

- Fuel costs are 16 percent higher in Canada than in the U.S. However, if U.S. carriers were to fly within Canada they would have to pay the same higher fuel costs as the Canadian carriers currently do.³⁹
- Canadian tax treatment may be less favourable to Canadian carriers than is the tax treatment of U.S. carriers by the U.S. government.
- Canadian carriers must raise 75 percent of their equity capital in Canadian financial markets, and this is a disadvantage when equity costs are higher in Canada than in foreign countries.
- Landing fees are higher in Canada than in the U.S. Again, on a route-by-route basis, this does not translate into a disadvantage for Canadian carriers as on a particular route carriers will pay identical landing fees.

Figure 3: Labour productivity in U.S. and Canadian carriers (1989)

In 1989, Canadian carriers had a seven percent higher fuel productivity than the U.S. major carriers measured by revenue tone kilometres per litre of fuel.³⁹

³⁹ This comparison is for the average of all U.S. carriers on a system-wide basis as compared to the average for Air Canada and CAI on a system-wide basis. Fuel costs, all other things being equal, would be similar on similar routes. Thus, on a transborder route, a U.S. or Canadian carrier would be incurring approximately the same fuel cost at the Canadian point served and at the U.S. point served.