

cases, it may be logical for the affiliated carriers to take equity stakes in each other. The intent of these equity positions is not so much for one airline to control another (which may not be permitted by one or both countries), but rather to solidify an operating relationship.

It should be pointed out that many of the benefits from building a global network depend on information systems (e.g., seat management, frequent flyer programs, establishment of joint fares, etc.). The core of all of these airline information technologies is increasingly becoming the computer reservation system (CRS). This suggests that affiliated carriers will all need to share the same CRS system. When this argument is carried to its most extreme, it suggests that global carrier networks will be built around the existing CRS systems.¹⁰⁶ Since both of Canada's airlines use the Covia system, does this imply that one but not the other will become part of a global carrier network?

Interlining Versus Code-Sharing. Before closing this section, it should be pointed out that there are two possible forms for simple carrier alliances. One is referred to as interlining. Here, a Canadian carrier would strike a marketing agreement with a foreign carrier under which each would honour the others' bookings of passengers. Each carrier retains its own identity, and flight segments are clearly labelled as to which carrier is providing the service. There is no code sharing. In an interlining agreement, the carriers may establish a joint fare¹⁰⁷ and/or may attempt to coordinate their schedules

¹⁰⁶ The major North American systems are American Airlines' Sabre system, United Airlines' Covia CRS, Continental Holdings' SystemOne, and the proposed amalgamation of the TWA/Northwest PARS CRS with Delta's Soda system. Canada's Gemini CRs use the Covia technology and is partially owned by Covia.

¹⁰⁷ A joint fare between points A and C is lower than the combined fare from A to B and B to C.