

(C. W. B. August 26, 1949)

NEW CANADA - U.K. AIR AGREEMENT

NEW ROUTES AND RIGHTS: The Minister of Transport, Mr. Chevrier, and the Secretary of State for External Affairs, Mr. Pearson, on August 19, announced signature of a new civil aviation agreement between Canada and the United Kingdom. The agreement which was signed in Ottawa on August 19 by Mr. Chevrier and by the United Kingdom High Commissioner in Canada, Sir Alexander Clutterbuck, replaces existing air agreements and arrangements between Canada and the United Kingdom and in addition makes provision for certain new routes and new traffic rights.

For convenience Mr. Chevrier reviewed the main features in the new agreement, a statement on which had previously been issued, adding thereto certain information with regard to new Canadian stops in the Caribbean which had not previously been made public. Mr. Chevrier's statement was as follows:

The new agreement differs substantially in form from those previously in effect between the two Governments. It follows a standard pattern that has been developing in bilateral air agreements over recent years known as the "Bermuda" pattern but it simplified that pattern substantially by omitting much material commonly included in bilateral agreements but now covered in the multilateral Convention on International Civil Aviation and therefore considered unnecessary in a bilateral agreement. The article governing the capacity of air services to be operated is, in the new agreement, the article on capacity which was tentatively agreed at a special Conference on the International Civil Aviation Organization held in Geneva in 1947. This article based on the earlier "Bermuda" pattern represents a step forward in regulation of capacity but has not yet come in general use by other countries in their bilateral air agreement.

Air services operated under the previously existing agreements between the United Kingdom and Canada are continued under the new agreement. These involve:

1. A Canadian service (Trans-Canada Air Lines) from Montreal to the United Kingdom.
2. A United Kingdom service (British Overseas Airways) to Montreal.
3. A Canadian service (Trans-Canada Air Lines) from Montreal and Toronto to Bermuda, the Bahamas, Jamaica and Trinidad.
4. The right to operate a British service from Bermuda and the Caribbean Islands to Montreal (this right not to be exercised before 1951).
5. Provisional rights for a Canadian service (Canadian Pacific Air Lines) at Fiji on its route to Australasia.
6. Recognition of reciprocal rights for the United Kingdom at Vancouver from

Fiji (British Commonwealth Pacific Air Lines in which the United Kingdom is a partner operates this service).

In addition the new agreement covers certain important new traffic rights and routes. It includes for the first time between the two countries the principle of fifth freedom or intermediate traffic rights. Hitherto the air lines both of Canada and the United Kingdom were in the services described above limited to third and fourth freedom traffic, that is, traffic travelling between their respective territories but not traffic to and from other intermediate countries. Now the agreed routes make provision for the carriage by each of this intermediate traffic.

Spelled out in detail the new routes and the changes in routes made in the new agreement are as follows:

1. Trans-Canada Air Lines on its service to the United Kingdom from Montreal and Gander is able to carry traffic between the United Kingdom and Ireland, the Azores and Iceland.
2. Canada is given full traffic rights at Hong Kong on a new route (which will be operated by Canadian Pacific Air Lines) from Vancouver through Alaska, the Aleutians, to Japan, China, Hong Kong and beyond.
3. Canada also has full traffic rights at Fiji on its new route from Vancouver to Honolulu and on to Australia (Canadian Pacific Air Lines).
4. Trans-Canada Air Lines on its route to Bermuda and the British Colonies in the Caribbean area is granted rights in Barbados, Antigua and British Guiana and is also granted the right to carry traffic from intermediate points in third countries (e.g. Tampa-St. Petersburg which was opened up to T.C.A. in the recent agreement with the United States) to the British territories on this route. The United Kingdom will in return have similar rights in Canada from these new British points of call although they too will come under the existing arrangements under which the United Kingdom agrees not to exercise any reciprocal rights to the Caribbean before 1951. The arrangements with regard to points of call and traffic on this route for T.C.A. will in certain instances be subject to ratification by Colonial legislatures.

On the United Kingdom side the following changes are made:

1. On the North Atlantic, British Overseas Airways Corporation is allowed to carry traffic between Canada, Ireland, Iceland and the Azores.
2. British Overseas Airways on its present route to Montreal is also allowed to

make a traffic stop at Gander but not to carry traffic between Montreal and Gander. (Trans-Canada Air Lines enjoys similar privileges at both Prestwick and London in the United Kingdom).

3. The United Kingdom is also granted full traffic rights at Gander on a North Atlantic route to New York and beyond and to Bermuda and beyond.
4. United Kingdom is granted traffic rights at one of Churchill or The Pas, Manitoba, on a route from the United Kingdom through Goose Bay, Labrador, to Alaska, Japan, China and Hong Kong. It is not expected that this route will come into operation for several years.

VEHICLE ENTRIES INCREASE: Volume of highway traffic crossing the boundary between Canada and the United States--excluding points of entry into Newfoundland--was 12 per cent greater in June than in the same month last year, according to the Bureau of Statistics. American traffic entering Canada was up eight per cent and Canadian traffic returning from the United States increased by 27 per cent.

The aggregate number of border crossings in June was 985,700, consisting of 741,700 foreign entries and 244,000 Canadian vehicles returning. Of the foreign inflow, 221,000 vehicles entered on traveller's vehicle permits, 501,100 were non-permit or local entries and 19,600 were commercial vehicles. The Canadian traffic comprised 28,200 units remaining abroad for more than 24 hours, 198,600 staying for shorter periods and 17,200 commercial vehicles.

Cumulative totals for the first six months of this year place highway border crossings at 3,743,000 as compared with 3,362,100 in the similar period last year showing an advance of 11 per cent. As in June, a large part of the rise was due to increased volume of returning Canadian traffic, up from 846,100 a year ago to 1,107,000. In the same period, United States entries rose from 2,516,000 a year earlier to 2,636,000.

FINANCIAL STATEMENT: The Minister of Finance, Mr. Abbott, released on August 20 the regular monthly statement of the Comptroller of the Treasury, covering revenues and expenditures of the Government of Canada for the month of July.

Total revenues of the Government for the month of July amounted to \$204.8 million, compared with \$219.0 million for the same month last year. This brought total revenue receipts for the first four months of the current fiscal year to \$878.8 million, compared with \$920.3 million for the same period a year ago.

The Comptroller's statement also shows total expenditures for the month of July of \$153.8 million, an amount almost identical

with the corresponding figure for July, 1948. Total expenditures for the first four months of the fiscal year amounted to \$624.8 million, compared with \$532.4 million for the same period last year. For July the excess of revenues over expenditures, or the budgetary surplus, amounted to \$51.0 million; for July, 1948, the budgetary surplus was \$64.9 million. For the first four months of the current fiscal year the Government's budgetary surplus was just under \$254 million, or approximately \$134 million less than for the same period a year ago.

In addition, there were non-budgetary expenditures, that is to say, outlays for loans, advances and investments, amounting to \$79.4 million in the first four months of the current fiscal year, compared with similar outlays of \$82.0 million in the same period a year ago.

CHALK RIVER VISIT: It was announced in Ottawa and Washington on August 22 that two members of the United States Congressional Joint Committee on Atomic Energy paid a courtesy visit to the Canadian atomic energy establishment at Chalk River on August 20-21. Senator W.F. Knowland (California) and Representative H.M. Jackson (Washington) were accompanied by Mr. H. Bergman, Deputy Director of the Joint Committee, Mr. E.L. Heller of the staff of the Joint Committee, and by Mr. Jesse Johnson, Deputy Director of the U.S. Atomic Energy Commission's Raw Materials Division.

With the approval of the Canadian Government, the members of the Joint Committee discussed with the Canadian officials concerned, the administration of the Canadian pile, the management of the townsite which has been built for those working at Chalk River, and other similar subjects of mutual interest.

The party was taken to Chalk River by Dr. C.J. Mackenzie, President of the National Research Council and Chairman of the Atomic Energy Control Board.

MILITARY DEMONSTRATIONS: A variety of equipment and materials representing virtually every phase of naval military and air operations will be on display at the Canadian National Exhibition in Toronto, opening this week, it was announced at Defence Headquarters on August 22.

The Armed Forces participation will include individual and tri-service demonstrations and displays and will take place in the air, in the grandstand show, on the waterfront and in the Services' allotted exhibition space.

A specially trained squad of 63 recruits-21 from each service plus an additional 27 alternates--will stage a precision drill daily during the grandstand performance. They are representative of every part of Canada.