



POLICY UPDATE

News and views from the Metropolitan Halifax Chamber of Commerce September 17, 1999

Chamber Seeks Comment on Air Merger & Alternatives

Onex Corporation has offered to purchase both Air Canada and Canadian Airlines. By merging the two, reducing overlapping services, and seeking efficiencies within the domestic and international routes currently operated by the two firms, the Onex bid, if successful, would result in a single national airline operating in Canada.

This proposed merger raises questions for all businesses relating to level of service and maintenance of competition.

Recent discussions have highlighted several alternatives to the proposed merger in order to ensure broad competition in the Canadian domestic air marketplace over the long term.

These alternatives include:

- ! allowing Canadian Airlines to restructure itself and become more competitive (along the lines of Continental Airlines in the United States);
- ! increasing the number of air carriers in the domestic market by helping smaller domestic carriers access existing markets or by opening up access to the Canadian market by pressing for a true free trade framework for air travel in North America;
- ! increasing foreign investment in the Canadian airline industry; and,
- ! providing direct or indirect government support to Canadian Airlines.

The Chamber would like to get feedback from our members on this issue.

Please give us your views on this important issue by circling the appropriate responses below.

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|---|------------------|----------|----------|-----------------|------------|
| 1) What is your overall opinion of the proposed merger? | Very Positive | Positive | Negative | Very Negative | No Impact |
| 2) What impact do you think the proposed merger is likely to have on your business? | Very Positive | Positive | Negative | Very Negative | No Impact |
| 3) Please indicate your reaction to the following alternatives to the proposed merger: | | | | | |
| a) Allow Canadian Airlines to restructure. | Strongly Support | Support | Oppose | Strongly Oppose | No Opinion |
| b) Have the Competition Bureau review the proposed merger. | Strongly Support | Support | Oppose | Strongly Oppose | No Opinion |
| c) Press for a free trade framework for air travel in North America. | Strongly Support | Support | Oppose | Strongly Oppose | No Opinion |
| d) Allow increased foreign investment in the Canadian airline industry. | Strongly Support | Support | Oppose | Strongly Oppose | No Opinion |
| e) Provide government support to Canadian Airlines. | Strongly Support | Support | Oppose | Strongly Oppose | No Opinion |
| f) Implement regulations to promote improved access for smaller Canadian carriers in the domestic market. | Strongly Support | Support | Oppose | Strongly Oppose | No Opinion |

Be the Voice of Business-Fax Back Before Friday September 24, 1999 to the Chamber at 468-7333.