

Table of Contents

List of Tables	iv
List of Figures	v
Acknowledgements	vi
Executive Summary	ix
I. Introduction	1
A. Terms of Reference	1
B. The Nature of the Consultation Process	3
C. Organization of This Report	4
II. History and Evolution of the International Air Transport Regime	6
A. Sovereignty and the Freedoms of the Air	6
B. The Evolution of Canada's Policy	20
1. Historical Development	20
2. The 1973 International Air Policy	22
3. The 1987 Amendment to International Air Policy	25
4. Canada's International Charter Policy	25
III. Analysis of Canada's Air Transport Bilateral Agreements	29
A. The Chicago Formula for Bilateral Air Services Agreements	29
B. Other Bilateral Instruments	31
C. Number and Importance of Canadian Bilaterals	32
D. Principal Characteristics of Canada's Bilateral Agreements	37
E. Bilateral Process and Procedures	40
1. The Negotiation Agenda and Mandate	40
2. Negotiations	42
IV. Canadian Air Traffic Patterns	44
A. Canadian Air Transport: Importance and Traffic Volumes	44
V. The Characteristics of Modern Post-Deregulation Air Transport	50
A. Competing Air Transport Systems for Moving Goods and People: Gateway Competition	50
B. Airline Route Systems	53
C. Airline Economics: Cost	54
D. Airline Marketing	56
E. Airline Economics: Consumer Demand	57
F. Airline Pricing	59
G. Other Issues	61
VI. The Cost Competitiveness of Canadian Carriers	65
A. Measuring Carrier Cost Competitiveness	65