

with other countries. In some cases our plans for extension of Canadian routes may well be seriously delayed if not actually prevented by inability to make reasonable arrangements with other governments.

As regards trans-border service to the United States, the major scheduled services will continue to be provided by TCA generally, although we would be glad to see more Canadian operations of a secondary type, particularly in the non-scheduled field, and even semi-regular operations which are not of a mainline character, developed by other Canadian operators.

Domestic Routes

In the domestic field, trans-continental air-services of the type presently provided by TCA will continue to be reserved for TCA. Canada does not enjoy the extremely high volume of trans-continental traffic that exists in the United States and the Government's policy is soundly based on present economic considerations.

However, with the substantial growth of traffic within Canada it is no longer necessary to insist on monopoly conditions with regard to regional scheduled-services and Government policy will not forbid the gradual development on a regional basis of a reasonable amount of competition between scheduled air-services. Any such development must be based upon findings of public convenience and necessity as required by the Aeronautics Act and any changes made by the Air Transport Board in this direction will be very gradual and related to maintenance of conditions which will establish a sound economic position for the operators, while ensuring the services that the public require.

In addition, Government policy will continue to support the development of non-scheduled services, particularly in the development of the North, although non-scheduled services will not be permitted to develop in a manner that would endanger the economic well-being of scheduled services. The Air Transport Board has already laid down a policy which has controlled this situation in a satisfactory fashion and while no immediate changes are contemplated it may be modified from time to time if circumstances require.

In carrying out the foregoing policy, the Air Transport Board will continue to deal with matters of licensing and economic regulation for all carriers and will apply a basis of common procedures and policies for all.

I trust this statement will be of use to you. The policy I have described does not represent any change in basic objectives but rather an adjustment to ensure that, as conditions change, we are providing a policy that will assist in achieving those objectives. We intend to provide the best conditions for favourable development of Canadian commercial aviation. For example, Canada has been somewhat behind the United States in the development of regular all-cargo air-routes, but certain applications now before the Air Transport Board mean that we will have an opportunity for full review of the policy we should follow in this matter. Our policy will continue to be adjusted where necessary to meet new situations as they arise and with the rapid changes in aviation we will always have new problems to deal with...

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