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# news release

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## CANADA-UNITED KINGDOM AIR AGREEMENT

The Right Honourable Joe Clark, Secretary of State for External Affairs, and the Honourable John C. Crosbie, Minister of Transport, today announced the successful conclusion of a new scheduled air services agreement between Canada and the United Kingdom.

Both Ministers expressed their satisfaction that, after months of intensive negotiations, a new much modernized air agreement has been reached that is fair and equitable for both sides.

Mr. Clark noted that "the agreement provides the airlines with opportunities for growth and establishes a durable framework for the future. The air services agreement represents an important dimension of our bilateral relationship and strengthens the ties between the two countries". Mr. Crosbie said "the new accord will provide airlines from both countries with much greater scope to be innovative and entrepreneurial in offering their services to the travelling public".

Under the terms of the agreement, each country can designate its airlines to operate from any points in one country to any cities in the other. This type of "open skies" market entry represents a first for Canada in the international sphere. It is expected to lead to the establishment of new direct services such as that planned by Nationair between Hamilton and London.

In addition Canada gains the right for its carriers to carry traffic beyond London up to 10 times weekly to any points in Western Europe (excluding Scandinavia, Italy, Greece, and Berlin) whereas previously Canada had rights beyond London to only 4 points (Dusseldorf, Brussels, Zurich, and Vienna). Canada also obtains new rights to a point in Algeria or Egypt.

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As well, Canada gains the right to serve beyond London 4 times weekly to 3 points in Asia (excluding China, Japan, Hong Kong, and Indonesia) which means that Air Canada retains its route via London to Bombay and Singapore with flexibility regarding extra points in Asia which could be served. Additional frequencies would be permitted subject to the agreement of the aeronautical authorities of both sides.

A new route to Bermuda has also been agreed to, with rights for airlines in both countries to operate under the same "open skies" regime that applies across the Atlantic.

In exchange, the British gain reciprocal rights to operate beyond Canada to the continental United States, the Caribbean Islands, Central America, Mexico (excluding Toronto-Mexico) as well as twice weekly beyond Vancouver to points in the Pacific (Honolulu, Tahiti, New Zealand).

The agreement also breaks new ground with a very progressive tariff regime which is open to innovative and low-cost fares across the Atlantic. The airlines will be free to set prices at very low levels. Travellers will benefit from fewer restrictions on booking requirements for discount fares. Shippers will be able to take advantage of the total deregulation of Canada-UK air cargo rates. "The new arrangements reflect the highly competitive, market-oriented aviation policy which both Governments are seeking to foster", noted Mr. Crosbie.

As part of the negotiations, the two countries also established a separate, new air agreement between Canada and Hong Kong. Both Canadian Airlines International and Cathay Pacific gain the right to operate as many flights as they wish between Vancouver and Hong Kong with increased opportunities for the Canadian carrier to serve other points in Asia and for the Hong Kong carrier to operate beyond Vancouver to Chicago and New York.