

In addition the new agreement covers certain important new traffic rights and routes. It includes for the first time between the two countries the principle of fifth freedom or intermediate traffic rights. Hitherto the air lines both of Canada and the United Kingdom were in the services described above limited to third and fourth freedom traffic, that is, traffic travelling between their respective territories but not traffic to and from other intermediate countries. Now the agreed routes make provision for the carriage by each of this intermediate traffic.

Spelled out in detail the new routes and the changes in routes made in the new agreement are as follows:

1. Trans-Canada Air Lines on its service to the United Kingdom from Montreal and Gander is able to carry traffic between the United Kingdom and Ireland, the Azores and Iceland.
2. Canada is given full traffic rights at Hong Kong on a new route (which will be operated by Canadian Pacific Air Lines) from Vancouver through Alaska, the Aleutians, to Japan, China, Hong Kong and beyond.
3. Canada also has full traffic rights at Fiji on its new route from Vancouver to Honolulu and on to Australia (Canadian Pacific Air Lines).
4. Trans-Canada Air Lines on its route to Bermuda and the British Colonies in the Caribbean area is granted rights in Barbados, Antigua and British Guiana and is also granted the right to carry traffic from intermediate points in third countries (e.g. Tampa-St. Petersburg which was opened up to T.C.A. in the recent agreement with the United States) to the British territories on this route. The United Kingdom will in return have similar rights in Canada from these new British points of call although they too will come under the existing arrangements under which the United Kingdom agrees not to exercise any reciprocal rights to the Caribbean before 1951. The arrangements with regard to points of call and traffic on this route for T.C.A. will in certain instances be subject to ratification by Colonial legislatures.

On the United Kingdom side the following changes are made:

1. On the North Atlantic, British Overseas Airways Corporation is allowed to carry traffic between Canada, Ireland, Iceland and the Azores.
2. British Overseas Airways on its present route to Montreal is also allowed to make a traffic stop at Gander but not to carry traffic between Montreal and Gander. (Trans-Canada Air Lines enjoys similar privileges at both Prestwick and London in the United Kingdom).
3. The United Kingdom is also granted full traffic rights at Gander on a North Atlantic route to New York and beyond and to Bermuda and beyond.
4. United Kingdom is granted traffic rights at one of Churchill or The Pas, Manitoba, on a route from the United Kingdom through Goose Bay, Labrador, to Alaska, Japan, China and Hong Kong. It is not expected that this route will come into operation for several years.