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**TOP SECRET**  
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**REPORT ON COMMONWEALTH AIR CONVERSATIONS IN MONTREAL  
OCTOBER 23 - 27, and DECEMBER 9 - 10, AND ON INTERNA-  
TIONAL CIVIL AVIATION CONFERENCE, CHICAGO, NOVEMBER 1  
- DECEMBER 7, 1944**

**I. INTERNATIONAL CONFERENCE -**

*File separately*  
*A-15-1 (w)*

The International Conference held in Chicago lasted for thirty-nine days, at the close of which five documents were presented for signature. The complete documentation of the Conference has been deposited with all interested departments in Ottawa, as well as reports by members of the Canadian delegation on the Conference.

The United and Associated nations, neutral nations and representatives of Denmark and Thailand in their personal capacities attended the conference. Canada played the role of one of the three great powers at the conference. The main difficulties arose in attempting to reconcile the U.K. and U.S. views regarding regulation of traffic and of rates and here Canada acted as "honest broker". After lengthy negotiations between the three powers, general agreement was reached upon control of rates and upon most of the points regarding regulation of traffic.

While at the end minor differences existed between the U.K. and U.S. in regard to the initial allocation of services in any scheme for control of traffic and in regard to such matters as the definition of through traffic, it proved impossible to effect a reconciliation with regard to the method by which operators would be rewarded for efficiency. All parties agreed upon the Canadian proposal that the operator who demonstrated his efficiency by achieving an agreed high average payload on a service should be allowed to increase capacity on that service. The U.K. however took the position that this principle should be applied only to traffic embarked in the country of origin of the service, while the U.S. asserted that it should apply also to traffic picked up at intermediate points on the route, asserting that only thus could any service develop and expand reasonably.

It proved impossible to reach agreement on this point and in consequence all clauses on regulation of rates and traffic, as well as a special article designed to meet the needs of nations handicapped in the development of air transport as a result of war conditions, were dropped from the permanent convention and referred for consideration at the interim organization agreed upon at Chicago.

Both Canada and France were proposed as the seat of the permanent organization while Canada also was urged to provide the seat for the interim organization.

Minutes and Documents of the Cabinet War Committee,  
Volume XVI, July - December 1944, (R.G. 2, 7c, Volume 16)

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