

arrangements is coming under increasing question. The United States and Europe are both suggesting that in their next round of negotiations they are likely to negotiate economic rights on a multilateral basis for the first time, and that these negotiations would be for very liberal market conditions.

## **B. The Evolution of Canada's Policy**

### **1. Historical Development**

Canada's international aviation policy began in 1929 with the signing of an air services agreement with the United States. Scheduled services between the two nations did not begin until 1939, and it was not until 1951 that continuous service was offered on scheduled routes. Another important development in Canadian international aviation took place in 1943, when Prime Minister Mackenzie King declared that government-owned Air Canada (under its former name of Trans-Canada Air Lines) would be the instrument of the government in providing international services, and competition from a private carrier would not be allowed. This policy was amended in 1948 when Canadian Airlines International Ltd.'s (CAI) predecessor CP Air was designated to fly routes across the Pacific, routes which at the time were unattractive to Air Canada.

Canada's current air policy had its foundation in a series of policy statements issued between 1964 and 1973.<sup>12</sup> Although these policies established different guidelines and regulations for international services, for domestic mainline and regional services,

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<sup>12</sup> A list of these policy statements is provided in Appendix 3, along with the text of some of the most important statements.