



## **RESOLUTION FOR THE CANADIAN CHAMBER OF COMMERCE 2008**

### **Moving Forward on Open Skies**

**(Adopted by Canadian Chamber of Commerce on October 6, 2008)**

Canada has embarked on a Pacific Gateway and Corridor strategy however removing key air access and facilitation impediments and thereby creating a market driven environment is a prerequisite in achieving success.

#### **Background**

Air services between two countries, including destinations served, number of flights, level of competition and pricing are regulated by bilateral air treaties. Canada's international air policy which provides direction for the negotiation of such agreements was significantly liberalized in late 2006 through the announcement of Canada's "Blue Skies" policy. The spirit, tone and direction of Canada's new International Air Policy is encouraging, however, it incorporates poorly defined caveats. Terms such as "level playing field", "normal market disciplines", "reasonable level of service" are undermining the success of the policy. Our major competitor, the U.S., adopted a broadly based "open skies" policy in the early 1990's and has since negotiated 92 such agreements. Conversely, Canada has negotiated five such agreements – none involve an Asian nation (Canada has negotiated open skies agreements with the U.S.A, United Kingdom, Ireland, Iceland, Barbados and New Zealand).

Too often the pursuit and development of market opportunities is blocked by restrictive air treaties. Priorities and apparent lack of resources at the Federal level is slowing the progress of revising these agreements. Over the past year Canada has placed its focus on an open skies agreement with the European Union, which if successfully concluded would result in essentially 27 open skies agreements. This has however undermined Canada's ability to move forward on the Asia Pacific agenda.

We also need to be cognizant and realistic that in certain cases Canada may have a mandate and desire to negotiate an open skies type of agreement however the other country in question is not ready or willing.

**Stakeholders** - In establishing negotiating priorities and mandates the government should take into account the needs of the broader stakeholder community. This can be evidenced by the negotiating calendar and the process itself whereby, with two exceptions (With respect to the U.S. and E.U. negotiations two representatives of the Canadian Airport Council have been afforded

the opportunity to participate as observers) Canadian observers are limited to any Canadian airline. This philosophy needs to evolve similar to the U.S. whereby any airport may sit as an observer - representative of its community.

**Transparency** – In Canada, air treaties are typically confidential with access provided to government officials, airlines and airports. Business stakeholders and the general public do not have access to the commercial details. A good example is the agreement signed with China in April 2005 – details such as such as frequency entitlements, or destinations served are still confidential. In addition, Canada continues to negotiate confidential MOUs that are never made public. Why is this the case? In contrast, the U.S. by law is not permitted to enter into such agreements.

**Facilitation** – Realization of the potential of certain liberal agreements are not achieved unless Canada, in parallel, removes key facilitation impediments. A prime example is China whereby three years ago Canada negotiated a relatively liberal agreement. The lack of a Transit-Without-Visa (TWOV) program for Chinese Nationals, no Approved Destination Status (ADS) for Canada and visa issuance issues have all collectively undermined the potential of this market.

Transport and Infrastructure

## **Recommendations**

That the Federal Government:

1. Provide the necessary resources to fast track Canada's Blue Skies International policy and in principle aggressively pursue "open skies" agreements in all bilateral air transport negotiations. This applies to both passengers and cargo.
2. Adopt a balanced approach to stakeholders, recognizing the needs of Canada's air carriers but also comparably taking into consideration community stakeholders. Individual airports, as community representatives must be granted observer status comparable to that of airlines.
3. Adopt a transparent policy with respect to public access to air treaties and that air treaties ("Bilaterals") no longer include confidential addendums or MOUs, particularly as it pertains to commercial articles.
4. Undertake a proactive, aggressive, and unified strategy across all departments and jurisdictions in order to fully leverage the gateway potential of our major hub airports. Presently there is minimal coordination amongst Federal departments, i.e. Transport Canada, CBSA, CIC.

Air policy liberalization and the recognition of air service and airports as economic generators have become widely acknowledged. Adoption of the above recommendations will enhance Canada's competitive position as a Pacific Gateway and foster the development of trade, tourism and business linkages.

SUBMITTED BY THE RICHMOND CHAMBER OF COMMERCE

THE TRANSPORTATION COMMITTEE SUPPORTS THIS RESOLUTION