higher landing fees on their routes in Canada, relative to landing fees paid by U.S. carriers on their routes in the U.S. An examination of overall costs would lead one to conclude that Canada's carriers are higher cost and thus uncompetitive. But such a conclusion may not be warranted. If U.S. carriers started to fly in Canada, they too would have to pay the higher landing fees at Canadian airports. Similarly, Canadian carriers would find themselves paying lower landing fees on new routes operated in the U.S. The result in this case is that their costs on a particular route would be closer than a comparison of their simple averages would suggest.

Unfortunately, incremental cost analysis for specific routes is not possible. In order to compare one carrier against another, one would need internal company data for each air carrier and carriers do not wish to reveal to competitors the internal details of their cost of providing specific services. Thus, an industry analyst is not able to perform the ideal cost comparison. Indeed, even an analyst working for an airline is not able to perform such a comparison. While data on the costs for that airline would be available, data on the costs of a competitor would not.

Realizing that route-by-route cost comparisons are not possible, the Task Force was of the view that some assessment of the cost competitiveness of Canadian carriers should still be attempted, even if such a comparison must be viewed as suggestive rather than definitive. One approach is to compare carriers on a number of different measures of cost and efficiency, in an attempt to come to an overall judgement of Canadian carriers' relative competitive position. This is done in the next section.