



Summer 1999

The U.S.-Canada Open Skies Agreement: Three Years Later¹

by Sangita Dubey and François Gendron

Sangita Dubey is a Research Economist, with Special Survey Division; François Gendron is Chief of the Canadian Travel Survey, Tourism Statistics Program

On February 24, 1995, the governments of Canada and the United States signed the “Open Skies” Agreement allowing both Canadian and American air carriers the right to establish direct links between any pair of cities located on either side of the border. This agreement led to an opening of air space that comes within the scope of the general movement towards free trade with our main trading partner. While the agreement itself impacted on both transborder air cargo traffic and air passenger traffic, this study focuses on the latter.

Within three days of the agreement, the U.S. Department of Transportation announced 17 new city-pair routes for U.S. carriers, of which five routes had no previous direct service. By the end of 1995, sixteen American and Canadian airline carriers had introduced new services under the terms of this agreement.² By August 1997, a total of 79 new routes were established between Canada and the U.S. (20 of these routes were subsequently discontinued). Canadian carriers established 29 of these new routes, and American carriers established fifty. Within the same time period, Canadian carriers converted a total of 28 routes from charter to scheduled.^{3,4}

¹ This paper was presented at Statistics Canada’s Economic Conference in 1999.

² Elliot, Geoffrey, Canada-US Open Skies. Nov. 28, 1995, West Sussex, UK: Canada-United Kingdom Colloquium Into the 21st Century with UK & Canadian Transport.

³ Source: Aviation Statistics, Statistics Canada.

⁴ Charter flights cannot be sold directly by an air carrier and may be subject to any of the following: advance booking and advance purchase of ticket, minimum stay, minimum fare, and operational restrictions. As a consequence, many routes that were previously designated as charter routes were converted to scheduled routes after the signing of the pact.

The U.S.-Canada Open Skies Agreement

- 1. Canadian Carriers.** Immediate access by Canadian carriers from any point in Canada to any point in the U.S.
- 2. U.S. Carriers.** U.S. carriers subject to a three-year transition period for access to Toronto-Pearson, and a two-year transition period for access to Montreal/Dorval and Vancouver International. All other points in Canada available for immediate access by U.S. carriers
- 3. Access to Takeoff and Landing Slots.** Access to Washington National Airport (previously considered a domestic airport by U.S.), 14 new slots in New York LaGuardia, and 10 new slots at Chicago O’Hare. During transition period. Slots can be sold only to other Canadian carriers or traded for other times and will not be subject to the usual use-it-or-lose-it rules.
- 4. Pricing.** No longer a requirement to file fares.
- 5. Code Sharing.** Permit code sharing between Canadian and U.S. airlines, with some restrictions on inter-country code sharing during transition period.
- 6. Dispute Resolution.** Mechanism for high-level meetings if differences arise, with possible use of an international panel if agreement violated.

In This Issue...

Feature Article

The U.S.-Canada Open Skies Agreement : Three Years Later 1

Trends

Characteristics of International Travellers 10

International Travel Account 11

Travel Price Index 12

Travel Indicators 14