

BASIS FOR CANADA'S AVIATION POLICY

The following is a partial text of a statement released on June 1 by the Minister of Transport, Mr. J.W. Pickersgill:

On April 24th, 1964, I announced three principles which had been accepted by the Government as a basis for civil aviation policy. Since that time, the main attention of the Government has been concentrated on working out the international aspect of civil aviation policy.

The first principle stated that, in the international field, air services provided by Canadian airlines should serve the Canadian interest as a whole; that these services should not be competitive or conflicting, but should represent a single integrated plan, which could be achieved by amalgamation, by partnership or by a clear division of fields of operations.

In applying this principle, the Government decided to ask Air Canada and Canadian Pacific Airlines to see whether they could agree themselves, after consultation, on a basis for its application. The two airlines have agreed that the most effective way to carry out this policy would be by a clear division of their fields of operations, so that, outside Canada, neither airline would serve any point served by the other. After considering many possible divisions of the world between the two airlines, it was finally concluded that the simplest approach would be to agree that each line should continue to serve all the points now served by it and that the geographical areas now served by each should be defined and extended so that practically the whole world would be open to service by one airline or the other.

CPA AND AIR CANADA AREAS

As a result, it has now been decided that Canadian Pacific Airlines will serve the whole Pacific area, the whole continent of Asia, Australia and New Zealand, Southern and Southeastern Europe and Latin America. Air Canada will serve Britain, Western, Northern and Eastern Europe, and the Caribbean. The only exception to this clear-cut division is that CPA will continue to serve the Netherlands. This division accounts for the whole of the world except Africa and the United States. For the time being, neither airline is contemplating service to any part of Africa, and the question of service to Africa will be left aside until some practical question arises. In the case of the United States, we continue to hope that negotiations for a new bilateral agreement will soon be completed. Once they have been completed, a decision will be made as to which of the new points is to be served by each of our national airlines.

The Government has undertaken to regard Air Canada and Canadian Pacific Airlines as its chosen instruments in the areas of international operations allocated to each. The Government will pursue vigorously with the governments of other countries negotiations for extensions of Canadian service in their respective areas of operation. Negotiations have already been undertaken with several countries,

and as soon as these negotiations are brought to a successful conclusion a further report will be made upon them....

DOMESTIC MAINLINE SERVICE

The second principle announced on April 24, 1964, related to domestic mainline services. In that announcement, competition was not rejected but the Government made it clear that any development of competition should not compromise or seriously injure the economic viability of Air Canada's mainline domestic operations, which represent the essential framework of its network of domestic services. In other words, it was stated that there must not be the kind of competition which would put Air Canada "into the red"; and, in the event that competition continued, the Air Transport Board should ensure an opportunity for growth to both lines above this basic minimum....

ROLE OF REGIONAL CARRIERS

The third principle announced on April 24, 1964, stated that a definition of the role for regional air carriers providing scheduled service was necessary, including a relation with the mainline carriers that would give the regional carriers a reasonable chance to operate without government subsidies.

In the discussions with the presidents of the two major airlines, it has been made clear that the Government expects them to take some responsibility to assist in working out that policy. There are many forms which such assistance might take, ranging through route transfers and route operations, contractual relations and various forms of technical and administrative support. Implementation of this co-operation is not something that will produce major results overnight, but it should have important results over a longer period....

IMPROVEMENT AND STABILITY

The development of Canadian civil aviation in accordance with these policies will provide for improved and more stable service for the Canadian public, as well as a better economic framework for the carriers themselves. In the domestic field, a degree of competition will remain to provide the public with the advantages that can result from a competitive atmosphere; while, at the same time, this policy will avoid the excesses of competition which were ruinous to all but one of the main railways of Canada in the past and which can result only in major added burdens for the taxpayer and, because of the inability of carriers to maintain heavy deficit positions, less satisfactory service to the public.

In the international field, competition with foreign carriers is already extremely keen and the joint approach by the two Canadian carriers will strengthen their position and provide better overall service to the travelling public and a strengthening of Canada's position in world aviation.