

NEW AIRLINE ROUTES

The Minister of Transport, Mr. J.W. Pickersgill, recently made the following announcement regarding the selection of Canadian airlines to operate new air routes to the United States, and the authorization of certain other new international services which had previously been under consideration:

In April 1964, in a statement of the principles forming the basis for civil aviation policy, I said that international air services provided by Canadian airlines should serve the Canadian interest as a whole and should not be competitive or conflicting but should represent a single integrated plan. Subsequently, in a detailed outline of international aviation policy in June 1965, I announced that the two airlines had agreed that their role in international services should be developed on a basis of separation of geographical areas. The question of how this geographical separation should be applied to new services to the United States was then left in abeyance until the new bilateral agreement was completed.

The considerations affecting passenger movement and operational planning between Canada and the United States are more closely related to extensions of domestic services than to transoceanic services. The Government has, therefore, been concerned primarily with good service to the Canadian public on these routes in relation to existing Canadian domestic services. Supplementary considerations have been the manner in which a new route to the United States might relate to transoceanic international services now operated by one or the other of Canada's two designated international airlines; and the financial position of the two airlines under the new bilateral agreement.

Any division of traffic resulting from the establishment of the new routes granted to U.S. airlines, under the new agreement with the United States, will be taken from Air Canada. It is, therefore, essential that Air Canada have the opportunity in turn to develop at least equivalent traffic on new routes.

SERVICES AFFECTED

In the light of these considerations, the following decisions have been taken:

- (1) The new service from Montreal and Toronto to Miami will be operated by Air Canada which is already operating to Tampa. The extension to Miami represents a natural and logical extension of existing service. This decision has already been announced.
- (2) The non-stop route from Montreal to Chicago will also be operated by Air Canada. Traffic between Montreal and Chicago is already being carried by Air Canada on its Toronto-Chicago service and with U.S. carriers now being allowed for the first time to operate on the Toronto-Chicago route, Air Canada should obviously be selected for the Canadian Montreal-Chicago route.
- (3) Unless the route from Toronto to Los Angeles is operated by Air Canada, that carrier would suffer financial loss under the new bilateral

agreement. Moreover, this route fits in well with the existing Air Canada domestic and international network. Air Canada has, therefore, been selected to operate the route Toronto-Los Angeles.

- (4) The headquarters of Canadian Pacific Airlines are located in Vancouver and the airline maintains a large and effective sales organization in Western Canada, with most of its domestic operations in this region. Taking this factor into consideration as well as the international routes to the Orient operated by CPA out of Vancouver, the considerations which led to the selection of Air Canada to operate the other new Canadian routes under the new bilateral agreement indicate that, in the national interest, CPA should operate this route. CPA has been designated for Vancouver-San Francisco.

Selection of the airlines to operate the new routes represents only the first step towards the commencement of operation. Prompt action will be taken by the Air Transport Board to issue Canadian licences, following which the airlines will have to apply to the U.S. licensing authorities for U.S. licences. It is the hope of the Government that action in the United States will be taken without delay.

TRANSATLANTIC ROUTES

New arrangements with the United Kingdom which had been forecast previously in Government statements and provisional schedules issued by Air Canada and BOAC, have now been completed. The United Kingdom has granted permission for Air Canada to operate non-stop service to the United Kingdom from Vancouver, Edmonton and Calgary; in return, the Canadian Government has granted to BOAC the right to carry local traffic between Montreal and Chicago on its service from the U.K. to Chicago. Both airlines plan to use these new rights during the 1966 summer season.

Authority has also been granted to Canadian Pacific Airlines to provide non-stop service from Toronto to Amsterdam. In the statement of policy of June 1965, it was indicated that, as an exception to the clear-cut geographical separation of areas agreed to by the two international airlines, CPA would continue to serve the Netherlands. As the Canadian designated carrier to the Netherlands, CPA in 1965 initiated direct service between Montreal and Amsterdam but provided service to Toronto by means of domestic connections from Toronto to Montreal. It has now been decided that, as a means of providing improved service to Toronto, CPA should be authorized to fly non-stop out of Toronto as well as out of Montreal rather than requiring Toronto passengers to travel by way of Montreal. This new service will be in operation during the 1966 season.

In addition, as a result of an amendment to the bilateral air agreement between the Governments of Canada and West Germany, Frankfurt has been substituted for Duesseldorf as the German terminal for Canadian air service. Air Canada will start service to Frankfurt in mid-April.