



The Calgary Chamber of Commerce is a volunteer driven, not-for-profit organization whose mission is to lead and serve the Calgary business community, valuing its diversity.

June 24, 2009

Hon. John Baird
Minister of Transport, Infrastructure and Communities
Hill Office
House of Commons
Ottawa, Ontario - K1A 0A6

Re: Increasing tourism and trade opportunities through open skies agreements

Dear Minister Baird: *Minister*

The Calgary Chamber of Commerce, on behalf of more than 3,200 members of the local business community, commends the Government of Canada for the recent signing of the Canada-EU Comprehensive Air Transport Agreement. Open skies air service agreements, which provide unrestricted direct services between countries with no limitations on the number of flights operated, ports of entry or the prices to be offered, are vital to encouraging tourism, trade development and competitive fares for Canadian consumers.

The Chamber encourages the Government of Canada to aggressively pursue additional open skies agreements to increase tourism and trade opportunities. Calgary's business community also supports implementation of the proposal from the Governments of British Columbia, Alberta and Saskatchewan to expand existing Air Service Agreements by granting foreign carriers landing rights in airports in Western Canada, where market assessments and traffic volumes warrant such action.

In February 2009, the Calgary Chamber of Commerce, in partnership with the Van Horne Institute, hosted a panel of aviation experts, which included leading aviation policy expert Dr. David Gillen from the University of British Columbia, senior representatives from the Calgary and Edmonton Regional Airport Authorities and WestJet Airlines. Audience members heard from some panel members that a lack of open skies agreements is impeding cargo and passenger growth in certain markets, and that Airport Authorities are hindered by the current confidentiality of negotiations, which hamper their strategic business planning efforts to develop new markets. Attendees also heard that, from the airline perspective, open skies agreements are most appropriately pursued where a reasonable and level playing field exists on issues such as private ownership of airlines, adequate airport gate access, and fuel surcharges and taxation.

At the event, Dr. Gillen presented a discussion paper with an economic model that indicated lower prices and more capacity should be positively correlated with greater liberalization.¹ Professor Gillen also cited additional research that explored the market structure on the level of fares and concluded that the average fare prices paid are significantly determined by the number and size of the airlines supplying a route.²

¹ Gillen, David. (2009). *Canadian International Aviation: Policy and Challenges*. Available from the Van Horne Institute.

² Gillen, David & Hazledine, Tim. (2007). *The New Pricing in Canadian Air Travel Markets: Implications for Competition and Antitrust*. (Working paper, Centre for Transportation Studies, University of British Columbia.

With governments looking to stimulate a struggling economy, liberalized air policy presents an opportunity to increase trade and tourism opportunities with little to no expenditure of public funds. It also has the potential to better fulfill the needs of users, improving Canadians' value-added bottom line through market forces, a stated objective of the *Canadian Transportation Act*.

According to research released at the Alberta Open Skies Forum in May 2009: *"Further liberalizing air service agreements will do more to increase receipts from hotels and other tourist and business activities than any other single action or initiative. A more liberalized international air policy will give Alberta's products greater access to international markets, reduce the cost of doing business in and with Alberta, and improve the international business environment in general. It will also help attract more tourists which in turn will create more jobs and stimulate more exports."*³

The Association of European Airlines sums up the current situation in an increasingly globally-connected world: *"Realities of 21st-century air travel are very different to the way the industry functioned in the past. In Europe, more than 15 years of liberalization have proved to be win-win for consumers and airlines, and recent developments have shown that you can have a successful national identity without national ownership."*⁴

The Chamber encourages the Government of Canada to recognize the importance of open skies air service agreements to the country's trade and tourism goals. Our recommendations are:

1. Focus open skies negotiating mandates on commercially (tourism, investment and trade) significant markets that are clearly underserved by air transportation.
2. Implement the proposal from the Governments of British Columbia, Alberta and Saskatchewan to expand existing Air Service Agreements by granting foreign carriers landing rights in airports in Western Canada, where market assessments and traffic volumes warrant such action.

We invite you to address our membership in a Keynote Speaker Event to discuss this important matter and others critical to your portfolio.

Yours truly,



Heather Douglas
President & CEO

CC: Hon. Stockwell Day, Canada's Minister of International Trade and Minister for the Asia-Pacific Gateway
Hon. Ed Stelmach, Premier of Alberta
Hon. Gordon Campbell, Premier of British Columbia
Hon. Brad Wall, Premier of Saskatchewan
Hon. Luke Ouellette, Alberta's Minister of Transportation

³ Jacobs Consultancy – Aviation Solutions. (2009) *Alberta Open Skies Forum Discussion Paper*.

⁴ Association of European Airlines (May 11, 2009). *Liberalization of EU-Canada Air Services Welcomed by AEA*. Press release available online.