

April 19, 2001

Mr. Keith Jones  
Advisor, International Air Policy (ACEA)  
Transport Canada  
Tower C, Place de Ville  
27<sup>th</sup> Floor, 330 Sparks Street  
Ottawa, Ontario  
K1A 0N5

Dear Mr. Jones:

**RE: REVIEW OF CANADA'S INTERNATIONAL AIR POLICY**

The Metropolitan Halifax Chamber of Commerce would like to provide the following comments with regard to Transport Canada's request for views on how Canada's policy for international scheduled air services should be liberalized.

1. In response to Transport Canada's discussion paper released February 7, 2001 entitled, "Canada's Policy for International Scheduled Air Services - Issues for Discussion"; on almost all issues the Metropolitan Halifax Chamber of Commerce ("MHCC") supports liberalization of Canada's International air policy.
2. Canada's overall objectives should relate to enhancing economic development by ensuring optimum air access between Canadian communities and other parts of the world. Canada should adopt an international air policy that seeks to increase direct access between Canada and foreign countries and to ensure competition on those access routes. If Canadian communities are to build strong economies in trade, tourism and business, they will need easy air access with competitive pricing to and from foreign markets. We need to optimize direct access between various individual Canadian communities (in addition to Toronto, Montreal and Vancouver), such as Halifax, and other countries.
3. Accordingly, in development of international air access, Canada must give priority consideration to the potential resulting economic benefits for communities and their airports, particularly for smaller Canadian markets such as Halifax. Where feasible, "win-win" development strategies for both communities and domestic airlines are desired.
4. Where possible, Canada should negotiate air access provisions that do not limit service to specific carriers or specific communities. Also, Canada should support judiciously increased use of fifth freedom rights by both Canadian and foreign carriers. These kinds of flexibilities are necessary for smaller markets, like Halifax, to secure international service.

5. As a long term strategy the MHCC supports, where possible, the negotiation of multilateral, as opposed to bilateral, agreements. Priority should be placed on negotiations with the European Community and APEC (Asia Pacific Economic Cooperation) countries with a view to establishing broad open skies agreements. In the short term, the MHCC supports more bilateral agreements that are reflective of an open skies policy.
6. Canada is urged to support the establishment of foreign carrier access even if there is not reciprocal interest by Canadian carriers. An example with respect to Halifax would be further scheduled passenger service by Icelandair. Communities are better off with foreign carrier service than with no service at all. In essence, Canadian communities such as Halifax should not be "held hostage" to the interests of Canadian carriers. Canadian carriers have already been given ample opportunity to flourish and any claims of potential business loss for the carrier should be closely examined.
7. Canada should promptly adopt and implement a more liberalized policy of foreign carrier access with no phase-in period, or alternatively with a short term phase-in period (two years maximum) in accordance with community size.
8. Canada should ensure that proper consideration is given to the economic interests of communities, it is crucial that Canada:
  - (a) consult regularly with provinces, cities and their airports, and
  - (b) permit observer status to these stakeholders at negotiation sessions.

We thank you for this opportunity to provide input on this issue, and would be pleased to respond to any questions or to provide elaboration as desired.

Sincerely,

Ian Thompson  
President