



HALIFAX CHAMBER
OF COMMERCE

SUBMISSION TO TRANSPORT CANADA
CONCERNING INTERNATIONAL AIR
POLICY:

LOOKING AHEAD: BEYOND THE POLICY

December 2006



SUBMISSION TO TRANSPORT CANADA CONCERNING INTERNATIONAL AIR POLICY – LOOKING AHEAD; BEYOND THE POLICY

On October 25, 2006 the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities released a consultation document in support of proposed new international air transportation policy. The Halifax Chamber of Commerce (the Chamber) responded to that initial consultation phase on November 8, and is again pleased to submit further invited input concerning the longer-term issues outlined in the *Looking Ahead: Beyond the Policy* section of Transport Canada's document. The Chamber also fully endorses the recently announced *Blue Sky* international air policy as being a comprehensive strategic blueprint from which Canada's future liberalized air negotiations can proceed.

1. CANADA-EUROPEAN UNION AIR TRANSPORT RELATIONS

The Chamber strongly supports advancing towards commonality of international air policy with other key international arenas. When dealing in multiple Open Skies environments, variances in application will undoubtedly create future challenges when pursuing new air transportation opportunities.

To the extent possible, Canada's international policy should ultimately align with the already established principles supporting other Open Skies regimes, particularly with regards to the United States, European Union (EU)

and Asia. For example, the United States and the EU have recently concluded an agreement that will see a substantially liberalized air transportation regime once implemented.

It will be extremely important to our markets, airports and airlines that Canada achieve agreements compatible with those EU provisions in the near future. Otherwise, Canada's communities, trade and tourism sectors and transportation participants risk being disadvantaged with future opportunities that will arise through such an open environment to counterparts in the United States and the EU.

2. OWNERSHIP AND CONTROL OF FOREIGN CARRIERS

With continued priority focus on transportation safety and security, the Chamber believes that Transport Canada should treat the issue of ownership concerning foreign carriers on a case-by-case basis, based on clear, consistent and communicated criteria that recognizes other Open Skies regimes.

The intricacies of international finance and ownership laws, combined with increasing airline acquisitions and the growing applications of global airline alliances (and greater technology driven capabilities for marketing and distribution amongst partner airlines) further blur traditional industry and ownership definitions and applications. Many long-standing government owned 'flag' carriers, including Air Canada, are privatized today and subject to global commercial and economic forces,

potential amalgamations, take-overs and other financial avenues that must be navigated in order to survive and succeed. Therefore, flexibility in recognizing varying ownership conditions is still required to accommodate current and future international travel market development, and react to the unpredictable business cycles of air transportation.

3. NORTH AMERICAN AVIATION AREA

The Chamber supports efforts to evolve into a North American Aviation Area as it could further advance and solidify the announced *Blue Sky* approach to international air policy.

Recognizing that such an Area will take time to achieve, it is nevertheless important that preparation in the form of research and internal dialogue amongst key participants begin in the near future in order to become informed and well prepared prior to engaging in formal discussions.

4. MULTILATERAL APPROACH TO AIR TRANSPORTATION NEGOTIATIONS

The Chamber also supports pursuing multilateral approaches to future negotiations of international air transportation issues under an Open Skies environment. It believes that such approaches will ensure a constructive environment and productive dialogue supporting further negotiations amongst countries.

Recognizing that complex multilateral approaches to air transportation agreements will also take time to

achieve, the Chamber recommends that the recently announced *Blue Sky* approach be Canada's foundation in the interim in order to continue the evolution of air policy with partners around the world.

In addition to previous input, the Chamber would also like to comment on the following related topic.

5. PARTICIPATION IN INTERNATIONAL NEGOTIATIONS

The Chamber recommends that extended participation and specific processes for accepting qualified input prior to and during air transportation negotiations be reviewed and expanded by Transport Canada. Air transportation has many stakeholders of varying sizes, interests and needs. With most airports in Canada now operating under private ownership, the nature and economic viability of international air service, of local service providers and the need for sustainable access to markets behind Canada's air gateways, is of even greater importance to sustainability than before. Atlantic Canada is just one example within the country where smaller markets throughout a region are greatly dependent on efficient air transportation for passenger and air cargo through gateways to and from international markets.

Even Canada's largest international gateway airports including Vancouver, Toronto and Montreal rely on all domestic markets to generate the total air transportation demand required to both attract and sustain international air access.

The opportunity for industry and expert market stakeholders (the Chamber recommends the Halifax International Airport Authority to be lead organization) to participate with observer status privileges and other processes for input to specific negotiation issues will be fundamental. This is to ensure that the needs and opportunities of the marketplace, at all levels, are communicated, negotiated and achieved

On behalf of its approximately 1,700 members, the Halifax Chamber of Commerce thanks the Minister and Transport Canada for the opportunity to again submit its views on future international air policy. It also congratulates the *Blue Sky* policy and looks forward to Canada's future accomplishments in this important long-term transportation issue.

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