

8. The marketing of charter service be orderly, aided by effective regulations at minimum cost.

Additional guidelines were issued to inhibit the non-discretionary passenger from accessing the lower fares provided by charter carriers. Charter services were available only to the "specialized mass transportation [of] travellers willing to commit themselves to unchangeable travel arrangements and group travel." Capacity was not to be regulated, but minimum load factor constraints were placed on the charter carriers. An "uplift ratio" was applied to foreign carriers requiring them to bring three foreign originating passengers to Canada for every two Canadian originating passengers they carried.¹⁴ This meant that foreign carriers were precluded from tapping solely the Canadian origin market.¹⁵

Canada has only one bilateral agreement relating to Charter services. This is the Nonscheduled Air Service Agreement signed in 1974 with the U.S. This agreement sets out a series of schedules for the proportion of different charter services which will be allowed for the carriers of each country. Over recent years, the success of Canadian carriers and the limited presence of U.S. carriers in the charter market between the two countries has caused an increasing level of irritation in the Canada/U.S. bilateral relationship.

For the most part other countries have been able to accept Canada's preference for country-of-origin regulation of charter services, although some countries continue to use

¹⁴ Except U.S. carriers who were generally exempt, but subject to the ceilings agreed in the Canada-U.S. Nonscheduled Services Agreement of 1974.

¹⁵ The uplift ratio was not applied to any foreign carrier who also operated as the designated scheduled carrier between their own country and Canada.