to return to normalcy. The significant increase in energy prices, coupled with higher labor costs, and escalating land expenses and port fees, have all played a part," stated Chantal McRoberts, Director, DSCA Advisory, Drewry.

9. Minister of Transport introduces new regulations for enhanced safety and enforcement in Canada's marine transportation system

On July 10, 2023, the Minister of Transport, the Honourable Omar Alghabra, announced new regulations under the *Canada Marine Act*, effective immediately. These regulations allow for enforcement officers to issue administrative monetary penalties, or fines to individuals, corporations, or ships for violations of the Act and its associated regulations, providing them with more flexibility in dealing with situations where rules or standards are not being followed. Fines are an enforcement tool that allow enforcement officers to issue monetary penalties rather than recommending legal action. They allow for a flexible, step-by-step enforcement process that both motivates rule breakers to return to compliance and discourages them from breaking the rules again. The total penalty amounts, up to a maximum of \$5,000 for an individual and \$25,000 for a corporation or ship, vary depending on the severity of the violation and the factors that make it worse or less harmful. This approach is expected to decrease the number of violations in the marine industry as a whole, and ultimately keep the sector and Canadians safe.

10. Canadian port worker strike impacts cargo worth billions of dollars

Some C\$7.5 billion (US\$5.56 billion) worth of cargo has been disrupted by the dockworker strike at Canadian west coast ports according to employers. The BC Maritime Employers Association (BCMEA) said the strike action by the International Longshore and Warehouse (ILWU Canada) had potentially disrupted C\$7.5 billion worth in cargo over a 10-day period. Canadian Manufacturers and Exporters (CME) estimated previously that goods worth C\$500 million a day were being disrupted accounting for some 16% of the country's total goods. The two sides have returned to the negotiating table but the war of words between the BCMEA and ILWU Canada has continued. Canadian dockworkers are being backed by the ILWU south of the border and as Seatrade Maritime News reported on July 10, 2023 US dockworkers say they will not handle ships diverted from Vancouver and Port Rupert to Seattle or other US West Coast ports.

11. The Government of Canada announces new measures in force with passage of Budget Implementation Act to modernize marine protection and safety as part of the Oceans Protection Plan

On July 12, 2023, the Minister of Transport, the Honourable Omar Alghabra, announced that with the passage of Bill C-47, the *Budget Implementation Act*, new legislative changes to help the Government of Canada protect our oceans are now in force. This includes new measures to strengthen marine safety, respond faster and more effectively to more types of marine pollution, to take action on abandoned boats in our waters, and to provide better compensation for communities impacted by a spill. Three acts - the *Canada Shipping Act, 2001*, the *Marine Liability Act*, and the *Wrecked, Abandoned or Hazardous Vessels Act* - have been amended as part of Canada's Oceans Protection Plan to strengthen marine safety on our waters. These changes will: 1. Provide faster access during incidents to port and emergency services, such as marine firefighting and emergency towing; 2. Reinforce the preparedness and response to marine incidents that involve hazardous and noxious substances, in addition to oil. Vessel and facility operators will be required to report hazardous and noxious substance spills and have response plans; 3. Strengthen enforcement of safer navigation by all vessels; 4. Introduce penalties for companies such as importers, manufacturers, and retailers of pleasure craft if they do not attach proper identification information and serial numbers to boats; 5. Establish a Vessel Remediation Fund to finance activities that will assess, address, and prevent problem vessels from becoming hazards to navigation; and 6. Improve the compensation available after a spill for all types of harvesting including fishing, hunting, and gathering of Indigenous traditional medicines, and expand the amount for future losses.

12. Canada taps mediator to craft deal to end strike at ports

Canadian Labor Minister Seamus O'Regan said negotiators have made progress toward a deal to end a strike by dockworkers at some of Canada's busiest ports and he's asked a mediator to get a final agreement done. The strike, which began July 1, 2023 has blocked the flow of goods through major maritime hubs on the Pacific coast, including at the Port of Vancouver and Port of Prince Rupert. The disruption has already hampered the exports of commodities and inbound shipments of manufacturing materials, while fertilizer giant Nutrien Ltd. is curtailing production at a potash mine. "After 11 days of a work stoppage, I have decided that the difference between the employer's and the union's positions is not sufficient to justify a continued work stoppage," O'Regan said in a Twitter post. A deal is within reach and he has asked the senior federal mediator to send a written proposal of settlement terms within 24 hours, he said. Once the minister receives the terms of settlement, he'll forward them to the International Longshore & Warehouse Union and the British Columbia Maritime Employers Association, which will then have 24 hours to decide whether to recommend that deal to their members.

13. It's over: Labor deal ends strike at Vancouver, Prince Rupert ports

After being shuttered for 13 days, the key container shipping ports of Vancouver and Prince Rupert in British Columbia, Canada, will open "as soon as possible" after a new labor deal was reached, the British Columbia Maritime Employers Association (BCMEA) announced on July 13, 2023. The tentative agreement has a four-year term and is subject to ratification by both parties. No details were disclosed. The announcement of the end of the port labor

impasse came after a federal mediator delivered recommendations to both sides with a tight deadline to respond. The near-two-week strike led to a virtual shutdown of containerized rail moves from Vancouver and Prince Rupert to the U.S. Even though the British Columbia ports will reopen soon, the effect on the flow of U.S. imports via the Canadian gateways will linger. Canadian railway CN told FreightWaves that disruptions could take weeks or even months to correct. Data from FreightWaves SONAR that tracks rail moves of loaded international containers from Vancouver and Prince Rupert shows a near-total collapse in volumes as a result of the strike.

14. Statement on Tentative Labour Agreement

The Prince Rupert Port Authority (PRPA) commends the ILWU and the BCMEA for reaching a tentative agreement that provides the opportunity for short-term operational recovery and a return to long-term stability at Canadian transpacific gateways, as well as Federal Minister of Labour Seamus O'Regan and the Federal Mediation and Conciliation Service for their leadership through the mediation process. The Prince Rupert Port Authority and our supply chain partners, and local ILWU members in particular, have collectively built a global reputation for speed and reliability and together we are now completely focused on operational recovery and quickly re-establishing fluidity and productivity to build back that well-earned competitive position in the shipping industry. We are ready to restore the advantage that Team Prince Rupert has demonstrated in the past. PRPA continues to advance its plans to further expand terminal, logistics and infrastructure capacity and capabilities to meet the future needs of transpacific trade and Canada's trade ambitions.

15. Los Angeles port sees June cargo rise 70% from February low

The Port of Los Angeles saw cargo volumes rise for the fourth straight month in June 2023 as US trade patterns return to pre-pandemic patterns. The maritime gateway moved 833,035 units in June 2023, the most since July last year, and about 70% more than in February 2023, which was the lowest since the start of the pandemic, it said on July 12, 2023. Volumes at the biggest West Coast port operation are recovering after they plunged in part as US importers diverted shipments to East and Gulf facilities during labor contract talks that dragged on for more than a year. Major ports like Los Angeles and other key links in global supply chains are almost fully free of pandemic congestion and the shipping disruptions caused by Russia's war in Ukraine. While so-called normal operations are hard to pin down, comparisons to 2019 offer more clarity about the health of global trade without the shocks of the past three years. For the first half of this year, the port has handled 4.1 million units, 24% less than a year earlier. Through the first half of 2019, volume totaled 4.54 million. "Although we will likely see cargo ease in July, I'm optimistic that the second half of 2023 will show improved performance compared to the first six months," Port of Los Angeles Executive Director Gene Seroka told reporters.

16. Post-strike recovery for western Canadian ports measured in weeks, not days: sources

A spokesperson for CPKC says the "supply chain recovery is expected to be prolonged" in the aftermath of the dockworker strike in western Canada. It could take into September 2023 before the ports of Vancouver and Prince Rupert fully recover from the 13-day dockworker strike that idled both western Canadian ports and disrupted trans-Pacific sailing schedules, industry observers told the *Journal of Commerce* on July 14, 2023. The strike ended on July 12, 2023 when the International Longshore and Warehouse Union (Canada) and the British Columbia Maritime Employers Association agreed on terms for a tentative four-year contract. But forwarders, shipping lines and trucking interests say they are advising their customers it will take weeks — possibly into September — for operations at Prince Rupert and Vancouver — Canada's largest port — to return to normal.

17. Port of Los Angeles June cargo volume strongest in a year

The Port of Los Angeles moved 833,035 Twenty-Foot Equivalent Units (TEUs) in June 2023, its best performance since last July 2022 and just 5% less than last year's record. "Cargo volume has increased a remarkable 70% since February 2023 with four months of consecutive gains," said Port of Los Angeles Executive Director Gene Seroka during a media briefing. "Although we will likely see cargo ease in July 2023, I'm optimistic that the second half of 2023 will show improved performance compared to the first six months." Seroka was joined at the Port's media briefing by Acting U.S. Secretary of Labor Julie Su, who discussed her role in the recent tentative agreement between the International Longshore and Warehouse Union and the Pacific Maritime Association. Su also discussed the U.S. Department of Labor's initiatives to create jobs and empower American workers. June 2023 loaded imports reached 435,307 TEUs, down 2% compared to the previous year. Loaded exports came in at 108,050 TEUs, an increase of 15% compared to last year. Empty containers landed at 289,679 TEUs, a 14% year-over-year decline. During the first six months of 2023, the Port handled 4,137,379 TEUs, a 24% decline compared to the same period in 2022.

18. First all-electric tugboat in the world now plying the waters of B.C.

The B.C. coast is now home to the first fully electric tugboat in the world. HaiSea Marine, a collaboration between the Haisla Nation and Seaspan, welcomed the arrival of the HaiSea Wamis. The all-electric HaiSea Wamis arrives in Vancouver harbour on July 8, 2023.

19. B.C. port strike back on after union rejects mediator's four-year deal as 'far too long'

Workers are back on strike at British Columbia ports after their union rejected a mediator's tentative agreement, stunning business community leaders who had welcomed the end of strike action last week. The International Longshore and Warehouse Union Canada announced on July 19, 2023 its leadership caucus chose to reject the tentative agreement because it did not believe the deal can protect jobs "now or into the future." An employers organization said the rejected deal was 'fair and comprehensive,' with wage and benefit hikes above the 10% increases workers got over the past three years.

20. SC Ports finishes fiscal year 2023 with strong June

South Carolina Ports finished the fiscal year 2023 with steady container volumes and stellar activity at its rail-served inland ports. In fiscal year 2023, SC Ports handled nearly 2.6 million TEUs and 1.4 million pier containers. While this is down about 10% from fiscal year 2022 — when pandemic spending spurred an unprecedented cargo boom — volumes are up 1% from fiscal year 2021, a much more typical year. In June 2023, SC Ports handled 203,091 TEUs and 112,883 pier containers, up more than 3% year-over-year. Retail, advanced manufacturing, automotive, and cold storage sectors continue to drive growth at the Port of Charleston. "SC Ports provides reliable, efficient service for companies' supply chains," SC Ports President and CEO Barbara Melvin said. "Port-dependent businesses will continue to invest in South Carolina to gain access to a well-run port with capacity in the booming Southeast market." Inland Port Dillon had a record fiscal year in 2023, handling 39,143 rail moves, which is an impressive 50% increase from the year prior. Inland Port Greer also had a strong fiscal year, with 146,813 rail moves, down about 3% year-over-year. Both rail-served inland ports handled record June volumes. Inland Port Dillon recorded 4,048 rail moves, up 139% from last year. Inland Port Greer had its busiest June ever, with 14,887 rail moves, up 24% year-over-year.

21. Steady cargo volumes at Port Houston

Port Houston handled 315,983 TEUs in June 2023, making the total for the year thus far more than 1.8 million TEUs, a decrease of just 2% compared to last year's record-breaking year. Loaded exports continue to lead the way, with 673,228 TEUs through the first half of the year, an increase of 12% compared to last year. Loaded imports are down 7% year-to-date compared to last. "It's not surprising that import volumes are slightly under last year's unprecedented pace," said Roger Guenther, Executive Director at Port Houston. "But container activity through Houston remains strong overall. To put it into perspective, import TEUs at Port Houston are up 30% compared to 2019, before the pandemic." At Port Houston's breakbulk facilities, general cargo declined 22% year-to-date compared to 2022. However, there continues to be demand for rail, oil country goods, line pipe, and other products, resulting in steel imports up 11% this month compared to June 2022. Auto import units at Port Houston, while down 10% in June are up 30% year-to-date compared to 2022.

22. B.C. ports in limbo as union removes strike notice despite ongoing dispute with employers

Union gave no reasons or details behind the decision in what employers group calls 'a fluid and unpredictable situation'. The fallout from the labour dispute at [British Columbia ports](#) continues to unfold, as the union representing about 7,400 workers abruptly rescinded a strike notice hours after issuing it. Meanwhile, Prime Minister Justin Trudeau has stepped up action in the federal response to B.C. ports potentially shutting down again in the dispute between the International Longshore and Warehouse Union Canada and the BC Maritime Employers Association, convening an incident response group typically gathered at times of "national crisis" or events with major implications for Canada.

23. Uncertainty at B.C. ports continues as possible deal emerges in labour dispute

The uncertainty at British Columbia ports persists as a union local for workers says that a tentative agreement has been reached between a union bargaining committee and employers, the latest development in a tumultuous week in the high-stakes labour dispute. A statement on the website of the International Longshore and Warehouse Union Canada Local 502 says that a tentative agreement has been reached with the BC Maritime Employers Association, and the ILWU will hold an "emergency contract caucus" July 21 to decide if the deal will be sent to the full union membership for ratification.

24. Port of Corpus Christi announces Q2 Volumes - New Record

The Port of Corpus Christi's customers moved nearly 50 million tons of goods through the Corpus Christi Ship Channel in Q2 2023, setting a record for the fifth consecutive quarter. The 49.7 million tons moved in Q2 was a 7.1 percent increase from the same period last year and slightly higher than the prior record set in Q1 2023. The new high mark primarily can be attributed to a jump in crude oil exports. The Port of Corpus Christi saw a 3.1 percent increase in crude oil shipments (to nearly 31.1 million tons) compared to Q1 2023. For the first six months of 2023, the Port of Corpus Christi has moved 99.3 million tons, a 10.3 percent increase from the same period in 2022. The leading commodities for the first half of this year are crude oil, petroleum products, and dry bulk commodities. "The continued growth in goods movements is a testament to the strength of our Port of Corpus Christi customers and their capacity to meet the energy needs of our global trading partners and allies," said Kent Britton, Interim Chief Executive Officer, and Chief Financial Officer for the Port of Corpus Christi. "The infrastructure growth of the past decade in this region has our customers well positioned for success."

25. Port of Prince Rupert: Accumulated container traffic January 2023 to June 2023

For the **Port of Prince Rupert** for the first six months of 2023, total traffic in terms of TEUs changed -27% i.e. to 382,405 from 521,879. Total import traffic for the first six months of 2023 changed -27% i.e. to 197,766 from 271,818. Total export traffic for the first six months of 2023 changed -26% i.e. to 184,637 from 250,060.

26. Great Lakes - St. Lawrence Seaway shipping vital to economic strength and development

A comprehensive independent study of the economic impacts of the entire Great Lakes-St. Lawrence Seaway navigation system for the 2022 shipping season was released on July 21, 2023, detailing the billions in economic activity and hundreds of thousands of jobs supported by the industry. Titled “Economic Impacts of Maritime Shipping in the Great Lakes-St. Lawrence Region,” the study reviews the industry’s economic impacts from multiple perspectives, and showed that even in a year in which the world was gripped with pandemic challenges, global unrest, and supply chain concerns, marine shipping drove the North American economy forward. The binational study presents results from both a U.S. and Canadian perspective. An analysis of the “Great Lakes-St. Lawrence Seaway System” is most relevant to American stakeholders because it focuses on cargo traffic to and from Great Lakes ports. The study showed that from this perspective, 2022 maritime commerce supported: 1. \$36 billion (USD) in economic activity; 2. more than 240,000 jobs, which generated almost \$18 billion (USD) in wages; 3. the movement of 135.7 million metric tons of raw materials and finished goods; and 4. \$6.3 billion (USD) in state and federal taxes.

27. Cargo ship carrying almost 3,000 cars aflame off Dutch coast

An enormous car-carrier ship called the Fremantle Highway has caught fire in waters off the coast of the Netherlands and could be at risk of sinking, according to various reports. There are approximately 3,000 vehicles aboard the ship, and it is suspected the conflagration may have started at or near an EV. Sadly, it has been reported there are several injuries and one death in the incident, which is still unfolding.

28. Terminals to boost sustainable container handling with ten Kalmar hybrid straddle carriers

Kalmar, part of Cargotec, will supply a total of ten new Kalmar Hybrid Straddle Carriers to Patrick Terminals in Melbourne. The significant order was booked in Cargotec's 2023 Q3 order intake, with delivery of the machines scheduled to be completed during Q1 of 2024. Patrick Terminals is Australia's leading container terminal operator, handling over three million TEUs annually. The company operates some of Australia's most technologically advanced terminals at four strategically located ports: Brisbane AutoStrad Terminal, Sydney AutoStrad Terminal, Melbourne Terminal, and Fremantle Terminal in Western Australia. Michael Jovicic, CEO, Patrick Terminals: "We are proud to be the first container terminal operator in Australia to invest in the Kalmar hybrid straddles and set new benchmarks for more environmentally friendly container handling. As a leader in the industry, we understand the importance of reducing our carbon footprint and promoting environmentally responsible practices. Together with our trusted partner, Kalmar, we have a shared dedication to building a more sustainable industry. By investing in these hybrid straddles, we are making a strong commitment towards our decarbonisation journey."

RAIL TRANSPORTATION

1. CN, CP, STM Among ‘Best 50 Corporate Citizens in Canada’

Three railway companies have earned spots on the Corporate Knights Best 50 Corporate Citizens in Canada list for 2023: CN, Canadian Pacific (now Canadian Pacific Kansas City through the April 14 merger with Kansas City Southern), and STM (Société de transport de Montréal). CN and CP were part of the “Freight Transport, All Modes” category, joined by Canada Post Corp. STM was the only company ranked in the “Transit and Ground Transportation” category. Also ranked was Stantec Inc., in the “Engineering Construction” category.

2. Freight Rail Services Price Index, June 2023

Data for June 2023 for the Freight Rail Services Price Index (2018=100) are now available. The index was 122.3 in June 2023 compared to 123 a year ago and 124.0 in May 2023. For the second quarter of 2023 the index was 123.7 compared to 120.8 a year ago and 12.3 for the first quarter in 2023.

3. CN Releases 2022 Sustainability Data Supplement

CN published its 2022 sustainability data supplement outlining the Company’s performance in the areas of safety, environment, people, community, and governance. The report provides an update on CN’s progress against its 2030 sustainability targets and its focus on embedding

RAIL TRANSPORTATION Canada

1. CN, CP, STM Among ‘Best 50 Corporate Citizens in Canada’, June 29, 2023, www.railwageway.com
2. Freight Rail Services Price Index, June 2023, June 30, 2023, www.statcan.gc.ca
3. CN Releases 2022 Sustainability Data Supplement, June 30, 2023, www.cn.ca
4. Lack of information sharing, integration impedes railroad industry R&D, July 3, 2023, www.freightwaves.com
5. Why We’re Skeptical of a 2H Rebound, June 30, 2023, www.railwageway.com
6. British Columbia port strike enters day four, July 4, 2023, www.cargonews.com
7. ILWU Canada Strike to impact Canada’s foreign trade, July 3, 2023, www.ajot.com
8. Government of Canada announces investment to make railways safer while reducing the impacts of climate change, July 4, 2023, www.tc.gc.ca
9. U.S. Carloads, Intermodal Down for June;

sustainability in all areas of the business. Tracy Robinson, President and Chief Executive Officer of CN said “Sustainability is in our DNA and delivering responsibly is at the heart of our commitment to create the railroad of the future. To us, that means serving communities in a sustainable manner and driving growth to build success for our communities, our employees, and our customers. Part of that commitment means setting ambitious targets and holding ourselves accountable for our performance. Today’s report delivers on our promise to report with transparency, clarity, and comparability as we share how we’re performing against our ESG targets.”

4. Lack of information sharing, integration impedes railroad industry R&D

Although [February’s train derailment](#) in East Palestine, Ohio, has renewed calls to bolster railroad safety, the rail industry needs to be more proactive about how research and development efforts can advance the utilization of freight rail and encourage the railroads to think across departments, sources told FreightWaves. The factors that play into what gets public and private dollars for research can be complex. One issue is that some topics, such as train crew size and train length, have political undertones, with the unions largely in support of regulations that retain and grow the workforce while the railroads generally say that the safety data doesn’t support the need for some proposed regulations. The rail industry has had some success in determining what areas to focus on, sources said. For instance, the Federal Railroad Administration’s research program is reviewed periodically by the Transportation Research Board, an independent arm of the National Academy of Sciences, while research conducted by MxV Rail, which is affiliated with the Association of American Railroads, has been discussed and reviewed by numerous committees composed of industry experts. But the industry also needs to work at better integrating different systems, such as using data from wayside detection to inform train operations and enhance safety, and it’s unclear who should be overseeing or coordinating the various strands of R&D. There are disconnects all through the system.

5. Why We’re Skeptical of a 2H Rebound

Rail volumes have not seen a rebound in 2Q. Intermodal contract rates are down notably and are likely to pressure the group, though sequential volume improvements on the West Coast ports and a bottom in OTR (over the road) spot rates may limit further rate contraction. Mixed expectations on peak season keep us skeptical of a 2H rebound. Rail regulation continues to loom, posing regulatory risk for the U.S. rails. 2Q carloadings continue to face a soft volume environment and are negative y/y despite soft 1H comps. Rail service metrics are improving (CSX nicely outperforming the group and UNP train velocity is still tracking below pre-COVID levels),

which can partially be attributed to the softer demand environment. The weakness continues to be led by intermodal volumes, which are down 11.9% QTD and 10.9% YTD. Over the past several weeks, we have seen an uptick in U.S. intermodal volumes though still well below seasonal levels. This is primarily driven by depressed OTR rates and lower diesel fuel prices, which are making intermodal moves less appealing.

6. British Columbia port strike enters day four

The strike at British Columbia ports enters its fourth day after talks between the two sides stalled on Monday (July 3, 2023). More than 7,000 workers who load and unload cargo at more than 30 B.C. ports have been on strike since Saturday (July 1, 2023) morning. Representative for the BC Maritime Employers Association and the International Longshore and Warehouse Union Canada negotiated over the long weekend before the association issued a statement Monday saying it didn't think more bargaining is going to produce a deal. It said the union's demands were "outside any reasonable framework for settlement." The union, meanwhile, has accused the association of changing its position on a key issue at the last minute to "muddy the waters" and News of a strike at the ports, including Canada's largest, the

Industrial Products Reflect ‘Relative Strength,’ AAR, July 5, 2023, www.railwayage.com

10. Biden-Harris Administration announces Progress on Hudson River Tunnel Project, July 6, 2023, www.dot.gov

11. VIA Rail continues its transformation by breaking ground on construction of cutting-edge Toronto Maintenance Centre, July 10, 2023, www.viarail.ca

12. CSX Issues 2022 ESG Report, July 10, 2023, www.railwayage.com

13. VIA Rail continues to improve passenger experience with over \$25 million investment in London station upgrades, July 11, 2023, www.viarail.ca

14. Minister of Transport announces new funding to improve railway crossing safety in Edmonton, Alberta, July 11, 2023, www.tc.gc.ca

15. AAR: North American Rail Volume Down Through 27 Weeks, July 12, 2023, www.railwayage.com

16. CSX adds eight rail-served properties in seven states to select site program, July 14, 2023, www.ajot.com

17. UP, CN Put Biofuels to the Test with Train-Track Treadmills, July 14, 2023, www.railwayage.com

18. For Week 28, Carloads Rise, Intermodal Falls, July 19, 2023, www.railwayage.com

19. Railway carloadings, May 2023, July 20, 2023, www.statcan.gc.ca

20. CSX: ‘Building Momentum’ in 2Q23, July 20, 2023, www.railwayage.com

21. CSX Corp. announces second Quarter 2023 results, July 21, 2023, www.ajot.com

22. Government of Canada announces the groups that will be able to submit a proposal for the High Frequency Rail project, July 20, 2023, www.tc.gc.ca

23. Revenue decline dampens CN’s Q2 net profit, July 25, 2023, www.insidelogistics.ca

24. CN Announces Second Quarter Results, July 25, 2023, www.aircanada.ca

25. CN Declares Third-Quarter 2023 Dividend, July 25, 2023, www.cn.ca

26. AAR North American Rail Volume Down Through 29 Weeks, July 25, 2023, www.railwayage.com

27. CPKC reports second-quarter results; focused on delivering on benefits of new combined network, July 27, 2023, www.cpr.ca

28. CN to Modernize 60 Additional Locomotives with Wabtec, July 26, 2023, www.cn.ca

Port of Vancouver, led many business groups to raise red flags, suggesting it would have far-reaching implications for Canada's economy. **7. ILWU Canada Strike to impact Canada's foreign trade**

As around 7500 dock workers representing the International Longshore and Warehouse Union (ILWU) continue with the third day of strike, thereby impacting the two key gateways of international trade – Port of Vancouver and Port of Prince Rupert, the maritime industry prepares for a yet another domino effect all the way up to Asia and to the US, impacting majorly the automobile, container, breakbulk and project cargo business sectors. According to insights from marine traffic, currently there are 150+ vessels in the port of Vancouver and another 55 vessels are scheduled. On the other hand, Currently, there are 60+ vessels in the port of Prince Rupert and another 25 vessels are scheduled. The delays caused by the strike will impact the vessel transit and dwell times at these ports, which could further increase the cost which eventually are often passed on to customers, leading to higher prices for goods. “The strike could have a significant impact on the ports of Vancouver and Prince Rupert, which are crucial gateways for Canada's foreign trade, especially with Asia. These ports handle a substantial portion of Canada's imports and exports. The average container prices at the port of Vancouver continue to slide from \$1769 in May 2023 to \$1711 in June 2023. These prices have consistently deteriorated on a month-on-month basis since February 2022 when these peaked at \$5460. So far, we do not see a rub off of the strikes on container prices. The cargo volumes at the port of Prince Rupert grew by 2% from 2,115,270 tonnes in May 2022 to 2,158,316 tonnes in May 2023. With these disruptions, we can expect this growth to get affected negatively in the coming months, depending on the duration of the conflict. Labor disputes can have significant implications for the regional supply chain including rail transportation.

8. Government of Canada announces investment to make railways safer while reducing the impacts of climate change

On July 4, 2023, the Minister of Transport, the Honourable Omar Alghabra, and the Minister of National Revenue and Member of Parliament for Gaspésie—Les Îles-de-la-Madeleine, the Honourable Diane Lebouthillier, announced a multi-year investment of more than \$10 million for a rail infrastructure project in Port-Daniel-Gascons, Québec. The project will involve: 1. installing a large retaining wall to protect the cliffs along the coastline against further erosion and possibly collapsing; 2. designing a wall with an expected lifespan of 75 years to withstand the forces of waves and tides expected in the future, based on climate change predictions up to the year 2050. 3. repairing the train tracks; 4. installing a water drainage system beneath the tracks (on the side of the retaining wall); and 5. building a ditch between the adjacent road and the tracks.

9. U.S. Carloads, Intermodal Down for June; Industrial Products Reflect ‘Relative Strength,’ AAR

U.S. rail traffic for June 2023 was down from the same month last year—falling 3.9%, or 76,237 carloads and intermodal units, the Association of American Railroads (AAR) reported July 5, 2023. This follows May's 5.7% drop-off from the prior-year period. According to the AAR, U.S. Class I railroads last month carried 1,892,163 carloads and intermodal units, comprising 903,397 carloads (down 0.2%, or 1,931 carloads, from June 2022) and 988,766 containers and trailers (down 7.0%, or 74,306 units, year-over-year). Canadian railroads reported 86,614 carloads for the week ending July 1, 2023, down 3.2%, and 67,511 intermodal units, down 12.8% from the same point last year. For the first 26 weeks of 2023, they reported cumulative rail traffic volume of 4,149,703 carloads, containers and trailers, a 1.4% decline from the same period in 2022.

10. Biden-Harris Administration announces Progress on Hudson River Tunnel Project

On July 6, 2023, the Biden-Harris Administration is taking a critical step forward on one of the largest infrastructure projects in American history: the revitalization and expansion of the Northeast Rail Corridor, specifically the Hudson River Tunnel (HRT) project between New York and New Jersey. Thanks to the President's Bipartisan Infrastructure Law, the Federal Transit Administration (FTA), part of the U.S. Department of Transportation, informed the Gateway Development Commission (GDC) that the Hudson River Tunnel project has received approval to enter the Engineering phase of the FTA Capital Investment Grants (CIG) program. Once the project begins, it is expected to create more than 72,000 American jobs in the region.

11. VIA Rail continues its transformation by breaking ground on construction of cutting-edge Toronto Maintenance Centre

On July 10, 2023, VIA Rail broke ground on construction at its Toronto Maintenance Centre (TMC). This major upgrade will provide a state-of-the-art maintenance facility for VIA Rail's new fleet of 32 trains in the Québec City-Windsor corridor and is an important pillar in VIA Rail's large-scale modernization which aims to transform the way Canadians travel from reservation to destination. “This modernized maintenance centre will support us in our mission to provide our passengers the most enjoyable travel experience and better connect Canadian communities,” said Mario Pélouquin, VIA Rail's President and Chief Executive Officer. “It will also allow our employees to work with the most modern equipment and will provide them the necessary tools to maintain the new fleet according to VIA Rail's standards of excellence.”

12. CSX Issues 2022 ESG Report

CSX has released a new environmental, social and governance (ESG) report, “highlighting significant progress the company has made towards advancing its workforce and improving environmental stewardship, social responsibility and governance best practices over the past year,” the Class I announced on July 7. The report was prepared in accordance with leading ESG disclosure frameworks, including the Global Reporting Initiative (GRI) 2021 Universal Standards, the Sustainability Accounting Standards Board (SASB) Rail Transportation standards and the Task Force on Climate-related Financial Disclosures (TCFD), according to [CSX](#).

13. VIA Rail continues to improve passenger experience with over \$25 million investment in London station upgrades

VIA Rail Canada (VIA Rail) on July 11, 2023 announced over \$25 million in upgrades to its London, Ontario station. Once completed in 2025, these investments will make the station – one of the busiest in VIA Rail’s network – a more comfortable, more accessible, and more efficient station and will improve the passenger experience in London.

14. Minister of Transport announces new funding to improve railway crossing safety in Edmonton, Alberta

On July 11, 2023, the Minister of Transport, the Honourable Omar Alghabra, was in Edmonton to announce a new investment, under the National Trade Corridors Fund, of up to nearly \$31 million for the 50 Street CP Rail Grade Separation and Widening Project. This will improve the safety of a railway crossing and reduce congestion and travel times in the city. This new funding is in addition to the more than \$39 million announced in 2018 for the same project. Improvements that will enhance safety and increase the efficient flow of goods along this key trade corridor route include: 1. A new overpass over the existing railway crossing north of the Sherwood Park Freeway; 2. The construction of two new traffic lanes on 50 Street, increasing the total number of lanes from four to a six-lane divided roadway; 3. The realignment and reconstruction of the intersection at 82 Avenue and 50 Street to maintain important connections between local residential neighborhoods and commercial developments; and 4. The building of new sidewalks and shared-use paths along 50 Street so that people in the city can get where they need to go quickly and safely.

15. AAR: North American Rail Volume Down Through 27 Weeks

For the first 27 weeks of 2023 (ending July 8), total U.S. weekly rail traffic dipped 4.2% from the same point last year, according to the Association of American Railroads’ (AAR) July 12 report. Both Canada and the U.S. saw declines, while Mexico saw an increase. North American rail volume for the first 27 weeks of the year (ending July 8) on 12 reporting U.S., Canadian and Mexican railroads came in at 17,384,731 carloads and intermodal units. Cumulative volume in Canada was 4,271,926 carloads, containers and trailers, down 2.2%; in Mexico, 747,632 carloads and intermodal containers and trailers, up 4.1%; and in the U.S., 12,365,173 carloads and intermodal units, down 5.3%. Canadian railroads reported 83,374 carloads for the week, down 2.7%, and 38,849 intermodal units, down 46.2 percent compared with the same week in 2022. For the first 27 weeks of 2023, Canadian railroads reported cumulative rail traffic volume of 4,271,926 carloads, containers and trailers, down 2.2%.

16. CSX adds eight rail-served properties in seven states to select site program

CSX announced its latest group of high-ranking properties to receive CSX Select Site designation under the newly expanded industrial development program. Eight sites in seven states have earned a Gold, Silver or Bronze rating based on an evaluation of a wide range of site characteristics. CSX worked with more than 60 communities over the past several months to gather information and identify top candidates for the Select Site program, which connects expanding companies with highly desirable rail-served properties.

17. UP, CN Put Biofuels to the Test with Train-Track Treadmills

The Class I railroads joined forces in 2023 to share the costs and resources needed to test a blend of renewable fuels on two classes of locomotives. The signal is clear: In addition to being the [most environmentally responsible](#) way to move freight by land, the rail industry is united to find solutions to further reduce rail’s environmental footprint. “Working with Union Pacific and our suppliers is absolutely the right thing to do, for our stakeholders, our customers and the communities in which we operate,” said François Bélanger, senior director, Sustainability at CN. “It underscores our commitment as an industry to finding more sustainable paths forward.”

18. For Week 28, Carloads Rise, Intermodal Falls

U.S. rail traffic for the week ending July 15, 2023 (Week 28) was 478,153 carloads and intermodal units, down 2.4% from the same week last year, according to the Association of American Railroads’ (AAR) July 19 report. Total carloads were 225,609, up 0.9%, while intermodal volume of 252,544 containers and trailers fell 5.3%. Year-to-date, carloads improved 0.5%, but intermodal dropped 10.0% from the prior-year period. In comparison, [for the week ending July 8, 2023, U.S. Class I railroads hauled a total of 407,843 carloads and intermodal units](#), declining 5.1% from the same week last year, according to [AAR](#). That comprises 197,086 carloads—down 2.3% from the year-earlier period—and 210,757 containers and trailers—down 7.6% from 2022. Seven of the 10 carload commodity groups posted an increase for the week ending July 15, 2023, compared with the same week last year. Canadian railroads reported 87,054 carloads for the week ending July 15, 2023, up 1.2%, and 49,682 intermodal units, down 36.3% from the same

point in 2022. For the first 28 weeks of this year, they reported cumulative rail traffic volume of 4,408,662 carloads, containers and trailers, down 2.7%.

19. Railway carloadings, May 2023

Canadian railways transported 30.7 million tonnes of freight in May 2023, down 5.0% compared with May 2022, and the first such decline in 12 months. Strong growth in carloadings of grain tempered the overall decrease. Despite this decline, freight traffic volume was just below the five-year average of 31.6 million tonnes for May 2023. The rail traffic decline in May was the result of lower volumes across all types of rail operations: non-intermodal, intermodal and traffic from US connections. After 12 consecutive months of year-over-over increases, domestic non-intermodal freight loadings (mainly commodities) edged down by 2.0% to 24.1 million tonnes in May compared with the same month in 2022, led by a sharp decline in carloadings of iron ores.

20. CSX: ‘Building Momentum’ in 2Q23

“The ONE CSX team continued to build momentum this quarter as our merchandise and coal businesses continued to demonstrate significant volume gains,” President and CEO Joe Hinrichs said July 20, 2023 during the Class I railroad’s second-quarter 2023 financial report. “Though intermodal activity remains challenged, our strong service performance distinguishes us in the marketplace and is attracting shippers to our network.” Revenue totaled \$3.70 billion, a 3% decline year-over-year “as lower fuel prices, reduced supplemental revenue, a decline in export coal benchmark prices, and a decrease in intermodal volumes more than offset the effects of volume growth in coal and merchandise and solid gains in merchandise pricing,” the railroad reported. Operating income came in at \$1.48 billion, falling 13% from second-quarter 2022’s \$1.70 billion. Net earnings were \$996 million (or \$0.49 per diluted share), down 15.6% from second-quarter 2022’s \$1.18 billion (or \$0.54 per diluted share). Last year’s results included a \$122 million gain (\$0.04/share after-tax) related to the commonwealth of Virginia property sale agreement. CSX reported an operating ratio of 59.9%. In the second-quarter 2022, the operating ratio was 55.4%, and included “the effects of lower real estate gains, the acquisition of Quality Carriers and higher fuel prices,” CSX said at that time. The operating ratio came in at 43.4% in second-quarter 2021.

21. CSX Corp. announces second Quarter 2023 results

CSX Corp. today announced a second quarter 2023 operating income of \$1.48 billion compared to \$1.70 billion in the prior year period. Net earnings of \$996 million, or \$0.49 per diluted share, compared to \$1.18 billion, or \$0.54 per diluted share, in the same period last year. Second quarter 2022 results included a \$122 million gain (\$0.04/share after-tax) related to the Commonwealth of Virginia property sale agreement. “The ONE CSX team continued to build momentum this quarter as our merchandise and coal businesses continued to demonstrate significant volume gains,” said Joe Hinrichs, president and chief executive officer. “Though intermodal activity remains challenged, our strong service performance distinguishes us in the marketplace and is attracting shippers to our network. We look forward to meeting the opportunities ahead in the second half of the year and over the long term as we position CSX for sustainable, profitable growth.”

22. Government of Canada announces the groups that will be able to submit a proposal for the High Frequency Rail project

On July 20, 2023, the Minister of Transport, the Honourable Omar Alghabra, and the Minister of Canadian Heritage and Quebec Lieutenant, the Honourable Pablo Rodriguez, announced the outcome of the Request for Qualifications stage of the project. The following groups have been invited to move to the Request for Proposals (RFP) stage: 1. *Cadence* (CDPQ Infra, SNC-Lavalin, Systra Canada, Keolis Canada); 2. *Intercity Rail Developers* (Intercity Development Partners, EllisDon Capital, Kilmer Transportation, First Rail Holdings, Jacobs, Hatch, CIMA+, First Group, RATP Dev Canada, Renfe Operadora); and 3. *QConnexiON Rail Partners* (Fengate, John Laing, Bechtel, WSP Canada, Deutsche Bahn).

23. Revenue decline dampens CN’s Q2 net profit

Lower revenues in the second quarter of 2023 put pressure on overall profits for Canadian railway CN. CN reported second-quarter 2023 adjusted net income of CA\$1.17 billion (US\$886 million), or \$1.76 per adjusted diluted earnings per share, compared with \$1.33 billion, or \$1.93 per adjusted diluted earnings per share, for the second quarter of 2022. Revenues were \$4.06 billion in the second quarter of 2023, down 7% year over year (y/y) amid lower volumes of intermodal crude oil, U.S. grain exports and forest products. The railway said the volume decline was driven in part by lower demand for freight services to move consumer goods, as well as customer outages caused by Canadian wildfires. Lower ancillary services and a decline in fuel surcharge revenues also contributed. But revenue declines were partially offset by freight rate increases, a weaker Canadian dollar and higher export volumes of Canadian grain, CN said. Meanwhile, operating expenses were nearly \$2.46 billion, down from nearly \$2.58 billion for the second quarter of 2022, amid lower fuel prices. Higher labor and fringe benefits and a weaker Canadian dollar partially offset CN’s expenses in the second quarter.

24. CN Announces Second Quarter Results

CN on July 25, 2023 reported its financial and operating results for the second quarter ended June 30, 2023. The Company's focus on scheduled railroading has resulted in year-over-year improvements in car velocity, train speed and through dwell. Tracy Robinson, President and Chief Executive Officer, CN said "CN's disciplined approach to scheduled railroading continues to deliver for our customers. As volumes evolve, we will continue to refine our plan to optimize efficiency and drive further improvements to customer service. Our goal to accelerate sustainable, profitable growth through 2026 and beyond remains on track." Second quarter 2023 highlights compared to second quarter 2022 were: 1. Revenues of C\$4,057 million, a decrease of C\$287 million, or 7%. 2. Operating income of C\$1,600 million, a decrease of C\$169 million, or 10%. 3. Operating ratio, defined as operating expenses as a percentage of revenues, of 60.6%, an increase of 1.3-points, or an increase of 1.6-points on an adjusted basis. 4. Diluted EPS of C\$1.76, a decrease of 8%, or a decrease of 9% compared to second quarter 2022 adjusted EPS. 5. Free cash flow for the second quarter of 2023 was C\$1,100 million, an increase of C\$103 million, or 10%. 6. Free cash flow for the first half of 2023 was C\$1,693 million, an increase of C\$125 million, or 8%.

25. CN Declares Third-Quarter 2023 Dividend

CN announced on July 25, 2023 that its Board of Directors has approved a third-quarter 2023 dividend on the Company's common shares outstanding. A quarterly dividend of seventy-nine cents (C\$0.7900) per common share will be paid on September 29, 2023, to shareholders of record at the close of business on September 8, 2023.

26. AAR North American Rail Volume Down Through 29 Weeks

For the first 29 weeks of 2023 (ending July 22), total U.S. weekly rail traffic dipped 4.2% from the same point last year, according to the Association of American Railroads' (AAR) July 26 report. Both Canada and the U.S. saw declines, while Mexico saw an increase. North American rail volume for the first 29 weeks of the year (ending July 22) on 12 reporting U.S., Canadian and Mexican railroads came in at 18,690,310 carloads and intermodal units. Cumulative volume in Canada was 4,567,335 carloads, containers and trailers, down 2.7%; in Mexico, 805,913 carloads and intermodal containers and trailers, up 3.7%; and in the U.S., 13,317,062 carloads and intermodal units, down 5.1%. Canadian railroads reported 89,701 carloads for the week, up 4.8%, and 68,972 intermodal units, down 11.6% compared with the same week in 2022. For the first 29 weeks of 2023, Canadian railroads reported cumulative rail traffic volume of 4,567,335 carloads, containers and trailers, down 2.7%.

27. CPKC reports second-quarter results; focused on delivering on benefits of new combined network

Canadian Pacific Kansas City (CPKC) on July 27, 2023 announced its second-quarter results, including revenues of \$3.2 billion, diluted earnings per share ("EPS") of \$1.42 and core adjusted combined diluted EPS1 of \$0.83. Keith Creel, CPKC President and Chief Executive Officer said "This quarter we made history by completing our transformational combination to create the first single-line transnational railroad linking Canada, the United States and Mexico. By uniting the outstanding railroaders at Canadian Pacific and Kansas City Southern to form our new CPKC family, we already are changing the freight rail industry, redrawing the map and delivering on the many benefits of our combined network." The 2023 second quarter results are: 1. Reported operating ratio (OR) increased by 970 basis points to 70.3 percent from 60.6 percent in Q2 2022; 2. Core adjusted combined OR increased 430 basis points to 64.6 percent from 60.3 percent in Q2 2022; 3. Reported diluted EPS increased to \$1.42 from \$0.82 in Q2 2022 due to the net impact of the derecognition of the investment in Kansas City Southern (KCS) upon consolidation; 4. Core adjusted combined diluted EPS1 decreased to \$0.83 from \$0.95 in Q2 2022; and 5. Federal Railroad Administration-reportable train accident frequency declined 32 percent to 0.76 from 1.11 in Q2 2022.

28. CN to Modernize 60 Additional Locomotives with Wabtec

CN and Wabtec Corporation announced an order to enhance an additional 60 locomotives in CN's existing fleet through Wabtec's modernization program. The investment supports CN's commitment to drive growth in a sustainable manner and build success for customers, employees and communities. "Modernizing these locomotives cost-effectively improves the reliability of our existing fleet and contributes to reducing our rail carbon footprint," said Mark Grubbs, Vice-President Mechanical at CN. "In addition to reducing the environmental impact of our own operations, it helps us to reduce the greenhouse gas emissions of our customers."

HIGHWAY TRANSPORTATION

1. ATRI: Truck Operating Costs Soared in 2022

Rising wages for drivers, and the increasing price of insurance, diesel fuel, maintenance costs and other factors, pushed up the cost of operating a truck by 21.3% in 2022, compared to the year before, according to the annual [American Transportation Research Institute](#) report, “[An Analysis of the Operational Costs of Trucking](#).” The price of operating a truck rose to US\$2.251 per mile — the highest level on record — according to the study released June 21, 2023. Rising cost of fuel was the largest driver of the increase in 2022 and 53.7% higher than in 2021. Other line items also increased by double digits. Driver wages jumped 15.5% to 72.4 cents per mile, reflecting the industry effort to attract and retain drivers. Hundreds of companies raised driver pay, sometimes multiple times during the year to remain competitive.

2. Couriers and Messengers Services Price Index, May 2023

The Couriers and Messengers Services Price Index (2019=100) is now available for May 2023. For May 2023 the index was 123.5 compared to 130.4 in April 2023.

3. Economic Trucking Trends: Tough times for flatdeckers, used truck prices normalizing

If you’re relying on the spot market to find or move freight it’s better to be a shipper than a carrier. Shipper conditions improved according to the latest data, while rates remained tough on the spot market – especially if you’re seeking flatbed loads. Used truck sales are still strong in the U.S., but prices are coming down for highly elevated levels last year. The good news for buyers is there’s more inventory and at more reasonable prices. The week ended June 23, 2023 showed strength in the U.S. spot market for van and reefer haulers, and weakness for those looking for flatbed loads. Loadboard Truckstop noted dry van and refrigerated loads saw pricing strength during the week, while flatbed rates fell sharply. For flatbeds, it was the largest price decrease seen since March. But van rates were the strongest since mid-May, Truckstop reported. “The real test of van rates’ strength will be the current week, however,” the company noted. “Spot rates during the final week of June typically are the strongest of the year for refrigerated and dry van except for rates during the December holiday period. This week will need to produce large rate gains for both equipment types if they are to match seasonal expectations, but that result is not out of the question.”

4. Reminder: Blue Water Bridge Rehabilitation Project Begins July 5

The Ontario Trucking Association (OTA) is reminding carriers that the Federal Bridge Corporation Limited (FBCL) has announced that rehabilitation work will begin at the Blue Water Bridge, with the U.S. bound span being closed beginning July 5, 2023 to October 5, 2023. To minimize impact and disruption, the Canada-bound span will become bi-directional and remain operational during construction. The rehabilitation work is not expected to have significant traffic disruptions to travellers or to the local community. Both the Canada Border Services Agency (CBSA) and U.S. Customs and Border Protection (CBP) recognize the importance of prioritizing commercial traffic and ensuring a steady stream of cross-border goods movement, and will work to ensure as many lanes are open as possible to maintain optimal service levels.

5. Blue Water Bridge lane restrictions begin July 5

Rehabilitation work is about to begin at the Blue Water Bridge, closing the U.S.-bound span July 5 to Oct. 5, 2023. To minimize any disruption, the Canada-bound span will become bi-directional and remain open during construction. No significant traffic disruptions are expected, Federal

HIGHWAY TRANSPORTATION

Canada

1. ATRI: Truck Operating Costs Soared in 2022, June 19, 2023, [www.ontruck.ca](#)
2. Couriers and Messengers Services Price Index, May 2023, June 30, 2023, [www.statcan.gc.ca](#)
3. Economic Trucking Trends: Tough times for flatdeckers, used truck prices normalizing, June 30, 2023, [www.todaystrucking.com](#)
4. Reminder: Blue Water Bridge Rehabilitation Project Begins July 5, July 3, 2023, [www.cantruck.ca](#)
5. Blue Water Bridge lane restrictions begin July 5, July 4, 2023, [www.todaystrucking.com](#)
6. Canada Cartage buys Cam-Scott Transport, July 5, 2023, [www.todaystrucking.com](#)
7. Q2 likely ‘peak pain’ for trucking companies, Morgan Stanley says, July 6, 2023, [www.freightwaves.com](#)
8. Government of Canada announces new measures to improve commercial vehicle safety, July 23, 2023, [www.tc.gc.ca](#)
9. Convenient access to public transport in Canada, July 11, 2023, [www.statcan.gc.ca](#)
10. Building on the Success of DOT’s Rural EV Toolkit to Help Communities Build Out EV Charging Infrastructure, DOT Releases New Edition for Urban Areas, July 12, 2023, [www.dot.gov](#)
11. Monthly Cass report suggests freight market bottom may be near, July 12, 2023, [www.freightwaves.com](#)
12. New federal fines for Hours of Service, ELDs, range from \$300 to \$2,000, July 12, 2023, [www.todaystrucking.com](#)
13. TC Changes Contraventions Regs to Increase HoS Violation Fines, July 14, 2023, [www.ontruck.ca](#)
14. Economic Trucking Trends: U.S. holiday brings positive signs for freight, equipment demand, July 14, 2023, [www.todaystrucking.com](#)
15. Labour disruptions up over 136 percent in 2023, report finds, July 19, 2023, [www.insidelogistics.ca](#)
16. Urban public transit, May 2023, July 19, 2023, [www.statcan.gc.ca](#)
17. Biden-Harris Administration Announces Nearly \$21 Million in Grants to Improve Road Safety on Tribal Lands, July 20, 2023, [www.dot.gov](#)
18. Mullen’s revenue, profit slide compared to a year ago, July 20, 2023, [www.todaystrucking.com](#)
19. TT: Freight Recession Lingers, but Market Good For Now, July 21, 2023, [www.ontruck.ca](#)
20. Trans-Canada Highway improvement work in B.C. to begin in fall, July 24, 2023, [www.todaystrucking.ca](#)
21. UPS, Teamsters reach tentative labor deal avoiding strike, July 25, 2023, [www.ajot.com](#)
22. B.C. to commence ELD enforcement Aug. 1, July 26, 2023, [www.todaystrucking.ca](#)
23. North American Transborder Freight down 2.3% in May 2023 from May 2022, July 26, 2023, [www.bts.gov](#)
24. Hub Group’s Q2 earnings tumble in ‘challenging’ freight economy, July 27, 2023, [www.freightwaves.com](#)

Bridge Corporation Limited (FBCL) says. FBCL announced the plans this March 2023 for the twin-span international bridge linking Sarnia, Ont. and Port Huron, Mich. Both the Canada Border Services Agency and U.S. Customs and Border Protection will work to ensure as many lanes are open as possible to maintain optimal service levels, according to a news release

25. Waymo prioritizes ride-hailing platform over autonomous trucking, July 27, 2023, www.todaystrucking.com
26. Economic Trucking Trends: A 'meh' week for trucking economic indicators, July 28, 2023, www.todaystrucking.com

from the Ontario Trucking Association. Reduced lane access during the project will prevent the availability of a dedicated lane for FAST travelers. Wide loads will be restricted to less than 3.35 meters (11 feet).

6. Canada Cartage buys Cam-Scott Transport

Canada Cartage has announced its acquisition of Whitby, Ont.-based Cam-Scott Transport, expanding its temperature-sensitive service offerings. The deal includes 150 tractors and 250 reefer trailers. Cam-Scott specializes in food and beverage deliveries in Ontario and also owns a 24-door cross-dock facility, maintenance shop, and office in Whitby. "Cam-Scott is very successful and growing transport company," said Canada Cartage president and CEO Jeff Lindsay. "Their specialization in temperature-controlled fresh, frozen, and dry goods is a great fit with Canada Cartage's customer base in the grocery and retail food and beverage sectors. Combining our two companies will help us to grow in these important market segments."

7. Q2 likely 'peak pain' for trucking companies, Morgan Stanley says

Morgan Stanley trimmed estimates on July 6, 2023 ahead of earnings season. The firm sees the second quarter of 2023 as the point of "peak pain" for trucking companies and likely the bottom of the cycle. "The quarter began with most companies reporting on 1Q calls that there was virtually no spring seasonal pickup and while this improved somewhat going into the end of the quarter, the lift was likely too little, too late to save the quarter," said Ravi Shanker, Morgan Stanley transportation equities analyst. He cut numbers for most of the carriers he follows by double-digit percentages, lowering his Knight-Swift second-quarter forecast by 35% following the company's negative pre-announcement on . In a news release on July 5, 2023 announcing the close of the U.S. Xpress acquisition, Knight-Swift warned its consolidated operating margin would likely be down 1,100 to 1,200 basis points year over year (y/y) in the quarter due to "persistently soft demand," which weighed on volumes and pricing.

8. Government of Canada announces new measures to improve commercial vehicle safety

On July 10, 2023, the Minister of Transport, the Honourable Omar Alghabra, announced that, in addition to existing measures, enforcement officers will be able to impose fines to drivers or companies who violate the *Commercial Vehicle Drivers Hours of Service Regulations*. The change was made possible by amending the *Contraventions Regulations*, which provided new ways to spell out contraventions in the Hours of Service, including the amount of fines. The Hours of Service Regulations are critical for promoting road safety as they mandate how long commercial drivers can operate their vehicles before they need rest. They also outline logging and reporting requirements for commercial vehicles and fleet operators.

9. Convenient access to public transport in Canada

Canada's three largest census metropolitan areas (CMAs) (Toronto, Montréal and Vancouver) had higher rates of convenient access to public transit, each with over 82% of residents living within 500 metres of a public transit stop. CMAs with fewer than 500,000 residents tended to have lower rates of convenient access to public transportation, generally ranging from 37% to 79%, with a few notable exceptions. Residents of Victoria, Regina and Red Deer, for example, had relatively higher rates of convenient access (ranging from 84% to 93%) compared with other CMAs. In contrast, residents of Oshawa (62%) and Windsor (50%) had lower rates of convenient access to public transit for cities of their size.

10. Building on the Success of DOT's Rural EV Toolkit to Help Communities Build Out EV Charging Infrastructure, DOT Releases New Edition for Urban Areas

On July 12, 2023, the U.S. Department of Transportation, in collaboration with the U.S. Department of Energy and the Joint Office of Energy and Transportation (Joint Office), released a free technical resource to help larger communities take full advantage of Federal funding for electric vehicle (EV) charging stations and other forms of electric transportation. It follows the popular Rural EV toolkit released last year and updated earlier this summer. The new guide is called *Charging Forward: A Toolkit for Planning and Funding Urban Electric Mobility Infrastructure*. President Biden's infrastructure law dedicates \$7.5 billion to help communities of all sizes get EV chargers where drivers will need them, creating good-paying manufacturing and installation jobs along the way

11. Monthly Cass report suggests freight market bottom may be near

In a freight market where the seemingly permanent prevailing question is, "Are we at the bottom, and if not, when is the bottom?," Cass Freight Index data continued to report weak numbers but with some suggestion that a bottom may be near. The headline on this month's report is "Bouncing Along the Bottom." "The volume downturn appears to be in the later innings, and after a long soft patch, we see the U.S. freight transportation industry on the cusp of a new cycle," Tim Denoyer of ACT Research wrote in commentary accompanying the release of the June Cass data. But the period

that Denoyer said the freight market is moving into is what he calls “cycle bottoming.” In the graphic that accompanied the report, that cycle is marked by several features: loose capacity, pricing power to the shipper, low Class 8 tractor production, rates falling more slowly and order cancellations increasing. Overall, the biggest features highlighted on the “wheel” for cycle bottoming are that “demand declines and capacity growth slows.”

12. New federal fines for Hours of Service, ELDs, range from \$300 to \$2,000

Truck drivers and carriers face 60 new federal fines for Hours-of-Service violations – including those specific to mandated electronic logging devices (ELDs). Coming in three tiers, the fines range from \$300 to \$1,000 for drivers, and \$600 to \$2,000 for motor carriers. The lowest tier includes administrative and minor recordkeeping contraventions. A second tier includes on-duty/drive limitations; off-duty requirements; more serious recordkeeping contraventions that increase risk; and contraventions that make it difficult to enforce carrier compliance. Topping the scales are fines for tampering, falsifying or obstructing records, and the most serious on-duty/driving limitations and rest requirements. Now included in *Contraventions Regulations*, the infractions can be addressed through tickets and voluntary payments of prescribed fines, rather than court appearances.

13. TC Changes Contraventions Regs to Increase HoS Violation Fines

New fines for Hours-of-Service violations announced by Transport Canada will lead to “swift enforcement” of related rules and ease the strain on the justice system, the department said. As reported by *Truck News*, recently announced changes to *Contraventions Regulations* add to federal penalties that were already in place but limited to warnings or court proceedings. “Issuing contravention tickets provides a new tool for authorities to use, however they do not replace the court process,” the regulator said in a July 10 statement. “This remains available to prosecute offenders of the *Commercial Vehicle Drivers Hours of Service Regulations*.”

14. Economic Trucking Trends: U.S. holiday brings positive signs for freight, equipment demand

The U.S. Independence Day holiday has come and gone, and with it came some encouraging signs on several fronts concerning freight and equipment. Trucking added jobs while there continues to be a sharp increase in carrier revocations, suggesting a rebalancing is slowly occurring with independent operators packing it in and potentially returning to larger fleets. Spot market rates were surprisingly resilient over the week leading up to the holiday – was it a sign of a potential recovery, or at least a bottoming of spot market rates? Truck visits to Top 50 retailers over the holiday week were also surprisingly strong. Does this signal a drawdown in retail inventories, and is it potentially another sign the freight markets have bottomed? And lastly, ACT Research is upping its outlook for equipment sales and production for the remainder of this year and next.

15. Labour disruptions up over 136 percent in 2023, report finds

A new study of supply chain disruptions has found that global labour disruptions to supply chain operations have climbed by over 130 percent this year, as the British Columbia ports strike resumes. According to data from Resilinc covering the first half of 2023, labour disruptions are substantially higher this year, up by 136 percent. This includes company and site-level strikes, national strikes (like the strikes in France or the worker walkouts at Starbucks in the U.S.), layoffs (like this year’s job cuts at Google, PayPal, Meta, and Amazon), and labour protests, among others. From January 2023 through June 2023, Resilinc’s EventWatchAI platform reported a total of 8,197 supply chain disruptions, with the healthcare, high tech, automotive, aerospace, and food and beverage industries bearing the brunt of the impact.

16. Urban public transit, May 2023

In May 2023, 120.8 million passenger trips were made on urban transit networks in Canada. This total represents over three-quarters (77.8%) of the May 2019 level, before the COVID-19 pandemic, the highest recovery rate to date. This is an increase of 26.0% (+24.9 million trips) from May 2022. It marks more than two years of consecutive monthly year-over-year increases. With activity and travel behaviour continuing to move toward historic patterns, ridership recovered to 77.8% of the pre-pandemic May 2019 level. While this was the highest rate of recovery since the pandemic, there were still 34.5 million fewer passenger trips in May 2023 compared with the same month in 2019. On a monthly basis before the pandemic, public transit ridership typically edged down from April to May. Meanwhile, May 2023 saw a 5.8% rise from April 2023. In May 2023, transit agency operating revenues (excluding subsidies) were \$290.1 million, an increase of \$68.6 million, or 31.0%, from May 2022, albeit \$46.1 million lower than the pre-pandemic May 2019 level.

17. Biden-Harris Administration Announces Nearly \$21 Million in Grants to Improve Road Safety on Tribal Lands

On July 20, 2023, the U.S. Department of Transportation’s Federal Highway Administration (FHWA) announced \$20.9 million in grant awards for 88 Tribal projects that will reduce roadway fatalities and serious injuries on Tribal lands. The grants, from the Tribal Transportation Program Safety Fund for proven countermeasures such as pavement markings, rumble strips and better pedestrian infrastructure, are one way in which the Biden-Harris administration is investing in communities across the country and addressing the unacceptably high number of roadway deaths, as laid out in the Department’s National Roadway Safety Strategy.

18. Mullen’s revenue, profit slide compared to a year ago

Mullen Group’s Q2 revenue and net income slid as freight demand softened and pricing normalized. The company reported \$494.3 million in revenue for the quarter, down 5.2%, year over year, and net income was \$36.5 million, a 14.5% decline. “This was another very good quarter for our organization, especially taking the slowing economy and changing consumer spending patterns into consideration, generating quarterly revenues of nearly a half a billion dollars,” Murray Mullen, chairman and senior executive officer, said in a release. “Our leaders, in fact all of our people, understood the changes occurring in the market and adjusted accordingly, ensuring we captured market share but at the same time maintained margin. I could not be more pleased.” While there are no signs an economic downturn is imminent, Mullen said the company is closely watching how rising interest rates will affect consumer spending.

19. TT: Freight Recession Lingers, but Market Good For Now

Canadian spot market volumes were steady, but spot market rates in the U.S. remained weak – especially for flat-deckers. For-hire truck tonnage, reflecting contract freight, was up for the second straight month but still in freight recession territory. Trailer orders slowed, as expected, with cancellations on the rise. But ACT Research suggests this can be attributed to dealer inventory management more than declining fleet demand. U.S. for-hire truck tonnage ticked up 2.1% in June 2023, according to the American Trucking Associations (ATA), on the heels of a 1.2% increase in May 2023. The increase is welcomed, but still nothing to get overly excited about. “While the tonnage index increased in both May and June 2023, it remains in recession territory,” said ATA chief economist Bob Costello.

20. Trans-Canada Highway improvement work in B.C. to begin in fall

Improvements to the Trans-Canada Highway between Ford Road and Tappen Valley Road are scheduled to begin this fall. A \$128-million contract for the project has been awarded to Emil Anderson Construction. Work will require three construction seasons and is expected to be complete in 2026. Work will include widening the two-lane highway to four lanes and replacing the aging Tappen overpass, as well as constructing frontage roads and a commercial and passenger vehicle pullout. Frontage roads are the access roads that connect side roads and driveways, and consolidate them so there is only one highway access. This portion of work includes a stretch of highway running through Skwłāx te Secwepemcūlecw, formerly Little Shuswap Lake Band Indian Reserve #5. This will enhance connections within the Skwłāx te Secwepemcūlecw community and improve safe access on and off the Trans-Canada Highway.

21. UPS, Teamsters reach tentative labor deal avoiding strike

United Parcel Service Inc. reached a tentative agreement to renew a five-year labor contract with the Teamsters ahead of the July 31, 2023 deadline, giving relief to stressed shippers and removing a share-price overhang for investors concerned about a costly strike. The agreement, which has to be ratified by the about 340,000 teamsters that it covers, contains \$30 billion of new money from UPS over the life of the contract, according to a statement Tuesday from the International Brotherhood of Teamsters. “The union went into this fight committed to winning for our members,” Teamsters President Sean O’Brien said in the statement. “We demanded the best contract in the history of UPS, and we got it.” The resolution to the talks is also a win for UPS Chief Executive Officer Carol Tomé, who had insisted that a deal would get done to head off a strike that could have been called as soon as Aug. 1, 2023. She had said that the changes in the contract would be a win for workers, the company and customers. The courier had lost some volume to competitors as its customers prepared for the worst and that trickle would have turned into a gusher as the strike date approached.

22. B.C. to commence ELD enforcement Aug. 1

The B.C. Ministry of Transportation and Infrastructure said that as of Aug. 1, 2023 enforcement officers in the province may issue violation tickets to carriers who fail to equip a commercial motor vehicle with a certified electronic logging device (ELD). The fine amount is \$520, which results in a ticketed amount of \$598 when the victim surcharge is included, the ministry told TruckNews.com. Recently, the federal government imposed 60 new fines on truck drivers and carriers for Hours of Service violations – including those specific to mandated ELDs.

23. North American Transborder Freight down 2.3% in May 2023 from May 2022

The highlights of transborder freight for the month of May 2023 between the U.S. and North American countries Canada and Mexico were as follows: 1. Total transborder freight: \$136.2 billion of transborder freight moved by all modes of transportation, down 2.3% compared to May 2022; 2. Freight between the U.S. and Canada totaled \$67.6 billion, down 4.8% from May 2022; 3. Freight between the U.S. and Mexico totaled \$68.7 billion, up 0.3% from May 2022; 4. Trucks moved \$89.1 billion of freight, up 8.6% compared to May 2022; 5. Railways moved \$17.7 billion of freight, down 8.0% compared to May 2022; 6. Vessels moved \$9.5 billion of freight, down 32.8% compared to May 2022; 7. Pipelines moved \$9.2 billion of freight, down 32.9% compared to May 2022; 8. Air moved \$4.8 billion of freight, up 2.6% compared to May 2022. The total U.S.-Canada (both directions) transborder freight for May 2023 were as follows: 1. Truck: \$39.5b; 2. Rail: \$9.5b; 3. Pipeline: \$8.6b; 4. Vessel: \$3.0b; 5. Air: \$2.9.

23. Hub Group’s Q2 earnings tumble in ‘challenging’ freight economy

“The remainder of the year will be impacted by softer pricing,” according to Hub Group CFO Geoff DeMartino. [Hub](#)

Group's revenue and profits fell in the second quarter compared to last year's record-breaking results. The transportation provider reported second-quarter earnings per share (EPS) of \$1.44, 3 cents better than the analysts' estimate of \$1.41 but a 52% year-over-year (y/y) decline compared to the same period in 2022. Revenue for the quarter came in at \$1 billion versus the analysts' estimate of \$1.12 billion. Second-quarter revenue declined 29% compared to 2022, when Hub Group reported revenue of \$1.4 billion, a quarterly record. "The freight economy is a challenge this year and that trend continued in the second quarter," Phil Yeager, Hub Group's president and CEO, said during the earnings call on July 27, 2023. "Import volumes have been lower driven by elevated inventories and the industry has yet to exit surplus capacity. This has in turn driven down rates to our customers and decreased spot market activity, putting pressure on our more transactional services."

24. Waymo prioritizes ride-hailing platform over autonomous trucking

Waymo has announced it will focus its resources on autonomous ride-hailing technologies, pushing back development of its trucking platform. The company, owned by Google parent company Alphabet, has been working with Daimler Truck North America (DTNA) in developing the Waymo Via autonomous trucking platform. "Given the tremendous momentum and substantial commercial opportunity we're seeing on the ride-hailing front, we've made the decision to focus our efforts and investment on ride-hailing," Waymo said in an update. "With our decision to focus on ride-hailing, we'll push back the timeline on our commercial and operational efforts on trucking, as well as most of our technical development on that business unit."

25. Economic Trucking Trends: A 'meh' week for trucking economic indicators

Economic news affecting the trucking industry was mostly unexciting in the final week of July 2023, but ACT Research is sounding alarms for those in the trailer industry. Higher cancellations and a decline in orders are worth monitoring, the industry forecaster warns. And truckers relying on the spot market faced more uncertainty, with signs the spot market may have bottomed. Trucking conditions were virtually unchanged in May 2023, according to FTR's Trucking Conditions Index (TCI). The -3.75 reading was slightly up from -3.88 in April, which FTR says is indicative of "mildly negative" conditions for carriers.

GENERAL TRANSPORTATION

Canada

1. National tourism indicators, first quarter 2023

Tourism spending in Canada grew 2.6% in the 2023 first quarter, due to an increase of 3.5% in domestic tourism spending by Canadian residents. Tourism gross domestic product (+2.3%) and jobs attributable to tourism (+2.7%) also rose in the first quarter. Passenger air transport (+2.9%) contributed the most to the growth in tourism spending in the first quarter, followed by food and beverage (+4.7%) and accommodation (+2.2%) services. As a result of this continued overall growth, tourism spending rose to 86.7% of its level in the fourth quarter of 2019, before the COVID-19 pandemic. Tourism GDP grew 2.3% in the first quarter of 2023, the same growth rate as the fourth quarter of 2022.

2. Biden-Harris Administration Announces New, Streamlined Funding Application Process for Infrastructure Projects That Reconnect Communities

On July 5, 2023, U.S. Transportation Secretary Pete Buttigieg announced that the Department of Transportation is now taking applications for the Reconnecting Communities and Neighborhoods (RCN) Program, an unprecedented effort to build good transportation infrastructure to reconnect communities to economic opportunities. The streamlined program, which combines two different programs created in President Biden's Bipartisan Infrastructure Law and Inflation Reduction Act, will make it easier to submit an application and increase opportunity for communities that are seeking funding for projects that

GENERAL TRANSPORTATION

Canada

1. National tourism indicators, first quarter 2023, June 29, 2023, www.statcan.gc.ca
2. Biden-Harris Administration Announces New, Streamlined Funding Application Process for Infrastructure Projects That Reconnect Communities, July 5, 2023, www.dot.gov
3. Canadian international merchandise trade, May 2023, July 6, 2023, www.statcan.gc.ca
4. New Zealand signs 'ambitious' trade deal with EU, July 7, 2023, www.cargonews.com
5. June 2023 U.S. Transportation Sector Unemployment (3.3%) Falls Below the June 2022 Level (4.1%) And the Pre-Pandemic June 2019 Level (4.1%), July 10, 2023, www.bts.gov
6. Leading indicator of international arrivals to Canada, June 2023, July 11, 2023, www.statcan.gc.ca
7. May 2023 Freight Transportation Services Index (TSI) Up 1.2% from the Previous Month and Down 1.4% from the Same Month Last Year, July 13, 2023, www.bts.gov
8. Consumers want sustainable delivery, study finds, July 13, 2023, www.insidelogistics.ca
9. Russia pulls out of Ukraine grain deal, in potential blow to global food supplies, July 18, 2023, www.cargonews.com; and Russia pulls the plug on Ukraine grain export deal, July 18, 2023, www.ajot.com
10. Adopting AI to augment the workforce, July 18, 2023, www.insidelogistics.ca
11. Travel between Canada and other countries, May

address harm from past infrastructure planning decisions, accelerate equitable community revitalization, and improve access to everyday destinations

3. Canadian international merchandise trade, May 2023

In May 2023, Canada's merchandise imports rose 3.0%, while exports decreased 3.8%. With imports and exports posting strong variations in opposite directions, Canada's merchandise trade balance went from a \$894 million surplus in April 2023 to a \$3.4 billion deficit in May 2023, the largest deficit since October 2020. In proportion of total trade, comparable changes in the trade balance have been observed in the past.

4. New Zealand signs 'ambitious' trade deal with EU

The European Union and New Zealand have signed a free trade agreement which Brussels says can lift exchanges between the two by 30% with a decade. The deal, agreed in June 2022 after four years of tough negotiations, is "ambitious", said European Commission President Ursula von der Leyen.

5. June 2023 U.S. Transportation Sector Unemployment (3.3%) Falls Below the June 2022 Level (4.1%) And the Pre-Pandemic June 2019 Level (4.1%)

The unemployment rate in the U.S. transportation sector was 3.3% (not seasonally adjusted) in June 2023 according to Bureau of Labor Statistics (BLS). These data have been updated on the Bureau of Transportation Statistics' (BTS) Unemployment in Transportation dashboard. In June 2023, the transportation sector unemployment rate fell 0.8 percentage points from 4.1% in June 2022 and was below the pre-pandemic June 2019 level of 4.1%. 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 lower than overall unemployment. BLS reports that the U.S. unemployment rate, not seasonally adjusted, in June 2023 was 3.8% or 0.5 percentage points above the transportation sector rate. Seasonally adjusted, the U.S. unemployment rate in June 2023 was 3.6%.

6. Leading indicator of international arrivals to Canada, June 2023

In June 2023, the number of international arrivals to Canada, including non-resident trips and returning Canadian resident trips, continued to increase relative to June 2022. However, the number of arrivals has not yet reached the levels recorded in June 2019, prior to the COVID-19 pandemic. The number of non-resident arrivals at Canadian airports equipped with electronic sensors reached 1.2 million in June 2023, up 37.8% from June 2022. Additionally, the number of Canadian residents returning from visiting abroad amounted to 1.1 million trips, up 26.6% from June 2022. In June 2023, US-resident trips to Canada through land ports with electronic sensors totalled 1.4 million, up 60.2% from the same period the year before. Furthermore, the number of Canadian residents returning from the United States via the same land ports increased by 37.7% to reach 1.8 million trips in June 2023.

7. May 2023 Freight Transportation Services Index (TSI) Up 1.2% from the Previous Month and Down 1.4% from the Same Month Last Year

The Freight Transportation Services Index (TSI), which is based on the amount of freight carried by the for-hire transportation industry, rose 1.2% in May 2023 from April 2023, rising for the first month after two consecutive months of decline, according to the U.S. Department of Transportation's Bureau of Transportation Statistics' (BTS). From May 2022 to May 2023 the index fell 1.4%

8. Consumers want sustainable delivery, study finds

A majority of consumers are interested in environmentally friendly delivery methods, and are willing to act if they feel a retailer is not meeting standards. A new study of home delivery preferences found 43 percent of consumers felt retailers were doing a good job of using sustainable delivery practices, while 59 percent said they are willing to act if they're not satisfied with retailers' sustainable delivery efforts. The study of 8,000 consumers across nine European countries, Canada and the United States was produced by Descartes Systems Group. "Compared to our 2022 study, consumers are much more interested in the environmental delivery practices of retailers. They're influenced by these factors when making purchasing decisions and willing to take eco-friendly home delivery options, which are often also lower cost delivery methods for retailers," said Chris Jones, EVP, industry at Descartes.

9. Russia pulls out of Ukraine grain deal, in potential blow to global food supplies and Russia pulls the plug on Ukraine grain export deal

Russia said on July 17, 2023 that it was suspending its participation in a crucial deal that allowed the export of Ukrainian grain, once again raising fears over global food supplies and scuppering a rare diplomatic breakthrough to emerge from Moscow's war in Ukraine. The earlier agreement was brokered by Turkey and the United Nations. The corridor's shutdown will hit key buyers like China, Spain and Egypt. The move jeopardizes a key trade route from Ukraine, one of the world's top grain and vegetable oil shippers, just as its next harvest kicks off. It also comes after Ukrainian drones damaged a key bridge to Crimea on July 17, 2023.

2023, July 21, 2023, www.statcan.gc.ca

12. 2023-24 Indigenous Transportation Initiatives Fund, July 26, 2023, www.mto.gov.on.ca

10. Adopting AI to augment the workforce

The advent of artificial intelligence (AI) platforms such as ChatGPT has led to increased interest across all industries in exploring its potential applications. In logistics, for example, AI has shown great potential to increase operational efficiency. The main reason why many industries, including logistics, have embraced artificial intelligence on such a wide scale is its superior data processing capabilities, as the ultimate goal of the logistics sector is to deliver goods as efficiently as possible. Although “efficiency” is often thought to equate to speed, it also involves cost, maximizing capacity, and other factors. Human error is one of the biggest detriments to efficiency, as it causes slowdowns, increases costs, and can lead to a reduction in capacity. To combat this, many industries – including logistics – are beginning to embrace artificial intelligence to eliminate potential sources of human error.

11. Travel between Canada and other countries, May 2023

In May 2023, the number of non-resident visitors to Canada and returning Canadian residents accounted for 83.6% of the level observed in May 2019, before the COVID-19 pandemic. Residents of overseas countries took 545,300 trips to Canada in May 2023, and US residents took 1.8 million trips. At the same time, Canadian residents returned from 3.9 million trips abroad.

12. 2023-24 Indigenous Transportation Initiatives Fund

The Indigenous Transportation Initiatives Fund (ITIF) provides funding for community-driven transportation related projects for Indigenous peoples in urban, rural and reserve settings across Ontario. This year, the Ontario government is providing up to \$584,000 to nine Indigenous organizations and communities to help support economic development, mobility and transportation safety.