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COMPETITION FOR AIR SERVICES

Requests by Canadian air lines to operate new international air routes will be considered on their merits, Transport Minister George Hees announced in a speech at Timmins, Ontario.

The Minister also said that in future, when a new trans-border route to the United States is available for operation, the most suitable carrier will be selected. At present all the Canadian scheduled services to the United States are provided by T.C.A.

Mr. Hees stated that the gradual introduction of competition in domestic scheduled air services should not be denied. It must, however, be regulated, and should be introduced only where economic conditions indicate that more than one operator can carry on successfully without government subsidy.

The Minister said, in part:

"At the end of World War II, Trans-Canada Airlines was to be the only Canadian operator to provide international services. After the war, however, Canadian Pacific Airlines became interested in developing international services, and over a period of years certain ad hoc decisions were apparently taken as a result of which Canadian Pacific Airlines was authorized to operate certain international routes. However, every international route not specifically allocated to C.P.A. was reserved for T.C.A.

"Both these companies have proven themselves successful and efficient international operators. Both have had to fly in direct competition with the largest international

airlines in the world. Both should continue to expand in the international field. Requests put forward in the future will be treated on their merits, and additional international routes or points of call may be authorized after taking full account of the need for new services; the Canadian traffic available; the foreign services that may have to be granted on a reciprocal basis; and the effect on existing Canadian services.

"It is not intended to place T.C.A., C.P.A., or other Canadian airlines in competition with each other in the international field. International routes are set up by reciprocal agreement with other foreign countries, and provide rights for foreign airlines to operate over the same or equivalent routes. Therefore, plenty of competition already exists in the international field without the duplication which would result if Canadian airlines were made directly competitive over the same international routes....

"The foregoing remarks have related to trans-oceanic and intercontinental routes. I would like to deal now with trans-border routes between Canada and the United States. At present all the Canadian scheduled services to the United States are provided by T.C.A. In future, where a new transborder route to the United States is available for operation, the most suitable Canadian carrier will be selected.

"The possibility of more air routes between Canada and the United States is dependent upon