

receives traffic which Air Canada collects on its domestic system, some of which might have gone via Cathay's rival CAI, or via a rival U.S. carrier. Air Canada benefits in receiving traffic in Vancouver from overseas, some of which normally would have gone to its rival, CAI.

Sometimes, a carrier will strike an alliance with an international airline who would appear to be its competitor. Thus, CAI has an agreement with Lufthansa Airlines. While both compete for traffic from Western Canada to Germany, CAI is able to feed traffic to destinations beyond Germany to Lufthansa, and similarly use Lufthansa to gather traffic from other countries it does not serve to its flights from Frankfurt to Western Canada.⁷⁰

There are a number of different forms which international carrier alliances can take. These are discussed in Sections VII.C below. Before finishing this section, it is appropriate to point out a major difference between international feed traffic versus domestic, small community feed traffic. The latter tends to have a high portion of travellers paying high airfares, thus leveraging the impact on the trunk carrier's profitability. In the case of international feed alliances, there tends to be no disproportionate amount of traffic flying at full fares.⁷¹

⁷⁰In this particular case, CAI and Lufthansa codeshare. Since neither airline is able to offer daily service, they alternate days, and list the other's flights as being their own.

⁷¹International feed traffic is sometimes referred to as flow traffic.