

3. *The 1987 Amendment to International Air Policy*

A 1987 information release reallocated the rights to certain routes between Air Canada and Canadian Airlines International.¹³ The stated objective was to allow Canadian carriers to serve as many international markets as economically viable. This was to be accomplished by an exchange of rights between the two flag carriers by allowing expansion of their services and by providing opportunities for other new services. In spite of the Division of the World, this amendment also legitimized an ad hoc process which had evolved since 1985, which allowed applications by other Canadian carriers, such as Wardair and Nationair, for designation to international scheduled services. A 1984 policy statement established a "use it or lose it" policy for routes to the U.S.

It should not be surprising that an international policy based on the perceived requirements of Canada in 1973 will no longer reflect some of the objectives set out in the *National Transportation Act, 1987*. The new Act presupposes that competition between carriers in the same mode would be beneficial, and that economic regulation will be used only when needed to ensure the needs of shippers and travellers are met.

4. *Canada's International Charter Policy*

A statement on international charter policy was issued in 1978. While it did not differ significantly from the approach already being followed, it constituted a first statement of government policy in this field. The "non-discretionary or business travel"

¹³ It should also be noted that in 1977, a new *Air Canada Act* was passed which removed the special regulatory status of the Crown airline relative to other carriers.