

- While not a measure of cost competitiveness, a comparison of average airline yields (passenger revenues per RPK) finds Air Canada near the top of the range of the U.S. carriers, and CAI below their range. See **Figure 9**. European carriers have the highest yields.

### *Economies of Scale*

- In terms of size, the Canadian carriers are much smaller than the U.S. megacarriers, but comparable to successful international carriers such as KLM and SIA. **Figure 10** compares the carriers in terms of number of passengers carried. Note that even summing the traffic for Air Canada and CAI would still yield a carrier small in comparison with the U.S. and other megacarriers.
- An important dimension of carrier cost competitiveness is its ability to exploit economies of scale. The efficient traffic density in the U.S. appears to be somewhere between 400 and 500 million revenue passenger kilometres per airport served. Air Canada is approaching this range.
- For CAI, traffic density is below the levels of U.S. carriers, although this observation is obscured by the inclusion of low density northern air services in its data.