

CANADA-NETHERLANDS AIR SERVICES

The Netherlands Government recently informed the Canadian Government that it was seeking authority under its constitutional procedures to terminate the bilateral air agreement with Canada. Under the provisions of that pact, termination would become effective one year from the date on which notification of termination was given.

The Air Transport Agreement between Canada and the Netherlands was concluded in 1948 and, in the view of the Canadian Government, has provided a sound basis for development of air services between the two countries. Under the Agreement, the Netherlands airline KLM may operate between any point in the Netherlands (including the Netherlands West Indies) and Montreal, while Canadian Pacific Airlines may operate between any point in Canada and a point in the European territory of the Netherlands.

CANADIAN RESPONSE

Commenting on the statement by the Netherlands Government that changes in the pattern of international air traffic since the Agreement was concluded in 1948 had placed the Netherlands line in an unfavourable competitive position, the Secretary of State for External Affairs, Mr. Paul Martin, observed that KLM had consistently obtained more than equal benefits under the Agreement. The most recent statistics available indicate that KLM is still carrying a somewhat larger proportion of the total passenger traffic, and a much larger proportion of the total cargo traffic, between Canada and the Netherlands than CPAL. One reason for this is the extensive distribution and feeder route network which KLM has throughout Europe.

The Secretary of State for External Affairs pointed out that the request by the Netherlands Government for access to Toronto for KLM was considered in the light of current Canadian practice, whereby no foreign transatlantic airline operating from continental Europe has been granted the right to operate to Toronto. The Netherlands Government has been assured that, whenever the Canadian Government is in a position to negotiate access to Toronto for any other European transatlantic carrier, it will be prepared to discuss access by KLM. In considering the question of access to Toronto, the Canadian Government must, of course, seek concessions in return which will enable Canadian airlines to expand their operations overseas, so that they will be able to improve the services offered to the Canadian travelling public.

READINESS TO NEGOTIATE

Referring to the close friendly relations between Canada and the Netherlands, Mr. Martin expressed regret that the Netherlands Government had considered it necessary to initiate procedures with a view to termination of the Air Transport Agreement. He added that, if the Netherlands Government wished to have negotiations towards the conclusion of a new agreement, Canada would be prepared to participate in such negotiations in the spirit of co-operation that

had always existed between the two countries. It would, however, be necessary to ensure that any agreement reached as a result of such negotiations would reflect satisfactorily the interests of Canada as well as of the Netherlands.

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NEW EQUIPMENT FOR CP

S.M. Gossage, Vice-President of Canadian Pacific, recently announced that the company would acquire new rail equipment next year, worth \$30 million. The order will include 3,000-horsepower diesel freight locomotives of a new design and specialized and general purpose railway freight cars.

Mr. Gossage said that the decision to obtain new diesel power and freight equipment had been based on traffic projections for 1968 - particularly for the movement of bulk commodities and freight that required special handling.

In the past three years, Canadian Pacific has spent over \$130 million for new rail-freight equipment, mainly on bulk and special cars.

Bids for the manufacturing of the new cars were invited from Canadian companies. Delivery is expected to begin early in 1968 and should be completed within nine months.

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FEDERAL EMPLOYMENT

Employees of the Federal Government, including employees of agencies and corporations but excluding the Armed Forces, numbered 369,600 at the end of March. This represented a slight increase from February, according to an advance release of data that will be contained in the March issue of the Dominion Bureau of Statistics report *Federal Government Employment*.

Gross payrolls amounted to \$183,900,000, 1.9 percent above the February figure and 16.7 percent higher than that for the previous March. The payroll for the fiscal year 1966-67 was \$2,117 million, 13.4 percent above the 1965-66 total.

AGENCIES AND CORPORATIONS

There were 144,300 persons employed by agency and proprietary corporations and other agencies on the last day of March. This was an increase of 1.4 percent over the February figure and 5.9 percent above that for March 1966. The monthly payroll totalled \$78,400,000, increases of 5.2 per cent and 16.4 per cent over February 1967 and March 1966 respectively.

Staff in departments and departmental corporations totalled 225,300 at the end of March, which was 0.8 percent above February's figure and 6.0 percent higher than that for the previous March. The total payroll for the month at \$105,500,000 was down 0.4 per cent from February. The cumulative payroll for the 1966-67 fiscal year amounted to \$1,227 million compared to \$1,069 million, for 1965-66.